PARLIAMENTARY DEBATES

(HANSARD)

SIXTH SERIES—VOLUME 423 (Part 1)

HOUSE OF COMMONS

OFFICIAL REPORT

THIRD SESSION OF THE FIFTY-THIRD PARLIAMENT
OF THE UNITED KINGDOM OF GREAT BRITAIN
AND NORTHERN IRELAND
FIFTY-THIRD YEAR OF THE REIGN OF
HER MAJESTY QUEEN ELIZABETH II

SESSION 2003–04

COMPRISING PERIOD
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PARLIAMENTARY DEBATES
OFFICIAL REPORT

IN THE THIRD SESSION OF THE FIFTY-THIRD PARLIAMENT OF THE
UNITED KINGDOM OF GREAT BRITAIN AND NORTHERN IRELAND
[WHICH OPENED 13 JUNE 2001]

FIFTY-THIRD YEAR OF THE REIGN OF
HER MAJESTY QUEEN ELIZABETH II

SIXTH SERIES **VOLUME 423**

NINTH VOLUME OF SESSION 2003–2004

House of Commons

Monday 28 June 2004

The House met at half-past Two o'clock

PRAYERS

[MR. SPEAKER *in the Chair*]

Oral Answers to Questions

CULTURE, MEDIA AND SPORT

The Secretary of State was asked—

Licensing Act 2003

1. **Miss Anne McIntosh** (Vale of York) (Con): What assessment she has made of the effects on golf clubs of the Licensing Act 2003. [180460]

The Minister for Sport and Tourism (Mr. Richard Caborn): The Licensing Act 2003 will not, in practical terms, require golf clubs to change significantly the way they operate under the current legislation, except with regard to the sale and supply of alcohol to young people under the age of 18. That has been accepted by the English Golf Union, which had some concerns. I believe those have been answered by my officials.

Miss McIntosh: The Act is causing great consternation the length and breadth of the country, not least in the Vale of York, which is packed with excellent golf clubs—some of the best in the country. What impact will the Act have on green fees and in particular, when does a guest cease to be a guest and become a visitor?

Mr. Caborn: Some 300 MPs have written to me and I have signed off a letter in reply. The hon. Lady wrote to me on 7 June and I replied to her on 20 June to allay the fears of the English Golf Union. There is no need for any increase in green fees. Indeed, I am hopeful that under the Act, golf and other clubs will have access to entertainment and liquor licences. We are bringing five regulatory authorities into one and removing a series of impediments to development. I hope that such streamlining will assist golf clubs, as well as other clubs and the wider entertainment industry.

Mr. Kevan Jones (North Durham) (Lab): I recently wrote to my right hon. Friend on behalf of Chester-le-Street golf club. I thank him for his reply and clarification, which I have sent round the other three excellent golf clubs in North Durham. Does he agree that some of the confusion rightly expressed by golf clubs and others is due to the fact that guidance on certain aspects of the Act has not yet been published? When can we hope to have full clarification? Would it be an idea to produce some type of guide, so that voluntary organisations such as golf clubs would understand the Act?

Mr. Caborn: My hon. Friend should know that we published guidance about a month ago—

Mr. Malcolm Moss (North-East Cambridgeshire) (Con): The guidance has already been scrutinised by the House.

Mr. Caborn: Indeed. Hopefully, we will soon be able to announce the first allotted day and the guidance will be implemented by autumn 2005. Through the guidance, we should be able to clear up all the queries that golf clubs and others have. To comply with the Act, local authorities must issue a statement of their policy on implementing it.

Mr. Moss: Will the Minister kindly explain to the House the difference between a non-invited non-qualifying club member signing into a local Conservative or Labour club and being refused a drink at the bar, and the same person turning up unannounced and uninvited and signing in for his green fee to play a round of golf while on holiday, yet being allowed to buy himself a drink at the bar afterwards?

Mr. Caborn: If the hon. Gentleman studies the Act carefully, particularly the provisions dealing with associate members and sees how we have been able to incorporate the definition of "guests" in that, it would allay his fears and those of every golfer. We are not affecting activity on the 19th hole. On the contrary, when the Act is implemented, I believe it will bring distinct advantages to golf clubs and other sports clubs. The fears that the hon. Gentleman expresses at the Dispatch Box have been addressed. If he reads the 2003 Act, he will see what it says about associate members, how guests are now incorporated in that, and the definition of a golf club, which is not primarily a club that is licensed for drinking—the bar is an associate part of a golf club. If he interprets the Act with a degree of common sense, he will be able to answer his own question.

Alcohol Harm Reduction Strategy

2. **Mrs. Janet Dean** (Burton) (Lab): What plans she has to support and promote an alcohol harm reduction strategy with the relevant groups and industries. [180461]

The Secretary of State for Culture, Media and Sport (Tessa Jowell): My right hon. Friend the Home Secretary and I are meeting the alcohol industry this afternoon to discuss its role in the delivery of the alcohol harm reduction strategy. My officials are also working closely with other Government Departments, the police, local authorities and the industry on the implementation of the strategy.

Mrs. Dean: I welcome my right hon. Friend's response. Representing a brewing constituency, I know the keen willingness of the industry to co-operate with Government. Last Christmas Coors Brewers based in my constituency worked with the Scottish Executive to produce alcohol responsibility advertisements, which not only were noticed, but had credibility with young people. Can my right hon. Friend reassure me that the Government will work with the alcohol industry to produce similar advertisements throughout the UK to make sure that we tackle the binge drinking that is so prevalent in our communities?

Tessa Jowell: I thank my hon. Friend for that question. The Coors initiative is exactly the sort of positive contribution that we are looking to the industry to make. I hope that other brewers will follow the Coors example. As a result of its investment in her constituency, the alcohol and addiction centre has benefited to the tune of several hundred thousand pounds. This is a very constructive and socially responsible initiative by Coors, and I hope that other brewers will follow.

Mr. Don Foster (Bath) (LD): While the whole House will welcome the Government's alcohol harm reduction strategy, does the Secretary of State accept that it is not helped when a public service broadcaster such as Channel 4 shows scenes of abuse-filled fights on "Big Brother", in total contradiction of the strategy that she is trying to adopt? What will she do to ensure that such things do not happen again?

Tessa Jowell: Let me make a general point. I think that public service broadcasters have a very constructive potential role to play in getting these messages across to young people and not glorifying binge drinking. That is a contribution that they can make. The incident from "Big Brother" to which the hon. Gentleman referred is a matter for the regulator in looking at the content of the programme against the licensed conditions of the broadcaster.

Mr. Kelvin Hopkins (Luton, North) (Lab): My right hon. Friend will be aware that the real price of alcoholic drinks has fallen substantially as a proportion of disposable income since the 1970s. Will she discuss with her ministerial colleagues the price of alcohol; how the minimum price might at least be sustained, if not increased; and how she would prevent floods of cheap alcohol from coming in from the continent of Europe?

Tessa Jowell: Yes; those are exactly the kind of issues about which we in government are very concerned. In particular, we are concerned about the free promotions that say "Spend £5 and drink as much as you can" and the kind of incentives that get too many young people drunk and create precisely the sort of problems in our inner cities and city centres, particularly at the weekends, that make those places a no-go area for some people. We are determined to tackle that issue.

Miss Julie Kirkbride (Bromsgrove) (Con): Can the right hon. Lady explain the point of engaging with relevant organisations when her Government do not take their advice? Will she confirm that the following sentence appeared in the draft alcohol harm reduction strategy that was circulated to the Cabinet in August 2003:

"Relaxing availability ... increases general harm whether through more outlets (Finland), denser outlets (California) or longer hours (Western Australia)"?

Will she confirm that that sentence featured in the original strategy, and can she explain why it was taken out?

Tessa Jowell: I shall write to the hon. Lady about that point, because I want to be clear and accurate in the answer that I give. Let me give her the endorsements that we have received of the case for flexible opening and its benefits as a way of tackling the increasing culture of binge drinking, especially among young people. The Association of Chief Police Officers has been consistent in its support of the removal of rigid permitted hours and the introduction of more flexible opening hours, because of the strong link to crime and disorder. That was followed up four years later, when its president reinforced that point on the "Today" programme. Rick Naylor of the Police Superintendents Association made a very similar point. There are many reasons for moving to flexible opening hours, one of which is the advice of

the police that that is one of the ways in which we can deal with disorder in our city centres. It is also one of the ways in which we can tackle binge drinking.

Miss Kirkbride: I am not sure whether Home Office Ministers agree with the right hon. Lady on this matter. She kindly offered to write to me, but she will be aware that the Home Office has already written to my right hon. Friend the Member for Haltemprice and Howden (David Davis) pointing out that the strategy unit took medical advice, but that it was never published when it came to the wider parts of the alcohol harm reduction strategy. Given what she has said today, rather than writing to me, will she undertake to place in the Library both the medical advice that was taken by the strategy unit on behalf of the alcohol harm reduction strategy and the original draft document that was given to the Cabinet in August 2003? Then we can all make up our minds on this matter.

Tessa Jowell: The strategy unit reported to the Prime Minister, and I do not want to discuss the process by which information is or is not published, but the Cabinet Office and the strategy unit will be aware of the hon. Lady's questions. Let us focus on the key issue: the Home Secretary and I are at one on tackling alcohol-related crime, and flexible opening hours, which we introduced in the Licensing Act 2003, are one way to do that.

The 2003 Act gives local people and local authorities unprecedented powers to intervene where licensees fail to act in accordance with their obligations. If a licensee's failure to oversee the proper conduct of their premises leads to crime and disorder, that licensee will lose their licence and their livelihood. Government action will be judged against the licensing objectives in the 2003 Act, and the overriding objective is the prevention of crime and disorder. The hon. Lady can ask for any information that she wants, but it will not deflect the Government from making sure that fewer alcohol-related crimes take place, and that our city centres become places of pleasurable relaxation, rather than no-go areas, which is how many people currently regard them.

Playing Fields

3. **Mr. Andrew Robathan** (Blaby) (Con): When he last met the National Playing Fields Association; and what was discussed. [180462]

The Minister for Sport and Tourism (Mr. Richard Caborn): On 27 May 2004, I met representatives from the NPFA, along with representatives from each of the other organisations that make up the national playing fields monitoring group. The purpose of the meeting was to discuss the future role of the monitoring group.

Mr. Robathan: Why do so few on the monitoring group agree with the Government's assessment that the development of playing fields is under control? Has the Minister heard the comments by Don Earley, the deputy director of the NPFA:

"The government set up a Playing Fields Monitoring Group four years ago to publish monthly statistics on the loss of playing fields. What the government has done is mix up facts relating to playing fields' losses with playing fields' improvements . . . As presented, the picture on threats and losses is about as clear as the slimy mud on which our children are all too often expected to play sport"?

Those who are involved with playing fields know that both development applications and approvals for planning applications are increasing. More than half of the planning applications approved in the past year led to a reduction in playing fields or sports facilities.

Mr. Caborn: First, Don Earley attended the meeting that I referred to, and he did not give that impression. He is aware of the draft terms of reference that we have suggested to take the debate forward, which we want to do, rather than always reflecting on the past. The hon. Member for Blaby (Mr. Robathan) knows that, in 1990, the Conservative Administration gave planning permission, lasting for 15 years, to build an office block on a cricket pitch in his constituency.

We are engaged in a constructive discussion with the NPFA and Don Earley. I do not know where the statement quoted by the hon. Member for Blaby came from, because Don Earley did not make such points to us, and he and other partners want to work constructively to find solutions to some of the problems. We want to advance the debate, rather than always looking at headlines in the *Daily Mail* and other papers, which will not acknowledge the £250 million investment in 2002–03.

David Taylor (North-West Leicestershire) (Lab/Co-op): I cannot be the only hon. Member who sometimes feels a sense of foreboding and doom when I hear that a particular activity is "at the heart of Government policy". Recent statistics on playing fields and open space sales show that about one third of such sales occur in closed or closing schools, which is understandable, and that another third of such sales lead to improved facilities, which is fine. Is the Minister happy that the policy is sufficiently stringent to prevent other sales and disposals creeping under the wire, because one quarter of approved applications do not fall into either of those two categories?

Mr. Caborn: Very much so. The rules and regulations on the closure of playing fields are robust, and I am convinced that they will address the growth in sales. Planning applications for improvement and development are increasing—many such applications involve a change of use for playing fields—whereas in the past many planning applications involved closure. Conservative Members should realise that our young people want to play using state-of-the-art equipment such as Astroturf pitches, indoor facilities and floodlit areas. When Mick Hill, a fantastic javelin thrower, opened the English Institute for Sport in my city of Sheffield, he said, "If only we'd had these facilities 10 or 15 years ago so that our Olympians were able to practice indoors, we could have produced better results than we are doing now. It is great to pick up a javelin that is warm and not to have to pick the ice off it on a winter's evening somewhere up in Leeds."

Mr. Nick Hawkins (Surrey Heath) (Con): The Minister should recognise that in his Department's categorisation of the number of sites that have been allowed to be built on, the largest sub-category is:

"where the site was too small or the wrong shape to accommodate a playing pitch."

Many of those involved in sport are mainly interested in children being allowed to kick a ball or play cricket wherever there is a playing field. They do not want that to be used as an excuse for allowing development, as we suspect that the Government have. If one travels to other countries that have produced many more successful Olympians than we have, one does not see their playing fields being built on. The Government are trying to find excuses for building on playing pitches instead of doing what they promised to do—stop the building.

Mr. Caborn: I have heard some claptrap in my life, but that is the best yet. When the Conservative Administration were in power, they closed 40 playing fields a month, whereas we have put in place the most robust criteria on playing fields that there has ever been. The revised version of PPG17 reduces the area of playing fields being built on—admittedly, not by as much as the National Playing Fields Association wanted, but that is part of the ongoing debate. The situation is a darn site better now than it was when the Conservatives were in power.

Arts (North-west)

5. **Helen Jones** (Warrington, North) (Lab): If she will make a statement on Government support for the arts in the north-west. [180464]

The Minister for the Arts (Estelle Morris): During the current spending period, Arts Council England, North West will spend almost £80 million in support of the arts across the region. Annual investment is increasing from £20.8 million last year to £28.4 million in 2005–06—an overall increase of 37 per cent.

Helen Jones: I am grateful to my right hon. Friend for that reply and sorry that my hon. Friend the Member for St. Helens, North (Mr. Watts) is not here to hear it. However, does she accept that a lot of that money goes into the big regional centres and that smaller towns such as Warrington find it much more difficult to access it? What support can she can give to initiatives such as the Pyramid arts centre in Warrington and the Warrington art gallery, which is one of the oldest municipal art galleries in the country, to ensure that the people of all the towns in the region have easy access to the arts?

Estelle Morris: I believe that the Pyramid centre is one of the organisations in Warrington that has received Arts Council funding. Nevertheless, there is an element of truth in what my hon. Friend says. There is a tendency for regional arts organisations to invest in centres of population because more people can gain access to visit and transport links tend to be better. I agree that that by itself is not sufficient; over time, I want investment to stretch far beyond the urban centres.

I draw my hon. Friend's attention to the "Renaissance in the Regions" initiative whereby money is invested in museums that link with smaller museums serving much smaller population centres. I hope that that is a sign of things to come. Although Warrington museum is not part of the renaissance in the north-west of England, it is a hugely successful project, and I hope that given the necessary resources we will be able to expand it.

Mr. Michael Jack (Fylde) (Con): Sadly, the borough of Fylde, unlike Warrington, does not have an art gallery. As a result, its substantial art collection, which includes many of the major works by the Victorian artist Richard Ansdell, remains unseen by members of the public throughout the north-west. Will the Minister use her Department's resources and expertise to provide advice and a strategic way forward to ensure that the people of Fylde and the north-west can at long last see these art treasures?

Estelle Morris: I am not sure whether the Department can do anything to build a museum or to deal with that specific problem, but I understand and am concerned about the number of beautiful objects and artefacts that the public never see. Almost two thirds of the objects that museums hold are never seen or are in storage. There is a need for some radical and innovative thinking to ensure that they are seen. If Fylde does not have a museum, perhaps some of those artefacts could go on loan to neighbouring places, which have museums. I understand that that might be second best as far as the right hon. Gentleman is concerned, but I shall draw the existence of the collection to the attention of the north-west regional Museum, Libraries and Archives Council and hope that it can be seen. It is no good to anybody if it is not seen.

Mr. Boris Johnson (Henley) (Con): How can the Minister reconcile the positive tone of the Secretary of State's recent speech, which was warmly welcomed in the arts world because it appeared to be moving away from intrusive political objectives for arts funding, with the Government's continuing and increasing addiction to quotas and targets? They affect museums, not least in the north-west. Does not she agree that the single greatest act of creativity and human ingenuity that the Government have encouraged in the arts is the invention of bogus statistics, which are designed purely to satisfy their meddlesomeness and Stalinist obsession with quotas?

Estelle Morris: The hon. Gentleman falls into the trap of thinking that, as a country, we have to choose between art, museums and galleries as excellent and worthy in their own right and the contribution that they can make to other parts of civic and national life. My right hon. Friend the Secretary of State said that it was a case not of "either/or" but of "both". Like her, I am happy to defend art for art's sake—I believe that we should always do that—but that does not detract from the contribution that art can make to wider social agendas. It is important that art can contribute to well-being, community cohesion, regeneration, higher educational standards and better mental health. We should not ignore that.

On targets, the Government are investing in the arts—including in museums and galleries in the north-west as well as in other regions. The taxpayer has a right to ask us what return there has been for that investment. We therefore ensure that the investment is targeted and brings about positive outcomes, such as more visitors

from a wider range of backgrounds. I am pleased that we have those statistics because they allow us to show the success of the Government's policies.

BBC Charter

6. **Mr. John Grogan** (Selby) (Lab): If she will make a statement on the duration of the next BBC charter. [180465]

The Secretary of State for Culture, Media and Sport (Tessa Jowell): As my hon. Friend is aware, there is no fixed time for BBC charters, although they tend to run for 10 years. We will consider all aspects of the charter, including its length in the current review. We have drawn no conclusions about that yet. The only certain outcome is a BBC that is strong and independent of Government.

Mr. Grogan: Does my right hon. Friend agree that, if the traditional 10-year charter—as backed by ITV—is agreed, it will be a strong sign of Parliament's confidence in the need for a strong, independent BBC with a renewed commitment to public service broadcasting under its new leadership, whereas the five-year charter, which some would advocate, would create great uncertainty and inhibit the BBC's ability to plan for its role in broadcasting, post-digital switchover?

Tessa Jowell: I am well aware of the arguments that my hon. Friend has expressed in favour of continuing the customary practice of a 10-year charter for the BBC but, as I said, that and all other aspects of the BBC's governance and financing are currently subject to the review of its charter.

Mr. Adrian Sanders (Torbay) (LD): Will not decisions on the next BBC charter be helped by early publication of the Philip Graf report into BBC online services? Will the Secretary of State confirm whether she has received the report and when she will publish it and provide a response?

Tessa Jowell: I have received the report, which will be published shortly. I think that Philip Graf's excellent assessment of BBC online has some important implications for the charter review.

David Winnick (Walsall, North) (Lab): As far as the charter review is concerned, will my right hon. Friend be especially on her guard against those, whatever their party, whose agenda is to undermine and privatise as much of the BBC as possible? I know that she is on the side of the angels on that issue.

Tessa Jowell: The short answer is yes. We are looking at every aspect of the BBC. It holds a very important place in our nation's life, and public service broadcasting is a critical part of the offer that is made to the wider public. The BBC is our principal public service broadcaster, and yes, I am confident that we will see a strong future for the BBC, but it must be a strong BBC that is independent of the Government.

Michael Fabricant (Lichfield) (Con): Will the right hon. Lady avoid listening to the siren voices that are saying that the BBC should have only a short charter, because of the length of time that it takes to change the structure of the BBC, given that there is now so much more competition? It would be just as difficult for the BBC as it is for any other organisation to plan ahead and provide good programming if the charter were reduced to just five years. If the BBC is to fulfil its public service remit, a 10-year charter will be necessary.

Tessa Jowell: This is precisely the public debate that we are now having, and what I welcome most about the charter review is that this is the first time ever that the public—the licence fee payers—have been engaged in the debate about the BBC's future. The public have responded with enthusiasm and engagement in that debate—

Michael Fabricant: Have they?

Tessa Jowell: They certainly have. There have been 5,000 written responses and 26,000 unique visitors to the website. It has been a very successful consultation, and we take the views that we have received very seriously indeed when dealing with precisely the kind of debate that has been reflected in the points raised this afternoon.

Antisocial Behaviour

7. **Mr. Russell Brown** (Dumfries) (Lab): What steps she is taking to encourage organised sporting activities, with the support of the police and local authorities, to combat antisocial behaviour of youths. [180467]

The Minister for Sport and Tourism (Mr. Richard Caborn): My Department is working very constructively with the Home Office and the Youth Justice Board to use sport to combat antisocial behaviour, most notably through the positive activities for young people programme and the positive futures programme. Sport England is putting an extra £500,000 funding into the positive futures programme this year.

Mr. Brown: I thank my hon. Friend for that reply. In my constituency, as well as in many other parts of Scotland, we have seen the introduction of a midnight football league, supported by the police, the local authorities, the Bank of Scotland and, of course, the Scottish Football Association. Such initiatives are taking young people off street corners where they would otherwise be hanging about aimlessly or perhaps indulging in under-age drinking. Will the Minister promote such initiatives on a far wider scale and—dare I ask?—even support them with some financial input at the same time?

Mr. Caborn: I do not know the exact details of the scheme to which my hon. Friend refers, but I do know about midnight basketball, which is a similar initiative. A few months ago, I went to St. Pancras to visit a scheme that the National Playing Fields Association were involved in and had raised money for. It was absolutely fantastic. The youngsters had to have a quarter of an hour's lecture on the misuse of drugs before they went on to play basketball. The organisers brought in some of the basketball players from the area as well, and it was

absolutely superb. It really showed the power of sport to communicate in a way that sometimes little else can. Football has obviously taken that message to heart in Scotland. This is an area in which we might be able to look at the two schemes to which I have referred—the positive activities for young people programme and the positive futures programme—and perhaps tailor them to fit into the funding programmes that we already have. To date, 18,000 young people have made progress through the positive futures programme, which focuses on some of the most disadvantaged parts of the UK.

Mr. David Heath (Somerton and Frome) (LD): I entirely agree with the concept of organised sport contributing to the reduction of antisocial behaviour, but the Minister must not lose sight of the value of informal sporting opportunities, such as simply having a kick-about or somewhere to skateboard. Such opportunities are often not available in towns because there are signs saying "No ball games", and they are not available in the country because young people cannot get to the places where such activities are provided. Do we not need a much more focused approach by district councils, and Government support through the provision of cash to make such spaces available?

Mr. Caborn: That is exactly what I was referring to earlier, and we have brought together playing fields and activities and facilities in looking at how we can do that. My hon. Friend the Member for Dumfries (Mr. Brown) talked about football in Scotland. On the south coast I saw one of the most innovative schemes, which involves BMX-ing, blading and skateboarding in an old converted garage. What the scheme is able to do is absolutely superb, especially in taking young people who did not want to get involved in organised sport. That is the window—the gateway—through which we can get them into organised sport.

Only a couple of weeks ago, I was down in Croydon with Duke McKenzie, the former triple world boxing champion, to see what he is doing with 24 young people brought to him by the probation service. It was absolutely fantastic. Talking to those young people showed how they now respect themselves and the company they are in, which is first class. We can use sport in many and varied ways to address antisocial behaviour.

Mrs. Gwyneth Dunwoody (Crewe and Nantwich) (Lab): Will my right hon. Friend look, however, at how some of those organisations spend their money, particularly those such as the Football Foundation, which seem to find it simple to accept applications from those who are directly connected with commercial football, but find all sorts of barriers to put in the way of inner-city schemes that would give ordinary children exactly the support that they desperately need? Things are the wrong way round, and it is about time that we had some proper priorities.

Mr. Caborn: I am sorry that my hon. Friend thinks of the Football Foundation in that way, because it has motivated and developed a lot of grass-roots schemes through football. There are 40,000 football clubs in this country, which gives football the greatest participation by far, and I know that other sports are using those ideas to bring on young people and get them into sport.

I will look at the specific question, but I am bound to say that, under the leadership of Dave Richards, the Football Foundation has done a tremendous amount in the recent past in trying to couple the New Opportunities Fund with a series of Government initiatives and to make some sense out of that in terms of focusing on the inner-city areas. Football sometimes gets where other sports cannot get, and in using that avenue—that conduit—I believe that we can get more young people up and down the country playing more sport, particularly in inner-city areas.

World Heritage Sites

8. **Mr. Jim Cousins** (Newcastle upon Tyne, Central) (Lab): What steps she is taking to improve the (a) protection and (b) accessibility of new finds on world heritage sites. [180468]

The Minister for the Arts (Estelle Morris): The Department is keen to ensure accessibility to our cultural heritage, but that needs to be balanced with the needs of conservation and protection. That applies to all finds, irrespective of whether they are in world heritage sites. The Department is reviewing legislation on the protection of the historic environment.

Mr. Cousins: I know that no one understands the linkage between heritage and regeneration more than my right hon. Friend. May I ask for her help in ensuring that a new length of Hadrian's Wall, which has been discovered on a building site in my constituency in an area next to some council flats, is made accessible? It has some unusual forward defensive features, indicating that Tyneside kept the Romans pretty busy right to the end. I am told that if property values in the area reflected London values it would be made accessible, but that because it is next to some council flats it cannot be. Will she consider this inequality and see whether something can be done?

Estelle Morris: I am aware of the find of part of Hadrian's Wall on what I understand is the site of a redevelopment in my hon. Friend's constituency. I say two things. First, I know that, advised by English Heritage, the planning authority in his area is considering what should happen as far as further building of the hotel is concerned. I hesitate to intervene in that, because it is not the role of central Government to do so. However, may I reassure him that planning policy guidance note 16 will, I hope, offer that part of Hadrian's Wall the protection it deserves? This is a balancing act between ensuring that it is preserved and giving access if that is possible. I shall stall a little while the planning authority makes its mind up. As I say, I am reluctant to get involved at that local level.

Secondly, my hon. Friend will probably be aware that the world heritage site committee is considering the whole of Hadrian's Wall to see whether some amendments need to be made regarding the areas that are part of that world heritage site. In due course, the part of Hadrian's Wall that has just been discovered might be added to it. We shall see. If it happens, I know my hon. Friend will welcome it.

Sir Sydney Chapman (Chipping Barnet) (Con): Can the Minister confirm that of the 750 or so world heritage sites, 25 are in the United Kingdom? Can she further confirm that according to the new rules—if that is the right term—that are being created, a nation can make only one world heritage site nomination a year? Is not that rather a stupid way to go into that very important matter? Should not this be based on qualitative judgments rather than rationing each country to only one nomination a year?

Estelle Morris: I confirm that there are indeed 25 sites in the UK, a great many of which have been determined as such in the last decade. As the hon. Gentleman says, it is the Government's responsibility to put forward one site for consideration. I cannot confirm that there has been a change of rule, but I promise to look it up. If he will accept that, I shall write to him to clarify the situation.

British Museum Seminar

9. **Mr. Tam Dalyell** (Linlithgow) (Lab): What action the Department is taking as a result of the recent seminar at the British Museum chaired by Mr. Jon Snow on Iraqi artefacts. [180469]

The Minister for the Arts (Estelle Morris): My Department will continue its close association with the British Museum in helping the Iraqi Ministry for Culture to protect Iraq's culture and heritage.

Mr. Dalyell: What provision is being made for culture by the new British embassy in Baghdad?

Estelle Morris: It is incredibly important that provision is made. There are lots of priorities as the new provisional Government take over today. We wish them well, as we do the elected Government in due course. I share the concern behind my hon. Friend's question that care needs to be taken in relation to cultural artefacts and heritage in the same way as it does in relation to transport, security, education and health. I promise that my Department will remain in close contact with the Foreign Office and the Department for International Development to ensure that any contribution that we can make, and any pressure that we can put on through our representation there, is made. Meanwhile, the Foreign and Commonwealth Office tells me that in due course the director for Iraq of the British Council will be the cultural attaché based at the British embassy in Baghdad. That is where responsibility will lie in the immediate future. I want to give a firm undertaking that we will want to keep that under close scrutiny and make sure that it is the level and kind of support that the new Government will need to protect their incredibly valuable heritage.

Mr. David Cameron (Witney) (Con): Is the Minister satisfied that the lessons have been learned from the dreadful looting that took place in Baghdad? Does she agree that warnings from bodies about professional looting were ignored, that the border of Iraq was not policed, that the law for importing artefacts in this country was imperfect—I know that it has now been corrected—and that Departments did not work together as quickly as they should have done? What can she say to satisfy us that the lessons really have been learned and that those things will not happen again?

Estelle Morris: I very much hope that the lessons have been learned. To some extent, I hope that circumstances will not arise again in which we must take action based on lessons learned. Without wishing to make excuses, the situation was unusual, and things were not done that could have been done. There is no doubt about that. My hon. Friend the Member for Linlithgow (Mr. Dalyell) highlighted the fact that much needs to be done to make sure that the heritage is preserved. We have been in contact with both the new provisional Government and the former alliances about lessons learned. As far as I, my right hon. Friend the Secretary of State and our Department are concerned, it is our job to make sure that the lessons are learned. Moreover, the key point is that the lessons are acted on. To some extent, people knew what should have been done, which was not always given the priority that it should have been given, at a time of other equally high priorities. More important than lessons learned are lessons acted on in future. That is the direction in which we ought to go.

Chris Bryant (Rhondda) (Lab): The Minister will know that the vast majority of people in the world who ever have an opportunity to see any of the great works of art from Iraq will see them in the British Museum, because it has probably the best collection in the world of Iraqi, Abyssinian, Assyrian and Mesopotamian works. Does she believe that the British Museum could do more to try to explain the connection of those ancient artefacts with modern society, and particularly with Islam, as a means of overcoming much Islamophobia around the world?

Estelle Morris: Indeed. That is one of the major purposes of the British Museum, and it does that task incredibly well. May I take this opportunity to pay tribute to the staff of the British Museum who have been to Iraq in the past and who have worked with people from the museum sector there to help to update their skills? That will be incredibly valuable in the years ahead. However, I refer my hon. Friend to the original question, which was about a recent seminar at the British Museum, chaired by Jon Snow, on Iraqi artefacts. I heard from from people who were there, including my hon. Friend the Member for Linlithgow (Mr. Dalyell), who asked the question, exactly what the British Museum did. I think that one of the most valuable aspects of museums is that they provide a safe place in which different interpretations of events and a sense of our history and heritage can be conveyed. They help to explain some of today's conflicts, which I believe is one of museums' major contributions to our society. I am delighted that this country has museums of the calibre of the British Museum that continue to provide that service.

London Olympic Bid

10. **Mr Andrew Mackay** (Bracknell) (Con): How the Government will help increase public support for the 2012 London Olympic bid. [180470]

The Secretary of State for Culture, Media and Sport (Tessa Jowell): Public visibility and conviction about community gain and relevance are, I think, the two ways in which we will build public awareness and support for the bid. To that end, the Government are working very closely with London 2012 in order to maximise our chances of winning the bid. The decision will take place in July next year. I would also point to the degree and strength of cross-party support for our bid, which is another important asset in our favour.

Mr. Mackay: The Secretary of State will be aware that supporters of the bid on both sides of the House were desperately disappointed that we came only third in the first round. It seemed to us that the two areas in which we were marked down were public support and Government support. What more are the Government going to do—starting at the top with the Prime Minister—to take a lead so that we really win in 2012?

Tessa Jowell: If people looked at the figures for Paris and Madrid, the two countries that were ahead of us, they would find that one reason we were marked down was the uncertainty of the impending mayoral elections—*[Interruption.]* It is a matter of fact that there was a small differential in our assessment on Government support because of the uncertainty created by the forthcoming mayoral elections.

Miss Julie Kirkbride (Bromsgrove) (Con) *indicated dissent.*

Tessa Jowell: It is a matter of fact. The second point is that the level of public support is consistent and, although it is high, we have to build on it. No one who was in the Mall on Saturday night, where 80,000 people welcomed the torch borne by Steve Redgrave to the centre of London, could have been in any doubt whatever about the level of public and Government support for the bid. I would be grateful if the right hon. Member for Bracknell (Mr. Mackay) would talk that up, rather than constantly cast doubt on it.

ELECTORAL COMMISSION COMMITTEE

The hon. Member for Gosport, representing the Speaker's Committee on the Electoral Commission, was asked—

All-postal Ballots

19. **Mr. Harry Barnes** (North-East Derbyshire) (Lab): What assessment the Electoral Commission is making of the advice it gave electoral returning officers for recent all-postal ballots. [180450]

Mr. Peter Viggers (Gosport) (Con): The Commission keeps under constant review the advice and guidance that it offers electoral administrators. More specifically, it will review its guidance on post-election integrity checks for postal ballots as part of its evaluation of the all-postal pilot schemes.

Mr. Barnes: Returning officers followed very closely one piece of advice about all-postal ballots that was offered to them, but I wonder whether some confusion might have been created by that advice. For example, the details of who was allowed to sign as a witness to the postal ballot confused various people, who did not really believe what was being said. What testing did the Electoral Commission conduct to assess whether people would understand the different forms of wording that could be used? The role of the Electoral Commission in this matter is as significant as any other factor in respect of the conduct of EU all-postal ballots.

Mr. Viggers: The hon. Gentleman makes an important point. He may have noticed that when the Government laid the orders for the regional referendums last Thursday, the requirement for a witness statement was not included. The orders are subject to affirmative resolution, but it would be open to Members to make their contributions during the debate on the affirmative resolution, if that should come before the House.

Mr. David Heath (Somerton and Frome) (LD): Reference has been made to the laying of the orders for the regional government referendums. Can it really be the case that the Chairman of the Electoral Commission has written to the Office of the Deputy Prime Minister about public confidence and appropriate safeguards, expressing the wish that the Government wait, yet the Deputy Prime Minister has chosen once again completely to ignore the Electoral Commission's advice? In order to further the debate, will the hon. Gentleman put it to the Electoral Commission that it would be in everyone's interest if that exchange of correspondence were made public so that the House could determine the value of the points expressed before coming to a view on the orders that have been laid on the conduct of the referendum?

Mr. Viggers: Yes. The commission believes that there would be benefit in Parliament having available to it the Electoral Commission's evaluation reports on the June pilot before taking a decision on whether to approve the orders specifying the form of the referendum. It would therefore prefer the Government to wait until the results of the statutory evaluation exercise are available in mid-September.

Mr. Gordon Prentice (Pendle) (Lab): I have in my hands the order that has been mentioned and which was laid last Thursday. It tells us that the Government are prepared to abandon all-postal voting in the regional assembly referendums in October if the Electoral Commission produces convincing evidence that it would be unsafe to proceed. Has the hon. Gentleman had any discussions with any member of the Government about what might constitute convincing evidence?

Mr. Viggers: As the House knows, it is not within the remit of the Speaker's Committee to have such discussions. I have no doubt that the Electoral Commission is in discussion with Government representatives.

Mr. Andrew Mackay (Bracknell) (Con): My hon. Friend will be aware that the hon. Member for Birmingham, Sparkbrook and Small Heath (Mr. Godsiff) told the House during a debate last week that postal vote applications in the Washwood Heath ward in the Birmingham, Hodge Hill constituency went up from 693 to a staggering 5,583. He believed that electoral fraud had taken place. In the circumstances, with two sensitive by-elections taking place on 15 July in Birmingham, Hodge Hill and Leicester, South, will my hon. Friend ask the chairman of the Electoral Commission to send observers to those constituencies to ensure that wide-scale fraud does not take place?

Mr. Viggers: My right hon. Friend has rightly drawn attention to the remarkable speech by the hon. Member for Birmingham, Sparkbrook and Small Heath (Mr. Godsiff) on 22 June. He quoted *The Birmingham Post* as saying:

"Fights in the streets, postmen offered bribes for sacks of ballot forms, a post box torched, car chases, threats, bullying and intimidation and the unforgettable image of a . . . councillor 'sorting out' ballot papers in the shadows of a back street car park at midnight."—[*Official Report*, 22 June 2004; Vol. 422, c. 1233.]

Those events did not take place in one of the four areas delegated for all-postal balloting, but the Electoral Commission will, of course, take full account of them in its general review of voting practices, which is expected later this year—although not by 13 September.

Council Elections

22. **Chris Bryant** (Rhondda) (Lab): What evaluation the Commission has made of the effects of holding council elections in June rather than May. [180454]

Mr. Peter Viggers (Gosport) (Con): The commission has no statutory duty to report on local authority elections and has therefore made no such evaluation. However, the commission will consider the impact of combining the local elections with the European parliamentary elections in its statutory report on the latter, which it plans to publish by the end of the year.

Chris Bryant: I hope that when the commission does so it will note that the turnout in the local council elections was significantly up, partly by virtue of their being held on the same day as the European elections and also—I suspect—by virtue of their being held in June. After all, canvassing in April, with its regular showers, is much more difficult and it is easier for people to get out to vote during the lighter days. Will the hon. Gentleman urge people to move towards a single date in June for all our elections, so that everybody can be clear where they stand?

Mr. Viggers: The commission has not, to date, considered the timing of local elections and has no current plans to review the matter. However, the commission has previously expressed concern about dates of fixed elections being moved and the potential impact on voter comprehension of combining elections. The commission has also expressed concern about the principle of combining referendums with party-based elections.

Mr. Douglas Hogg (Sleaford and North Hykeham) (Con): Does my hon. Friend agree that although it is true that turnout increased where there were all-postal ballots, that may have more to do with the fact that the local authority and European elections were combined than with the fact that there was an all-postal ballot?

Mr. Viggers: Indeed. Concern has been expressed about postal ballots; we have come quite a long way from the 1870 Elections Bill, which sought to introduce secret voting in parliamentary elections and was intended to rid British politics of some of the abuses that had disfigured its elections. My right hon. and learned Friend makes a fair point, but it is also true that turnout increased significantly as a result of the introduction of postal ballots; for instance, in the east midlands, it increased from 22.6 per cent. to 44.6 per cent.

Kevin Brennan (Cardiff, West) (Lab): In the hon. Gentleman's discussions with the Electoral Commission will he also pass on the observation that in Wales, where unitary authority elections in every council area and European elections were held on the same day, turnout in the European elections rose by about 12 per cent. As a result, turnout for the European elections was higher in Wales than in some of the compulsory postal voting areas, so will he recommend to the commission that elections should be held on the same day in June?

Mr. Viggers: I shall indeed pass on the hon. Gentleman's comments to the Electoral Commission. That is exactly the kind of thing it will consider in its report on 13 September.

CHURCH COMMISSIONERS

The hon. Member for Middlesbrough, representing the Church Commissioners, was asked—

Parish Priests

23. **Miss Anne McIntosh** (Vale of York) (Con): What steps are being taken to recruit parish priests, particularly in rural areas, to replace those who are due to retire in the coming years. [180455]

Second Church Estates Commissioner (Sir Stuart Bell): The Church of England actively promotes vocations to the priesthood, irrespective of geographical area, through diocesan initiatives and by keeping the first Sunday in May as vocations day.

Miss McIntosh: I am not sure of the implications of that answer for my question. In last month's Question Time, the hon. Gentleman gave me a very helpful response about the large number of stalwart parish priests, although he alarmed me by saying that a significant number of them were coming up to retirement. What specific measures does the Church have in mind to recruit and train their replacements? How long will it take, and will the stream of recruits be sufficient to replace those priests who are expected to retire?

Sir Stuart Bell: I am grateful to the hon. Lady. Some predominantly rural dioceses have responded to shortages of stipendiary clergy by developing local ministry teams that include clergy and lay ministers and cover a number of parishes, although that development is not exclusive to rural areas. The hon. Lady has a strong interest in rural issues, so she will know that the Church continues to be concerned about the lack of priests in rural areas and is doing all that it can to rectify that.

ELECTORAL COMMISSION COMMITTEE

The hon. Member for Gosport, representing the Speaker's Committee on the Electoral Commission, was asked—

Polling Stations

24. **Mr. Mark Lazarowicz** (Edinburgh, North and Leith): If the commission will conduct an assessment of the merits of allowing electors a choice of polling stations at which to cast their vote. [180456]

Mr. Peter Viggers (Gosport) (Con): The commission has no plans at present to conduct a specific assessment of the merits of allowing electors a choice of polling station at which to cast their vote. However, the commission is committed to pursuing the goal of greater choice for voters, provided that can be achieved while maintaining the security and integrity of the electoral system.

Mr. Lazarowicz: May I suggest to the hon. Gentleman that it would be a good idea for the committee and the commission to look at the proposal in a bit more detail? Does he agree that it is somewhat archaic that the only place where people can cast a vote is at the polling station for the area in which they live? Surely, with new technology it would be quite feasible for people to be allowed to vote nearer their place of work, at a railway station on their way home or even at shopping centres. Would not such a measure be simple to introduce and, in its own way, help to increase voter turnout?

Mr. Viggers: I am sure that many people would agree with the general tenor of the hon. Gentleman's comments, but the scope for offering voters a choice between several locations will of course depend ultimately on the implementation of plans for a national electronic register of voters, which the commission supports; it also supports the concept of individual registration of voters.

Sir Patrick Cormack (South Staffordshire) (Con): If the commission is truly committed to giving voters choice, does not it accept that compulsory postal ballots are incompatible with that wish?

Mr. Viggers: Certainly, all-postal voting seems to have improved turnout, but my hon. Friend's point is exactly the kind of thing that the commission will be considering.

CHURCH COMMISSIONERS

The hon. Member for Middlesbrough, representing the Church Commissioners, was asked—

Retired Clergy

25. **David Taylor** (North-West Leicestershire) (Lab/Co-op): How many retired clergy were receiving assistance with accommodation on 1 April (a) 1984, (b) 1994 and (c) 2004; and if he will make a statement. [180457]

Second Church Estates Commissioner (Sir Stuart Bell): The numbers of retired clergy or clergy widows occupying houses whose purchase was partly or wholly funded by the Church's retirement housing scheme as at 1 January—not April—1984, 1994 and 2004 were 1,840, 3,190 and 2,906 respectively. In relation to a statement, the Church is also giving serious thought to a scheme that will enable clergy to enter the housing market earlier in their ministry.

David Taylor: Clergy in office are provided with a house and paid a stipend, but clergy in retirement must meet their own housing costs. Sometimes, support is given by the commissioners or the pensions board. Is my hon. Friend convinced that the supply of housing remains adequate and that it will not be a disincentive to would-be priests entering the ministry? What consideration has been given to the report from two years ago, "Generosity and Sacrifice", with which he will be very familiar?

Sir Stuart Bell: I am grateful to my hon. Friend for referring to that report and for following its progress. I shall do the same, and I give him a commitment that I will come back to him on that. It is a fact that those clergy with insufficient capital of their own can get assistance in the shape of retirement housing schemes, administered by the Church of England pensions board and largely funded by loans to the pension board from the Church Commissioners. The availability of housing is a nationwide problem; but, of course, we would not wish it to discourage anyone who wishes to become a clergyman.

Westminster Abbey

27. **Mr. James Gray** (North Wiltshire) (Con): What discussions the commissioners have had with the Dean and Chapter of Westminster Abbey about the builder's yard between the abbey and St Margaret's church. [180459]

Second Church Estates Commissioner (Sir Stuart Bell): The programme to achieve planning permission for the redevelopment of Mason's yard proceeds. The abbey has been in close contact with parliamentary estates and Westminster Abbey fabric commission, and has been supported by English Heritage. Funds are secure, and the work will start as soon as planning permission is granted.

Mr. Gray: The House will have heard the hon. Gentleman's reply with some horror. How can it be that, in the centre of the world heritage site that consists of the abbey, St. Margaret's and the Palace, we will cement a builders' yard that is hideous beyond belief? Surely, we can find some place to put that builders' rubbish, other than slap bang in the middle of a world heritage site?

Sir Stuart Bell: I am always grateful to the hon. Gentleman for his questions, but I should tell him that "The Rocky Horror Show" does not begin with the Church Commissioners. He will have noticed great improvements on the north side of the path adjacent to St. Margaret's church. I should like to pay significant homage to the Dean of Westminster, who carries on his duties when not always in the best of health. The hon. Gentleman is perfectly right to say that the abbey is part of our national heritage and, no doubt, that fact will be taken into account when any planning permission is given for the redevelopment of Mason's yard.

Points of Order

3.33 pm

Dr. Julian Lewis (New Forest, East) (Con): On a point of order, Mr. Speaker. You will be aware that two major announcements that affect the New Forest have been made in recent weeks—one a couple of weeks ago about the non-development of Dibden bay as a huge container port, and one today about the creation of a national park for the New Forest. You have expressed concern on many occasions in the past that announcements should be made first to the House. I am delighted that, in the case of the Dibden bay announcement, Transport Ministers were punctilious in that respect and no one had the faintest idea of what the announcement would be until it was made at 9.30 am in a written statement. But I am sorry that, today, Ministers at the Department for Environment, Food and Rural Affairs have once again fallen short in that respect, and I discover that, as late as last week, people in my constituency were being told by the BBC what the result would be and were being invited to give interviews. Indeed, there was a live interview on the "Today" programme this morning. How many times must we raise in the House the failure of Ministers to make announcements to the House, rather than leaking them to the press without the hon. Members concerned and the whole House being informed in the proper way?

Mr. Speaker: I notice that there is a written statement on the Order Paper regarding this matter. Therefore, the Minister concerned has made a statement to the House.

Mr. Edward Garnier (Harborough) (Con): On a point of order, Mr. Speaker. On Friday, I received notice that somebody called Jill Hope, who holds herself out as the Liberal Democrat parliamentary candidate in my constituency, had e-mailed the political affairs department of the *Leicester Mercury* along the following lines:

"Someone I know has just heard Harborough MP Edward Garnier's Conservative party agent Margaret Richards on a local radio station saying how brave the MP is for carrying on even though he has cancer."

I have not got cancer; I have not even got a common cold. However, is there some procedure that is available to us as Members of the House and to you as Speaker that will deal adequately with this sort of allegation? My agent has been defamed because the e-mail suggests that she has told lies about me or has breached my confidence in speaking about my health on a radio programme. She has certainly done none of those things. It is, of course, also a malicious falsehood about me.

I understand that it is not uncommon for members of that particular party to behave in this sort of way and I dare say, in the excitement of a by-election in my neighbouring constituency and with a general election likely within the next 12 months, we will get more of this from members of that party. However, can you, Mr. Speaker, advise me whether this sort of behaviour is contempt of the House that should, for example, be referred to the Select Committee on Standards and Privileges or is it something that we just have to live with and deal with on the campaign field? I look forward to your considered advice on this matter.

Mr. Speaker: I am grateful to the hon. and learned Member for giving me notice of his point of order. The matter that he raises, however serious it may be in his eyes, does not affect the privileges of the House and so is not something on which I can rule. Because he is learned, the hon. Member is better able than I am to make a judgment about the legal implications of this incident. I have no doubt that he will do so.

Mr. Jonathan Sayeed (Mid-Bedfordshire) (Con): On a point of order, Mr. Speaker. On Monday to Thursday every week, you preside over Question Time. This is meant to be an opportunity for Members of the legislature to question members of the Executive on policy, to seek information from members of the Executive and to press for action by the Executive. However, over the past few years, the standard of answers has declined to such an extent that Question Time appears to many to be an exercise in evasion, misrepresentation and obfuscation. Indeed, I would argue that too many of the answers given to parliamentary questions are designed to deceive rather than to illuminate the decisions of the Government. This, I am sure you will agree, damages Parliament and demonstrates contempt for the principle of democratic accountability.

I would therefore like you, Mr. Speaker, to consider whether, with the permission of the House, you can be given additional powers to remedy the situation. Specifically, if a Minister gives a manifestly inadequate answer to a question, you could direct the Minister to answer the question again and give a more informative answer. The very existence of such a sanction would, I believe, encourage civil servants to draft answers that seek to assist the scrutiny of Government rather than, as at present, frustrate the very proper and essential examination by Parliament of the Government of the day.

Mr. Speaker: The hon. Member uses his point of order to make a radical suggestion, namely that I should be authorised to adjudicate on the quality of answers and direct a Minister to try again if I judge an answer to be inadequate. This is a matter for the House, and he may wish to put his suggestion to the Procedure Committee. However, I cannot say that I am enthusiastic about such a proposal. I also observe that the quality of an answer is often influenced by the quality of the question.

Mr. Eric Forth (Bromley and Chislehurst) (Con): Further to the point of order raised by my hon. Friend the Member for New Forest, East (Dr. Lewis), Mr. Speaker. I am sure that you are not suggesting in any way that a mere ministerial written statement smuggled on to the Order Paper in the dead of the morning is any substitute for a Minister coming to the House to give a proper oral statement on which questions may be asked by Members of Parliament. It would be regrettable if you had left any impression whatever—however inadvertently—that you believed that a written ministerial statement is a proper substitute for an oral statement with questions.

Mr. Speaker: The right hon. Member knows me well enough to know that I enjoy Ministers coming to the Dispatch Box to give an account of their stewardship. However, we cannot have oral statements all the time; sometimes there will be written statements. That is not too bad when they give good news, and the hon. Member for New Forest, East (Dr. Lewis) received good news on this occasion.

Orders of the Day

CONSOLIDATED FUND (APPROPRIATION) BILL

Order for Second Reading read.

Question, That the Bill be now read a Second time, *put forthwith, pursuant to Standing Order No. 56 (Consolidated Fund Bills), and agreed to.*

Bill accordingly read a Second time.

Question, That the Bill be now read the Third time, *put forthwith, and agreed to.*

Bill accordingly read the Third time, and passed.

Human Tissue Bill

As amended in the Standing Committee, considered.

New Clause 7

POWERS OF COURT TO DISPENSE WITH NEED FOR CONSENT

'(1) If the High Court is satisfied—

(a) that relevant material has come from the body of a living person,

(b) that it is not reasonably possible to trace the person from whose body the material has come ("the donor"),

(c) that it is desirable in the interests of another person (including a future person) that the material be used for the purpose of obtaining scientific or medical information about the donor, and

(d) that there is no reason to believe—

(i) that the donor has died,

(ii) that a decision of the donor to refuse to consent to the use of the material for that purpose is in force, or

(iii) that the donor lacks capacity to consent to the use of the material for that purpose,

it may order that subsection (2) apply to the material for the benefit of the other person.

(2) Where material is the subject of an order under subsection (1), there shall for the purposes of this Part be deemed to be consent of the donor to the use of the material for the purpose of obtaining scientific or medical information about him which may be relevant to the person for whose benefit the order is made.

(3) The Secretary of State may by regulations enable the High Court, in such circumstances as the regulations may provide, to make an order deeming there for the purposes of this Part to be appropriate consent to an activity consisting of—

(a) the storage of the body of a deceased person for use for the purpose of research in connection with disorders, or the functioning, of the human body,

(b) the use of the body of a deceased person for that purpose,

(c) the removal from the body of a deceased person, for use for that purpose, of any relevant material of which the body consists or which it contains,

(d) the storage for use for that purpose of any relevant material which has come from a human body, or

(e) the use for that purpose of any relevant material which has come from a human body.'.—*[Ms Rosie Winterton.]*

Brought up, and read the First time.

3.41 pm

The Minister of State, Department of Health (Ms Rosie Winterton): I beg to move, That the clause be read a Second time.

Mr. Speaker: With this it will be convenient to discuss Government amendments Nos. 85 to 98.

Ms Winterton: The intention of the new clause and the amendments is to ensure that there will, in the last resort, be a way to gain access to human tissue without consent if that is really needed in the interest of individuals whose health might benefit thereby or the health of the general public. We listened to discussions in Committee on the matter and the concerns of the medical and scientific community. Following further

[Ms Winterton]

consideration, we propose to provide that the High Court may dispense with the consent requirement in certain exceptional circumstances.

Part 1 of the Bill requires consent for the use of tissue for scheduled purposes, including

"Obtaining scientific or medical information . . . which may be relevant to any other person".

Clause 46 will make it an offence to analyse DNA without qualifying consent. In both cases, the consent of a living person will be required for the use of his or her tissue for such a purpose.

Geneticists, in particular, have raised concerns with Ministers about situations—albeit infrequent ones—in which individuals are untraceable, but the analysis of their tissue samples is necessary to predict the likelihood of a relative having a genetic condition or to help to diagnose and treat a relative. If the original provider of tissue were alive and contactable, consent could be sought. However, if the original person were not contactable because relatives had lost touch, for one reason or another, a problem would clearly arise. We appreciate that in such a situation, the treatment of the relative could be unnecessarily delayed or compromised, so we propose to amend the Bill to allow a court order to be sought so that the need for consent could be waived in the circumstances that I have described.

Such a situation would arise if an existing stored sample needed to be tested to help to diagnose or treat a relative, but when consent for the sample to be used in such a way was neither given nor refused and efforts to trace the original person had failed. The original person would also, as far as was known, have to be alive and competent to give consent.

Members of the medical research community have also drawn attention to the need for a mechanism to waive the requirement for consent to use tissue from living or deceased persons in exceptional cases when that is in the public interest. The reason for needing such a waiver would be to enable consent to be dispensed with in unexpected and exceptional cases where the potential benefit to the health of the public of undertaking some research without consent outweighs the risk of harm to the rights of the individuals concerned. That might be needed, for example, where a person has died as a result of a new virus and relatives who may be asked for permission to take tissue for testing cannot be found. In the event of some new highly infectious disease similar to Ebola, for example, it would be necessary to do research using samples taken from those who had died from the disease. Their relatives may not be available to give consent.

Mr. Andrew Lansley (South Cambridgeshire) (Con): The Minister is talking about when there is a major public health issue, and I acknowledge that it is intended that such a power would be used only in the most exceptional circumstances. If in the circumstances of the kind that she has described the patient had expressly not given consent, the proposed powers would not enable the withdrawal of consent to be overridden. Are there other powers to allow tissue to be retained and tested for public health purposes?

Ms Winterton: I am not quite sure that I follow exactly the hon. Gentleman's question. If an infectious disease broke out, consent had not been given by an individual and the relatives could not be found, an application would be made to the High Court to waive the consent requirements. We shall of course be consulting on the exact circumstances when drawing up the detail of the regulations that will stem from that, but the principle is that, where an individual's relative who is known to be alive but cannot be contacted, a waiver of the consent requirements could be sought. Similarly, if in the interests of public health there needs to be research into a new disease, for example, an application could be made.

Mr. Lansley: I am not disputing the intended purposes of the new clause and the amendments; it is just that they are not designed to override someone's express refusal to give consent to the retention and testing of tissue—even in the case of a public health emergency of the kind that the Minister has described. That may be satisfactory, or powers extant may allow the retention of tissue for public health purposes. I am simply asking for information on that.

Ms Winterton: It would be quite unusual for somebody completely to refuse consent for diagnostic purposes. The consent under the Bill is usually that given after an operation or for future use. The hon. Gentleman highlights the case of somebody who has made a general commitment that consent for the use of their tissue for research purposes would never be given. The Bill deals with scheduled purposes, and as I have said, these matters can be considered during the making of regulations.

Dr. Andrew Murrison (Westbury) (Con): Perhaps I can help the Minister by providing an example. According to the Prime Minister, we are liable to be attacked by terrorists. Some terrorists may be of suicidal intent, having been infected with a virus of the sort that the hon. Lady helpfully described in the letter she sent to hon. Members a few days ago. Such persons would, I suspect, withdraw their consent. What would be the position in those circumstances?

Ms Winterton: The hon. Gentleman has highlighted an issue that we will need to consider during consultation on the regulations. The question will be whether the High Court can override that withdrawal of consent. The new clause covers circumstances in which it is not possible to obtain consent. Whether a deceased person had given consent—some cases might not be clear—and whether there is a relative who knows will also have to be considered in relation to the regulations. Those are fair points to be considered during the consultation, although I think that the situation that the hon. Gentleman describes is quite unlikely to arise.

The flu epidemic early in the last century has been mentioned to us in relation to the cases that we have in mind. It might be impossible to find someone who stands in a qualifying relationship to a victim of the disease, but it might become necessary to test material from victims to determine whether the same virus is causing a new epidemic. The order is required to provide a way to deal with unexpected and exceptional situations, which could require the testing of material from living people who are no longer reasonably traceable, or from deceased persons whose next of kin cannot be found, in the interests of public health. We therefore propose to include in the Bill a power for the Secretary of State to make regulations to enable the High Court to waive the need for consent to use tissue for health-related research in cases in which appropriate consent cannot be obtained. It is expected that the regulations will provide for the Court to waive the need for consent only in rare cases and when the public interest justifies doing so.

The new clause introduces the High Court waiver. There are consequential amendments to clauses 53 and 60. Amendments are also needed to schedule 5, so that a High Court waiver may also apply, where necessary, to consent to having a person's tissue with a view to testing its DNA. The provision will also apply in Scotland.

We recognise the need for a mechanism to deal with truly exceptional cases, but we are confident that the requirement that the circumstances be exceptional and the protection provided by the High Court will not allow exploitation of the waiver without proper cause. I shall take on board the points made by the hon. Gentlemen, but I comment the amendments to the House.

Mr. Lansley: I am grateful to the Minister for her explanation of the purposes of new clause 7 and the related amendments and for her willingness to consider further the questions that my hon. Friend the Member for Westbury (Dr. Murrison) and I raised. We acknowledge that we are dealing only with what we hope are the most exceptional of circumstances, but as our debates on the Bill have demonstrated, there is a need to consider extremely rare events. Unhappily, those described by my hon. Friend might be just such a set of events. If a living person has refused consent to the use of any material, the new clause, as I understand it, would not permit the High Court to make an order requiring that tissue be taken and tested. That set of circumstances begs a question. I know that my colleagues will come back to that, and I hope that the Government will consider the matter.

There is also the question, not least in the research community, of whether, where somebody whose relative has refused consent, for example, for DNA analysis, which could be of benefit to a living relative, a court could make an order for the benefit of that individual contrary to the expressed wishes of a living person. The Government are not proposing that, and on balance I think that they are right not to do so. It is one of those instances where we have trespassed to the minimum extent in circumstances where the expressed wishes of individuals are not to be complied with. That is the principle underlying the Bill, and we want to hold to it as often as we can.

The purposes of the new clause and the related amendments, as the Minister has described them, seem to be acceptable. However, there may be exceptional circumstances where somebody cannot be traced, where relatives cannot be traced and where tissue could be properly analysed in the interests of either a living person or for public health purposes. In such cases we think that it is reasonable for there to be regulations setting out how the High Court could make an order. On that basis, we are happy to accept the new clause and the amendments.

I shall not chide the Minister too often, but I shall do so now and once more later. She will recall that when the Bill was first presented to the House back in December we made it clear that we believed that it would have been in the interests of the Bill's passage if there had been a period—albeit a short period—of pre-legislative scrutiny. The Minister will recall also that I asked for that in a debate in April. It could have been achieved in some form over the summer. I see that the Minister takes the view from a sedentary position that she was not responsible for the matter at that time. She was not, but she enjoys—that being the operative term—collective responsibility for the decisions, or lack of decisions, made by the Government at an earlier stage.

It is clear that had pre-legislative scrutiny been undertaken last summer into the early autumn, it would have been possible to examine many of the issues that have now been raised. It is a great pity that we had to raise many of those issues in Committee, which perhaps is not the best forum designed to secure consensus. The Committee reported six months ago, and I cannot recollect many instances where the passage of time between the conclusion of consideration in Committee and on Report has been as long as six months. No doubt that is a recognition of the range of issues raised in Committee to which there had to be further regard, with substantial consultations being required with outside bodies. Much credit goes to them for working through those issues with officials in the Department.

I do not want to criticise the Government unduly. Broadly speaking, we are arriving at the right conclusions. However, it is a great pity that we have had to do so through a tortuous and less transparent process than was originally recommended by the Opposition.

We shall work our way through the, I think, 100 new clauses and amendments that the Government have tabled on Report.

Dr. Murrison: Ninety-nine.

Mr. Lansley: My hon. Friend tells me that there are 99, which is just under the ton. I hope that we will work through them with the good humour that has characterised our debates so far.

4 pm

Dr. Evan Harris (Oxford, West and Abingdon) (LD): I associate myself with the content of the remarks of the hon. Member for South Cambridgeshire (Mr. Lansley) and their tone, which was well judged.

I have a question for the Minister on this group of amendments, which I take from a briefing that I received from the Medical Research Council. I do not necessarily

[Dr. Evan Harris]

agree with the MRC on the issue, but it agrees with the thrust of the Government's approach with respect to the amendments. The MRC states:

"We agree this is an important issue but we agree that the solution is too stringent. Unlike the case described above"

which is the example that the Minister gave

"which pertains to diagnosis and treatment, for possible research uses there are research ethics committees"

The MRC suggests that the power that the Minister is seeking to give to the High Court in these circumstances might usefully rest with ethics committees, not with the court, and that as an additional safeguard, research ethics committees might be required to inform the Human Tissue Authority so that the authority could satisfy itself that such waivers were not being over-used.

Clearly, the Government do not support that approach and I do not necessarily support it, but I should be grateful if the Minister could clarify why the Government decided not to go down that path in cases where someone who is alive is not traceable or the relatives of a dead person are not traceable, and where valuable research could be done that could not be done in any other way. Is that just one of the things that the medical research community will just have to accept, or was there some other reason for the Government's decision?

My second point applies to several groups of amendments and relates to the DNA provisions, which were added late to the Bill in Committee—so late that it was not possible for them to be subjected to scrutiny. One issue that was raised in Committee was why, where DNA is mentioned, such as in this group of amendments, RNA is not mentioned also. Identifying information can be obtained from RNA, if I remember my molecular biology, which in general terms I do not, but in this respect I do.

The matter is raised by the Medical Research Council, which is why I feel more confident to refer to it than I otherwise would. The MRC states:

"The term 'DNA analysis' is not clearly defined and is of uncertain validity as a concept. There are a number of genetic tests that do not involve analysis of DNA but which yield similar results. Also, DNA is mentioned but there seems no logical reason to omit RNA."

For example, one can use a test of the sequence of proteins. Where DNA is mentioned, it would have been possible to mention RNA. I queried the omission previously and I remember the Government saying that they would respond. I fear I forgot to follow it up, as they forgot to respond. Perhaps during this stage of the Bill, not necessarily immediately, the Government could clarify why they are confident that there is no loophole where the DNA provisions apply across the board.

Ms Rosie Winterton: I thank the hon. Member for South Cambridgeshire (Mr. Lansley) for pointing out with what good humour the Bill was considered in Committee. He was wrong to say that that was not the proper forum in which to undertake detailed scrutiny. The Bill is much better for the scrutiny that it underwent at that stage. I hope that by the end of the afternoon the hon. Gentleman will agree that the amendments reflect the consensus that we achieved in Committee.

With regard to the comments of the Medical Research Council, the Bill and the amendments deal with extremely rare circumstances. In a sense, we are overriding the need to obtain consent, which, as the hon. Member for Oxford, West and Abingdon (Dr. Harris) knows, is one of the fundamental principles of the Bill. We therefore feel that the High Court, with the high level of scrutiny that it provides, is the right place for these cases to be dealt with, and not ethics committees at local level. When information about an individual, who may still be alive, is needed, but there is no consent, or when there is a public health interest, it is important that the matter goes to the High Court.

With regard to the RNA question, we need further technical advice, and we will come back with further information.

I hope that the House will accept the new clause.

Question put and agreed to.

Clause read a Second time, and added to the Bill.

New Clause 6

INTERPRETATION OF PART 1

'In this Part, "excepted material" means material which has—

(a) come from the body of a living person, or

(b) come from the body of a deceased person otherwise than in the course of use of the body for the purpose of anatomical examination.'.—*[Ms Rosie Winterton.]*

Brought up, and read the First time.

Ms Rosie Winterton: I beg to move, That the clause be read a Second time.

Mr. Speaker: With this it will be convenient to discuss Government amendments Nos. 48 to 64.

Ms Winterton: In Committee, hon. Members raised a technical point about the scope for misunderstanding in the current definition of anatomical examination given in clause 55, which states:

"'anatomical examination' means examination by dissection for anatomical purposes",

which are for the

"purposes of teaching or studying, or researching into, morphology."

Use and storage of the body of a deceased person or material from it for that purpose requires the advance written consent of the individual concerned, witnessed by another, and is a licensable activity. The scheduled purpose of health-related research, on the other hand, may be consented to after death by relatives and is not licensable under the Bill.

Researchers in particular are concerned that there could be confusion about when research on tissue involving examination by dissection requires advanced consent and licensing and when it does not. Basically, there was concern that the stricter requirements would apply to all bits of tissue used for morphological research.

We therefore propose to clarify the references to anatomical examination by amending clauses 2, 3, 7, 13, 23, 43 and 55. The effect of the amendments to clause 55 is to clarify the definition of anatomical examination so that it is now defined as macroscopic examination by dissection for the purposes of teaching, studying or researching into the gross structure of the human body. That excludes from the definition much of the research about which concerns have been expressed to us.

The effect of the amendments to clauses 2 and 3 is that the prior written and witnessed consent of the individual is required only in relation to anatomical examinations carried out on whole bodies or material that has come from a whole body in the course of use of the body for the purpose of anatomical examination. The amendments to clauses in part 2 impose a licensing requirement only in relation to whole bodies that are used or stored for anatomical examination or material from such bodies that is stored or used for that purpose.

I hope that that is clear. As I said, these are technical amendments dealing with matters that were raised in Committee. I hope that the situation is now clarified.

Dr. Murrison: I congratulate the Minister on her eloquent exposition. It is a pity that the description that she gave could not have been given previously. I underscore the remarks of my hon. Friend the Member for South Cambridgeshire (Mr. Lansley) about pre-legislative scrutiny. Although the change is technical, it is also fundamental. The Minister's description is a return to common sense, because she elegantly described the situation, as we understand it, in a dissecting suite in a medical school, which is the measure's intention. Correctly, she has in mind a gross, large-scale examination of parts derived from a dead person that excludes histology—examining specimens under a microscope. I congratulate her on the change, although it is a pity that it was not made earlier.

Question put and agreed to.

Clause read a Second time, and added to the Bill.

New Clause 8

ACTIVITIES INVOLVING MATERIAL FROM ADULTS WHO LACK CAPACITY TO CONSENT

'Where—

(a) an activity of a kind mentioned in section 1(1)(d) or (f) involves material from the body of a person who—

(i) is an adult, and

(ii) lacks capacity to consent to the activity, and

(b) neither a decision of his to consent to the activity, nor a decision of his not to consent to it, is in force,

there shall for the purposes of this Part be deemed to be consent of his to the activity if it is done in circumstances of a kind specified by regulations made by Secretary of State.'.—*[Ms Rosie Winterton.]*

Brought up, and read the First time.

Ms Rosie Winterton: I beg to move, That the clause be read a Second time.

Mr. Speaker: With this it will be convenient to discuss the following amendments: No. 7, in clause 3, page 3, line 40, after 'alive', insert

'and subsection (2A) does not apply'.

No. 8, in page 3, line 40, at end insert—

'(2A) This subsection applies where the person concerned is alive, but lacks the capacity to give consent.

(2B) Where subsection (2A) applies, "appropriate consent" means the consent of a person who stands in a qualifying relationship to him.'.

No. 9, in page 4, line 31, at end insert

'(8) For the purposes of this section a person lacks capacity to give consent if at the material time he is unable to make a decision for himself in relation to the matter because of an impairment of or a disturbance in the functioning of the mind or brain.'.

Government amendments Nos. 99 to 107.

Ms Winterton: The Bill was not intended to impact on the common law test of best interests, regarding the activities that can take place in relation to tissue from mentally incapacitated adults. As we have said, such issues—in particular, research—will be dealt with under the forthcoming Mental Capacity Bill. However, we now recognise that, as drafted, the Human Tissue Bill would prevent activities that are currently lawful, where the removal of tissue for a particular purpose—for example, transplantation—is deemed to be in the best interests of the incapacitated individual. The person's best interests would be frustrated, because they cannot give the necessary consent to the subsequent use of the tissue.

The Mental Capacity Bill is unlikely to be enacted before 2007, and the Human Tissue Bill is likely to be enacted in 2005. That gap makes it necessary to amend the Human Tissue Bill, so that it does not have a detrimental effect in the interim on the use of tissue lawfully removed from incapacitated patients. We therefore propose to amend the Bill by taking a power to make regulations setting out what is required before tissue from those who lack capacity can be used for purposes regulated by the Bill. Those purposes will include obtaining information that may be relevant to the diagnosis and treatment of another person, such as a genetic relative, and transplantation. The intention is to use the regulations to provide that, in the case of incapacitated adults, tissue may be used for scheduled purposes, where that would be in the adult's best interests.

The regulations would also allow research using the tissue of incapacitated persons, where participation in the research by the person who lacks capacity is authorised in accordance with the clinical trials regulations, which came into force in May. Such use would be subject to the safeguards set out in those regulations, which include that an ethics committee must approve the research. The regulations will also take account of the outcome of debates on the Mental Capacity Bill later in this Session, and research relating to mentally incapacitated adults will be debated in that context. Indeed, rather than setting down the circumstances in the Bill, regulations are proposed because we do not want to pre-empt the debates that will take place later in the Session.

[Ms Winterton]

In due course, the Mental Capacity Bill may replace the regulation-making power by amendment. Similar amendments will be made to the provisions dealing with DNA, so the regulations can say when it is lawful to hold material from an adult who lacks capacity with the intention of analysing the DNA. Those apply also to Scotland, where it will be necessary for the regulations to take account of authority under the Adults with Incapacity (Scotland) Act 2000, whether for research or for any other of the purposes that I outlined.

Mr. Tam Dalyell (Linlithgow) (Lab): What is the relationship with the Scottish Department of Health, and which other Departments have been involved in discussions? I am not in any way critical; I should just like to know.

4.15 pm

Ms Winterton: Particularly with regard to the 2000 Act, the main discussions have taken place with the Department of Health and Community Care in Scotland. I am not entirely sure about the nature of discussions with other Departments.

Because we recognise that allowing the use of tissue from incapacitated persons is a sensitive issue, we have provided that the regulations should be subject to affirmative resolution to allow Parliament to discuss the details. Prior to that, it will be necessary to undertake further discussions with appropriate Departments in Scotland. That will give Parliament the opportunity to discuss details that may not have been debated elsewhere.

I commend the new clause to the House.

Dr. Murrison: I am glad that any regulations will be subject to the affirmative resolution procedure, because this area is a minefield. It is a pity that we do not yet have the Mental Capacity Bill; if we did, we would not need to discuss the matter in quite this way. I am deeply worried about Secretaries of State making regulations that affect people in such situations, although I suspect that, mercifully, they would be needed very infrequently. I assume that in drafting the provision, the Minister had specific instances in mind that drove it forward, because she, like me, will have been very cautious about treading in this extremely problematic area.

The Minister referred to the measure's potential interaction with the Medicines for Human Use (Clinical Trials) Regulations 2004. I am not entirely clear about how that will work, and I would be grateful if she expanded on it a little further.

Ms Winterton: With regard to the authority that is required before a person who lacks capacity can participate in a clinical trial, the legal representative of that person must give consent to their participation. A legal representative is a person who has a sufficiently close relationship with the person lacking capacity, or, if no such person is available, a doctor or other person nominated by the person's health care provider. The clinical trials regulations set out the detailed information that must be provided and other requirements that must be fulfilled before participation can be authorised. We will look very closely at the requirements under the clinical trials directive to ensure that the regulations fit in with them.

Question put and agreed to.

Clause read a Second time, and added to the Bill.

New Clause 9

DUTIES IN RELATION TO CARRYING OUT FUNCTIONS

'(1) The Authority must carry out its functions effectively, efficiently and economically.

(2) In carrying out its functions, the Authority must, so far as relevant, have regard to the principles of best regulatory practice (including the principles under which regulatory activities should be transparent, accountable, proportionate, consistent and targeted only at cases in which action is needed).'.—*[Ms Rosie Winterton.]*

Brought up, and read the First time.

Ms Rosie Winterton: I beg to move, That the clause be read a Second time.

Mr. Speaker: With this it will be convenient to discuss Government new clause 10—*Power of Human Tissue Authority to assist other public authorities.*

Ms Winterton: The new clauses relate to the duties and powers of the Human Tissue Authority. I shall deal first with new clause 9. It is a shame that the hon. Member for South Cambridgeshire (Mr. Lansley) is not here because in Committee, he asked about including a provision that would require the Human Tissue Authority to adhere to best regulatory practice, minimising burdens and costs. He pointed out that other recently established public bodies had such duties written into their legislation. We have agreed to include such an amendment to make it clear that the authority is expected to be lean, effective, accountable and focused.

Mr. Stephen Pound (Ealing, North) (Lab): I was impressed by the word "economically" in the new clause. The guidance notes that my hon. Friend issued refer to a total cost to the new authority of approximately £1.5 million per annum. They also mention additional fees and licences. Is £1.5 million a net figure or will it decrease as income from fees and licences increases?

Ms Winterton: My recollection of the discussion in Committee is that the fees and licences would cover the administrative costs of inspection and issuing the licences. Some costs would accrue to the authority over and above those, such as the costs of issuing the codes of practice, administrative support and so on. If I remember correctly, the two sums are separate, but the intention is that the fees and licences will cover the inspection element.

Dr. Ian Gibson (Norwich, North) (Lab): My hon. Friend talks about a mean, lean organisation. The same was said of the Human Fertilisation and Embryology

Authority, which our Select Committee examined. The funding for it was doubled. Could not bodies cross-fertilise under an umbrella organisation? After all, they are considering the same matters, which include interacting with the public. Quangos and similar bodies appear to spring up every six months. Is there not a case for getting them together to consider the ethical and moral issues?

Ms Winterton: Let me correct my hon. Friend: I did not say that the authority would be a mean body; I simply said that it would be lean. However, he is right to point out that several arm's-length bodies exist. I am sure that he knows that a review of those bodies is currently being conducted to ascertain whether there is room to achieve the 50 per cent. cut in their number that the Secretary of State wanted.

New clause 10 gives the Human Tissue Authority power to assist public bodies. Clause 37 currently allows the authority to make arrangements with other public authorities so that they can carry out any of the Human Tissue Authority's functions. Again, that is relevant to the point that my hon. Friend the Member for Norwich, North (Dr. Gibson) correctly made. We want to avoid duplication of inspections and reduce bureaucracy. However, under the Bill as it is currently drafted, the authority cannot assist other bodies. It would therefore be sensible to enable it to do that. In particular, we have it in mind that the authority could assist Scottish Ministers in regulating live transplants in Scotland, if asked to do that. In this way, the regulation of live transplants would remain consistent across the UK, and we would avoid the need to set up a separate new body in Scotland, which would be inefficient given the small number of cases involved. The HTA will therefore be able to help to minimise the bureaucratic impact on those regulated, and the power would also give the authority sensible flexibility and allow it to assist any UK body.

I hope that the hon. Member for South Cambridgeshire will be pleased that we have taken up his suggestion, and that the whole House will support the new clauses.

Dr. Murrison: I am sure that my hon. Friend the Member for South Cambridgeshire will be extremely pleased. Indeed, looking through the new clauses, I am very pleased to see how much of what we suggested in Committee has been taken up, and how many suggestions from third parties have also been adopted. Best regulatory practice is a welcome addition to the Bill, for example. I am also pleased that the agency will consult and liaise with other bodies. This has prompted me to look again at the Health Protection Agency Bill, which reaches its Committee stage tomorrow. It, too, places an onus on other bodies to co-operate with the agency that it establishes, and I wonder why no reciprocal arrangement is proposed between that agency and the Human Tissue Authority. Perhaps it might be worth considering introducing such an arrangement, to ensure that other such bodies associated and liaised with the HTA. It would be good if the Minister could give me an assurance that they will do so.

Rob Marris (Wolverhampton, South-West) (Lab): I appreciate that my hon. Friend the Minister wishes, as far as she can, to achieve a consensual approach to the drafting of the Bill. However, if most of my constituents read new clause 9, they would be surprised that Parliament wanted to place on the face of a Bill an exhortation—indeed, a legislative requirement—for an authority to

"carry out its functions effectively, efficiently and economically",

and to follow

"the principles of best regulatory practice".

The implication of the inclusion of those requirements seems to be that some other Government bodies and quangos do not operate effectively, efficiently and economically, and do not follow the principles of best regulatory practice. If that is the case, perhaps the House should turn its attention to those other bodies.

It is surprising to read the proposals in new clause 9, having heard Ministers constantly saying in Committee and on Report—which is somewhat akin to Committee—to Members who have tabled amendments that they are unnecessary because the provision is already implied or exists elsewhere in the Bill. I should have thought that the wording in new clause 9 was, by necessary implication, an exhortation on every Government Department, quango and similar body.

Mr. Dalyell: I believe that my hon. Friend the Member for Wolverhampton, South-West (Rob Marris) raised the question of vets in relation to this matter. Did I mishear him?

Rob Marris: I did not raise the question of vets.

Mr. Dalyell: Then we shall leave that matter. I should like to ask the Minister about the arrangements with Scotland, as I believe that she has some information about that. I thoroughly approve of these measures being introduced on a UK basis, but it would be nice to have on record the arrangements for transplants in Scotland.

Ms Winterton: I would say to my hon. Friend the Member for Wolverhampton, South-West (Rob Marris) that best regulatory practice is included in some legislation. Given that questions had been raised about the duties of the authority and whether there would be duplication, we felt that it was important to make matters clear by placing the best regulatory framework in the Bill.

With regard to Scotland, giving the HTA the power in new clause 10 to assist other bodies, if it is asked to do so, will help Scottish Ministers in terms of regulating live transplants in Scotland. This question involves some continuing discussions, which we have been having with the Scottish Executive, who have been not only working with us, but consulting the public on the issue of the Bill. We will continue to work with them in that way to ensure that we do not duplicate areas in which we could assist.

Question put and agreed to.

Clause read a Second time, and added to the Bill.

4.30 pm

New Clause 10

POWER OF HUMAN TISSUE AUTHORITY TO ASSIST OTHER PUBLIC AUTHORITIES

'(1) The Authority may if it thinks it appropriate to do so provide assistance to any other public authority in the United Kingdom for the purpose of the exercise by that authority of its functions.

(2) Assistance provided by the Authority under this section may be provided on such terms, including terms as to payment, as it thinks fit.'.—*[Ms Rosie Winterton.]*

Brought up, read the First and Second time, and added to the Bill.

New Clause 1

DETERMINATION OF CONSENT FOR REMOVAL, STORAGE AND USE OF ORGANS FROM ADULTS FOR PURPOSE OF TRANSPLANTATION

'(1) Where part of a body of an adult lying in a hospital or other institution is or may be suitable for use for transplantation, it shall be the duty of the person having the control and management of the institution to ensure that, before any organ is removed from the body, each of the conditions specified in subsection (2) is met.

(2) Those conditions are—

(a) that the deceased was, immediately before he died, ordinarily resident in England, Wales or Northern Ireland;

(b) that the deceased did not, during the relevant period, lack the capacity to decide to make his organs unavailable for removal for the purpose of transplantation;

(c) that, where the person to whom the duty under subsection (1) applies knows, or has reason to believe, that—

(i) the body of the deceased person, or

(ii) relevant material which has come from the body of a deceased person,

is, or may be, required for purposes of functions of a coroner, the consent of the coroner has been obtained;

(d) that it has been duly ascertained that the deceased—

(i) had decided to make his organs, or the relevant organ, available for removal for the purpose of transplantation and had had that decision duly recorded in the register, or

(ii) had not had a decision to make his organs, or the relevant organ, unavailable for removal for the purpose of transplantation duly recorded in the register; and

(e) that no person with a right to signify an objection under the provisions of section [duties to persons who stood in a qualifying relationship in relation to transplantation] has done so.

(3) Where each condition in subsection (2) is met, "appropriate consent" shall have been determined for—

(a) the removal of organs, or the relevant organ, for the purpose of transplantation,

(b) the storage for use for the purpose of transplantation of such organs and of associated tissue, and

(c) the use for the purpose of transplantation of such organs and of associated tissue.

(4) Where a body is transferred to another institution prior to the removal of any organ, the duty under subsection (1) shall also be transferred to the person having the control and management of the institution to which the body has been transferred.

(5) In dealing under section 23(1) with the matters mentioned in this section and sections [register of personal decisions about availability of organs for purpose of transplantation] and [duties to persons who stood in a qualifying relationship in relation to transplantation], the Authority shall, in particular, lay down the standards expected in relation to the performance of the duty imposed by subsection (1).

(6) The person to whom the duty under subsection (1) applies may designate another person to perform activities in relation to that duty.

(7) It shall be the duty of the person to whom the duty under subsection (1) applies to secure that any person designated under subsection (6) to perform activities is a suitable person to participate in the carrying-on of those activities.

(8) This section shall not be read as making unlawful anything which is lawful apart from this section.

(9) For the purposes of this section a person lacks capacity in relation to a decision to make his organs unavailable for removal for the purpose of transplantation if during the relevant period he is unable to make a decision for himself in relation to the matter because of an impairment of or a disturbance in the functioning of the mind or brain.

(10) In this section and sections [register of personal decisions about availability of organs for purpose of transplantation] and [duties to persons who stood in a qualifying relationship in relation to transplantation]—

"associated tissue" means tissue the removal of which is integral to the removal of an organ for the purpose of transplantation;

"death" has the meaning given in accordance with the provisions of section 23(2)(d) and cognate expressions shall be construed accordingly;

"organ" means any part of a human body consisting of a structured arrangement of tissues which, if wholly removed, cannot be replicated by the body and includes a part of an organ;

"the register" means the register maintained in accordance with the provisions of section [register of personal decisions about availability of organs for purpose of transplantation];

"the relevant period" has the meaning prescribed by regulations, but the period so prescribed shall not include the period that—

(a) begins with the occurrence of an accident that causes the death of the person concerned, and

(b) ends with his death;

"the removal of an organ" includes the removal of any associated tissue removal of which is integral to the removal of the organ for the purpose of transplantation.'.—*[Dr. Evan Harris.]*

Brought up, and read the First time.

Dr. Evan Harris: I beg to move, That the clause be read a Second time.

Mr. Speaker: With this it will be convenient to discuss the following:

New clause 2—*Register of personal decisions about availability of organs for purpose of transplantation*—

'(1) It shall be the duty of the Authority to maintain a register of persons deciding to make all their organs, or specified organs—

(a) available, or

(b) unavailable

for removal for the purpose of transplantation.

(2) Any person who decides to make all his organs, or specified organs—

(a) available, or

(b) unavailable

for removal for the purpose of transplantation may inform the Authority in a prescribed manner.

(3) Any person who has informed the Authority of his decision under subsection (2) but then makes another decision may inform the Authority in a prescribed manner.

(4) Upon receipt of information in accordance with subsection (2) or (3) the Authority shall—

(a) confirm to the relevant person in writing that the information has been received, and

(b) ensure that—

(i) an appropriate entry is made in, or removed from, the register, or

(ii) the appropriate entry is amended.

(5) The Secretary of State may by regulations prescribe the ways in which an adult may provide information to the Authority for the purposes of this section, including opportunities to provide such information when a person is—

(a) registering for the receipt of, or receiving, primary medical services,

(b) applying for a driving licence, or

(c) making an application for a passport.

(6) The Authority shall take such steps as it considers appropriate to promote public awareness of the register and of the means by which a person may make an entry in the register.

(7) Where the authority is satisfied that—

(a) a person in relation to whom information is held on the register has died, and

(b) a period of one month has elapsed since his death,

the Authority may remove the entry in respect of that person from the register.

(8) Information held by the Authority in accordance with the provisions of this section may only be made available to—

(a) the person in respect of whom the information is held,

(b) a person in a qualifying relationship to the person specified in paragraph (a) when that person is deceased,

(c) a person to whom the duty under section [determination of consent for removal, storage and use of organs from adults for purpose of transplantation] applies, and

(d) such other persons as may be prescribed by regulations.

(9) A person commits an offence if he—

(a) makes information held by the Authority in accordance with the provisions of this section available other than to the persons specified in subsection (8),

(b) does anything which causes an entry—

(i) not to be made in the register after the Authority has been informed in a prescribed manner,

(ii) to be removed without due authorisation, or

(iii) to be false or incomplete.

(10) A person guilty of an offence under subsection (9) shall be liable to—

(a) imprisonment for a term not exceeding 12 months, or

(b) a fine not exceeding the statutory maximum, or

(c) both.'.

New clause 3—*Duties to persons who stood in a qualifying relationship in relation to transplantation*—

'(1) It shall be the duty of the person to whom the duty under section [determination of consent for removal, storage and use of organs from adults for purpose of transplantation] applies to—

(a) inform the person or persons who stood in a qualifying relationship to the deceased immediately before the death of the deceased of his or their rights under this section, and

(b) to provide him or them with an opportunity to exercise those rights.

(2) Those rights are—

(a) to be informed about the operation of relevant provisions of this Act,

(b) to signify an objection to the removal of a relevant organ for a reason specified in subsections (3) to (5).

(3) The reason specified in this subsection is that the deceased person had made known his decision to make all his organs, or a relevant organ, unavailable for removal for the purpose of transplantation even though he had not informed the Authority for the purpose of the making of an entry in the register.

(4) The reason specified in this subsection is that—

(a) the deceased person had made known his decision to make all his organs, or a relevant organ, unavailable for removal for the purpose of transplantation, and

(b) he had informed the Authority accordingly, but

(c) a relevant entry was not made in the register, or

(d) the appropriate entry in the register was not amended accordingly.

(5) The reason specified in this subsection is that the removal of a relevant organ for the purpose of transplantation would cause significant distress to any person who stood in a qualifying relationship to the deceased immediately before his death.

(6) The person to whom the duty under subsection (1) applies may designate another person to perform activities in relation to that duty.

(7) It shall be the duty of the person to whom the duty under subsection (1) applies to secure that any person designated under subsection (6) to perform activities is a suitable person to participate in the carrying-on of those activities.

(8) The qualifying relationships for the purposes of this section are—

(a) spouse or partner,

(b) parent or child,

(c) brother or sister.

(9) The qualifying relationships shall be ranked in the order given in subsection (8) for the purposes of subsection (1).

(10) Relationships in the same paragraph of subsection (8) shall be accorded equal ranking for those purposes.

(11) The duty under subsection (1) shall apply in relation to the person or persons whose relationship to the person who has died is accorded the highest ranking in accordance with subsections (8) to (10).

(12) If two or more persons are accorded equal ranking in accordance with subsections (8) to (10), the duty under subsection (1) shall apply to all of the persons accorded that ranking.

[Mr. Speaker]

'(13) In applying the principles set out above, a person's relationship shall be left out of account if—

(a) he does not wish to exercise his rights under this section,

(b) he is not able to exercise those rights, or

(c) it is not reasonably practicable to communicate with him within the time available before the organ or organs must be removed.

(14) Nothing in this section affects the general professional obligations of registered medical practitioners in relation to the family of the deceased.'.

New clause 5—*Elective ventilation for transplantation*—

'(1) This section applies where—

(a) a patient is in a hospital, nursing home or other institution; and

(b) the person having the control and management of the institution reasonably believes that—

(i) consent making removal of part of the body of the patient, after he has died, for transplantation lawful has been, or will be, given,

(ii) part of the body of the patient is or may be suitable for use for transplantation after he has died, and

(iii) elective ventilation would be appropriate.

(2) Where this section applies it shall be lawful for the person having the control and management of the institution to administer elective ventilation.

(3) Authority under subsection (2) shall only extend to the taking of the minimum steps necessary for the purpose mentioned in that provision.

(4) Authority under subsection (2) ceases to apply once it has been established that consent making removal of the part for transplantation lawful has not been, and will not be, given.

(5) Authority under subsection (2) shall extend to any person authorised to act under the authority by—

(a) the person on whom the authority is conferred by that subsection, or

(b) a person authorised under this subsection to act under the authority.

(6) In this section, "elective ventilation" means the use of artificial ventilation in a comatose patient who is close to death from severe brain damage for the purpose of protecting part of the body of the patient for transplantation after he has died rather than for the benefit of the patient himself.'.

And the following amendment thereto: (a), in line 9, after 'died', insert—

'( ) a decision of the patient to consent to the activity is in force,'.

Amendment No. 10, in page 2, line 45 [Clause 1], at end insert—

'(10) In this section, "use" does not include any activity authorised by or under section 44.'.

Amendment No. 1, in page 4, line 11 [Clause 3], leave out 'or public display' and insert

', public display or transplantation following removal where each of the conditions specified in section [determination of consent for removal, storage and use of organs from adults for purpose of transplantation](2) is met'.

Amendment No. 2, in page 4, line 23, at end insert—

'(5A) Where the person concerned has died and the activity involves any of the matters specified in subsection (5B), "appropriate consent" means consent determined in accordance with the provisions of section [determination of consent for removal, storage and use of organs from adults for purpose of transplantation].

(5B) Those matters are—

(a) the removal of the material specified in subsection (5C) for the purpose of transplantation where each of the conditions specified in section [determination of consent for removal, storage and use of organs from adults for purpose of transplantation](2) is met,

(b) the storage for use for the purpose of transplantation of the material so removed, and

(c) the use for the purpose of transplantation of the material so removed.

(5C) That material is—

(a) an organ,

(b) associated tissue.'.

Amendment No. 3, in page 4, line 31, at end insert—

'(8) In this section "associated tissue" and "organ" have the same meanings as in section [determination of consent for removal, storage and use of organs from adults for purpose of transplantation].'.

Amendment No. 4, in page 4, line 34 [Clause 4], at end insert

'except where consent is determined in accordance with the provisions of section [determination of consent for removal, storage and use of organs from adults for purpose of transplantation]'.

Amendment No. 11, in page 8, line 35 [Clause 11], at end insert—

'(aa) activities authorised by or under section 44;'.

Amendment No. 5, in page 14, line 22 [Clause 23], leave out paragraph (d) and insert—

'(d) the definitions of death for the purposes of this Act, including a definition of death confirmed by brain stem tests for the purpose of section [determination of consent for removal, storage and use of organs from adults for purpose of transplantation];

(da) the procedures to be followed in relation to brain stem tests for the purpose of confirming death;'.

Amendment No. 12, in page 14, line 35, at end insert—

'(ja) activities authorised by or under section 44;'.

Government amendment No. 66.

Amendment No. 13, in page 28, line 7 [Clause 44], at end insert—

'(4A) This section shall not be read as making unlawful anything which is lawful apart from this section.'.

Government amendment No. 47.

Amendment No. 6, in page 33, line 19 [Clause 55], after 'Act', insert

'except section [duties to persons who stood in a qualifying relationship in relation to transplantation]'.

Dr. Harris: I am grateful for the opportunity to raise the question of presumed consent and I am grateful to those hon. Members who have put their name to the amendment for their indication of support. I hope to set out in my opening remarks the current situation with regard to organ transplant, explain the proposed change, briefly explain what each new clause and amendment would do and then set out the reasons for the change. Finally, I shall deal—in advance, if I may, for a further occasion—with some arguments that Ministers, among others, have used against the proposals.

I hope also that the Minister responds to my "prebuttal" of her points, if she feels I have them right, rather than simply repeating them without reference to some facts that we seek to express.

Mr. Andrew Mackay (Bracknell) (Con): Optimistic.

Dr. Harris: The right hon. Gentleman claims that that is optimistic, but I know that we want a good debate rather than simply a repeat of what was said on Second Reading, which, like consideration in Committee, provided an opportunity for differences to be aired. I respect the strong views of those on the other side of the discussion, and I know that those who share my view also respect their strong views. We need to have an exchange of views. If there is an area where the Government feel that the proponents of this measure have it wrong, I am keen that we accept that and revise our position.

The current arrangements, which are best described as relatives' consent with opt-in, stem from the Human Tissue Act 1961. Although it has been described, in shorthand, as an opt-in system, it is best described as seeking relatives' consent, often on a guess, as to what the person would have wanted, with an opt-in to guide them. If someone is in such a position that their organs could be used after their death for transplantation purposes—that is, they have died and their death has been confirmed by brain stem testing on a ventilator in the intensive care unit with no medical contraindications to organ donation—doctors may approach relatives to seek permission so to use the organs.

At the moment, relatives, often at the height of their grief—such deaths are often of young people following a road traffic accident or other trauma—are asked to decide whether the organs can be used. In a small minority of cases, the potential donor would have made clear to relatives his or her opposition to donation. That is generally and rightly respected by those relatives, although it need not be if relatives choose not to do so.

In a larger minority of cases, but still a minority, the potential donor will have indicated a wish to donate by telling relatives, carrying a donor card and/or registering on the organ donor register. Relatives still have to give consent, and in a significant minority of those cases relatives withhold their consent: in the potential donor audit, relatives refused in 11 out of 226 cases in which the organ donor register was consulted. That is not a virtual nothing, in terms of that frequency, but a problem with which both systems must deal. We should not think that it is not also present in the current system.

In the majority of cases, as recognised by the potential donor audit carried out by UK Transplant, the wishes of the potential donor are unknown. In those cases, relatives are forced to second-guess the wishes of their loved one. In about half those cases, permission is withheld—again, those data come from UK Transplant's potential donor audit for the first few months of 2003. If we make a comparison with previous research, that proportion has increased in the last 10 years from 30 per cent. to nearly 50 per cent.

Dr. Murrison: On a point of clarity, I think that the hon. Gentleman said, as I think that the record will say, that relatives have to give consent. I am not sure whether he meant that. Perhaps he might like to think again about precisely what he meant. In fact, they do give their consent, and it is always sought, and rightly so. We need to be absolutely clear about the letter of the law.

Dr. Harris: I will repeat what I was seeking to get across: in a larger minority of cases, the potential donor will have indicated a wish to donate, as in the examples that I used, and relatives still have to give consent, or they still have to be consulted for that consent. I will clarify that. As I explained, in a significant minority of cases—each one is significant for the person or people who will die because that organ is not available, so even one case is significant—relatives withhold their consent.

Under the proposed change, the system would be one in which consent by the potential donor was presumed unless he or she had registered or made known an opt-out. The plan would be that after a widespread media and education campaign, which would be prompted by the change in the law but would take place before it came into effect, every adult would be given multiple and continued opportunities to register their objection to their organs being used after their death for transplantation, and to discuss that view with their relatives. As I described previously, were it the case that someone's organs could be used after their death for transplantation purposes, doctors would have a legal duty to check the opt-out register, to see whether the person had registered an objection. If so, no approach other than the explanation that might be required would be made to relatives, and the wishes of the deceased would be respected. If no opt-out had been registered, relatives would be approached and asked whether they knew of any objection of the deceased that had not been registered. If so, organs would not be taken for transplantation, as previously. If no objection had been registered, and if no objection was known by relatives, medical staff would express an intention to use the relevant organs for life-saving or life-transforming transplantation, in line with the presumed or, where relevant, expressed wishes of the potential donor.

At that point—this is the soft opt-out proposed by me, and supported by the British Medical Association and others—if relatives demonstrate that they would suffer significant distress as a result of the use of organs in that way, the organs would not be taken. This veto opportunity for volunteered distress by relatives is called the soft system of presumed consent, as used in Belgium, which is to be contrasted with the harder system, with no such veto, as used in Austria, for example.

Ian Lucas (Wrexham) (Lab): Can the hon. Gentleman clarify who, in those circumstances, would assess whether the distress was significant?

Dr. Harris: The same people would make that judgment who make the judgment now when there is indecision or a disagreement among the relatives—the doctors who were caring for the deceased person. It would not be, as in other jurisdictions, doctors with a vested interest for the recipient, but doctors and nurses

[Dr. Harris]

who have invested their time in looking after the deceased and caring, post-bereavement, for the relatives.

Mr. David Wilshire (Spelthorne) *rose*—

Mr. Kevan Jones (North Durham) (Lab) *rose*—

Dr. Harris: I give way first to the hon. Member for Spelthorne (Mr. Wilshire), who has a particular interest in this matter.

Mr. Wilshire: Following the previous intervention, do I understand the hon. Gentleman correctly? Is he telling us that somebody somewhere, even if they were not involved in the particular case, would have the power to overrule relatives who were distressed? How on earth can anybody measure the amount of distress coming from the bereavement as distinct from the amount of distress coming from the request to object to a transplant?

Dr. Harris: These are difficult areas. It is done successfully in Belgium, in respect of both providing more organs and meeting public acceptability. Surveys of relatives show that they are pleased to be relieved of the responsibility of taking a difficult decision at the height of their grief. That is how it would be done here. Clearly, the relatives are distressed as it is, and the current system expects them to take a decision, to second-guess the wishes of the deceased at the peak of their grief when brain stem death will just have been declared after what is normally a short illness following a traumatic injury. In those circumstances, the distress of relatives is already present.

This system proposes that relatives are approached to ascertain whether there were any unregistered objections and it gives them the opportunity to volunteer the view that they do not wish the transplant to go ahead. The difference is that they will not be asked for their view, because the view of the deceased will predominate, whether it be expressed or presumed. Nevertheless, if the relatives have a view, after they know that the organs will otherwise be used, they can state that they would suffer distress and the judgment would be made in the same sensitive way as at present.

I hope that the hon. Member for Spelthorne will accept that these are difficult decisions, but that they have to be made. He must remember that there is another set of distressed relatives—those of patients who are literally dying without the transplants. We have to ensure that we weigh up those two interests as sensitively as we can. Other countries have managed it successfully—by the Belgian method, for example, which has been carefully appraised and incorporates taking into account the views of relatives afterwards.

Mr. Wilshire: I am grateful for that response and if I catch your eye later, Mr. Deputy Speaker, I may comment on the views of other people and third parties. However, would the hon. Gentleman accept that one definition of hell would be to be already deeply upset and passionately opposed to what is about to happen to one's deceased relative and then to be told by someone, "I am sorry, but you are simply not upset enough"? That, for me, is a definition of hell.

Dr. Harris: As I say, the problem that the hon. Gentleman seeks to identify is a problem that occurs now in respect of organ donation where the deceased has a donor card, but relatives may well oppose it. Doctors have a very difficult problem when someone has said in life that they wish to donate, but another group of people are dying and their relatives are deeply concerned about it, and a third party—the bereaved relative whose interests must also be respected—expresses another view. These are difficult decisions to take now—they certainly had to be taken by my colleagues when I worked in acute medicine—and those difficulties will always be with us. We have to set out a framework to ensure that due respect is given to the strongly held views of bereaved relatives. The veto outlined in the provision does precisely that and it does so reasonably.

Mr. Kevan Jones *rose*—

Mr. Dalyell *rose*—

Dr. Harris: I am keen to make progress, but I will take these interventions.

Mr. Jones: I appreciate that the hon. Gentleman is attempting to give relatives some input or a veto. However, what happens when relatives are not present and the decision to transplant organs has to be taken, but relatives subsequently come forward to dissent? Would that not put doctors in the terrible position of having done something to which relatives subsequently take strong exception?

Dr. Harris: The hon. Gentleman will be relieved to know that that problem is far more likely to arise under the current arrangements because the Human Tissue Act 1961, which deals with circumstances when a donor card or the organ donor register has been used, does not require doctors to delay transplantation, because people can be kept ventilated after brain stem death only for so long while relatives are found. That is the first problem, and that already happens now when there is an indication of the deceased's wish but relatives are not present. I hope that the hon. Gentleman recognises that. In many such cases, if not in the vast majority, the deaths take place in intensive care following an illness where there is a process of diagnosis of death by brain stem injury, and relatives are invariably there, where they exist. It is not a rapid decision. There are some circumstances, however, in which rapid decisions need to be taken, and clause 44 presumes consent for cold perfusion in those cases. I not believe that the problem identified by the hon. Gentleman would be any greater than in the current circumstances that I described.

Mr. Dalyell: Is there not another definition of hell, which is the agony of the relatives of those desperately in need of a transplant and who see matching tissue going up in crematorium incinerators, when it is likely that the relatives of the deceased would have been only too happy to help someone else?

4.45 pm

Dr. Harris: I share that view and I hope that the hon. Gentleman has a chance to catch your eye later, Mr. Deputy Speaker. I know that he has a long history of campaigning on the issue and would be able to develop those points further.

The differences in the current system and the opt-out system reside mainly in the way relatives are approached. It is not that relatives are approached under one system and not approached under the other. In the current system, relatives are asked to make a decision, usually based on guessing their loved one's wishes or on their own feelings. Under a system of presumed consent with opt-out, the absence of an objection is taken as the basis of a presumption of consent by a potential donor who is ordinarily resident, has capacity and is an adult. Relatives are approached only to seek evidence of unregistered objection or opt-out by the deceased, not to make a decision themselves.

Why do the proposers of the new clause want to change the present system? As I have said, if the present system were working well, improving, doing well enough or offered advantages compared to the one proposed, I would not propose a change. However, it is clear that the present system is not working well enough for prospective recipients, prospective donors or the relatives of the deceased. All those who support change support the current system while we have it, and I hope that it is acknowledged that I and others who support change have worked hard to promote the organ donor register and donor cards. However, we have to recognise that the present system is not working effectively for any of the people involved.

In terms of the effect on potential recipients, the number of cadaveric organ donors is falling year on year despite efforts made under the present system. The Minister may claim that last year there was an increase, but there was not an increase in the number of cadaveric organ donors in 2003 compared with 2002, nor in 2002 compared with 2001. That is what we are measuring. At the same time, the number in need of a transplant rises every year. That means, tragically, that more and more people are dying while on a waiting list for a transplant or before even making it to the formal waiting list. Many people do not make it to a waiting list because the criteria are tight—because the prospects for transplantation are so limited.

Potential donors—the deceased whose organs would be used—do not do well out of the present system either. Surveys have shown that 80 to 90 per cent. of people would in principle wish their organs to be used for transplantation after their death, if possible. However, under the present system, only 50 per cent. have their organs used, because of high rates of refusal by relatives. That means that many organs whose owners would have wanted them to be used to save lives are being buried or cremated with the deceased in direct contravention of their wishes—although I accept that those wishes are often unexpressed.

Nor are relatives of the deceased well served by the present system. They are put under pressure to make a decision, often at the height of their grief. There is now research to suggest that half of them make a decision that they later regret. Every time they see the story of a successful transplant in the media, they feel that their decision—at a time of heightened grief—was not the one that they would have made if they had known then what they know now.

Nor is the present system fair on medical staff. Doctors and nurses are asked to approach relatives to make a decision at a very difficult time. Nor does the NHS do well out of the present system. That is not a major consideration, but it has been mentioned by the media. Maintaining thousands of kidney patients on dialysis, instead of treating them with the far more cost-effective option of transplantation, uses up millions of pounds of NHS cash that could be spent on saving or prolonging the lives of others. That is not a key point and it is more ethical than financial, but even the financial arguments are in favour.

The second point is that presumed consent with opt-out works; it saves lives. Many other countries in Europe and the rest of the world use that system successfully. The average donation rate, in donors per million of population, is 25 per cent. higher in countries with opt-out than in countries that have an opt-in system. Scientific evidence and research backs that up. Several analyses published in scientific journals have looked at the effect of changing to presumed consent with opt-out on rates of organ donation and at other outcomes, such as public satisfaction and relatives' views. They all showed that such a change was successful.

Some analyses examined the factors that could be judged to account for a higher rate of organ donation in one country than another. All those studies cited presumed consent with opt-out as one such factor and often the only one that could realistically be changed; for example, the rate of road traffic accidents is a factor but it would be hard to change that—one would certainly not want to. Another factor is the proportion of people with a particular religious view; in Europe, Roman Catholicism is associated with a higher rate of donation. Those factors are hard to change, but the one thing that countries can change—the one thing Parliament can change—is the law.

Dr. Gibson: In those successful countries, have their Parliaments and local organisations attempted to highlight and publicise the need to donate organs? Is there a correlation between that and their success? Does the hon. Gentleman have figures on that?

Dr. Harris: A change in the law might lead to a temporary, increase in donations due to heightened awareness. There was an interesting experiment in Belgium. When the law was changed, and everyone was subject to the same education and publicity, one centre kept to the previous system of seeking formal consent from relatives while another centre switched to the new system. At the second centre, there was a significant and sustained increase in organ donation, which continues to be maintained, but at the first centre, with the original system, the rate, which was lower, stayed the same. Those results were published in peer-reviewed medical literature.

It is thus not acceptable for the Government to say, as they did in their press release of 14 January, that there is no evidence that presumed consent with an opt-out works. It is clear that there is such evidence in the

[Dr. Harris]

scientific literature. Indeed, all the papers published in peer-reviewed journals indicate that the system works. The Government may not be convinced by the evidence and I respect that view, but to say that there is no evidence or that the evidence is on their side is wrong; it is a misrepresentation and I hope that Members on the Treasury Bench will not continue with it.

Mr. Dalyell: The hon. Gentleman made reference to the attitude of the Roman Catholic Church, which, of course, varies from time to time, according to whom one is talking to. Before I introduced the first of the ten-minute Bills, my colleagues told me to go and see Cardinal Heenan, so I did and there was certainly no objection at that time from the Roman Catholic hierarchy in England.

Dr. Harris: None of the major religions opposes either organ donation or switching to a system of presumed consent. There is certainly no evidence of differential take-up for one system or another. We know that ethnic minority populations are less likely to donate organs, yet are more likely to need them—for example, owing to the incidence in the Asian community of diabetes leading to end-organ failure—so we need to increase the supply across the board.

Mr. Pound: That point has been raised by several people. Does the hon. Gentleman see anything in the Government's proposals that would actually increase the amount of donation, especially among the south Asian community? I am thinking of the work of Dr. Kartan Lalvani, who, for several years, has been trying to increase donation because of the high rate of take-up. Does the hon. Gentleman agree that, almost irrespective of anything else we discuss today, we must concentrate on that aspect? We must increase the amount of those donations.

Dr. Harris: Absolutely. Regardless of what happens today, we need to support the measures and projects being undertaken by UK Transplant. I welcome much of what the Government have done in respect of the existing system and we also recognise the work being done in those communities by UK Transplant and by the National Kidney Research Fund.

The third point about the scientific basis to believe that opting out would work is that it would tackle the real cause of low donation rates. A comprehensive audit of potential donor experiences in UK intensive care units has been carried out by UK Transplant—a Government-funded body, charged with running the organ donor system. It considered every death on ICU during a published period in 2003, and which of them had the appropriate medical indications where transplantation might be considered, where brain-stem testing was done and where transplantation was considered and relatives were approached. That showed that the reason why organ donation rates are low and falling is specifically the high rate of refusal by relatives—approaching 50 per cent.—not other factors, such as doctors failing to approach relatives. It is often said, "Oh, we should just improve the number of times that doctors approach relatives. They are being lax. They are not tackling the issue because it is so difficult for them to raise." That audit clearly showed that relatives are being approached and that the specific cause of our low donation rates is relatives' refusal. The low rate is not caused by the fact that, for example, organs are not used although permission has been given, which is a factor in other countries that have high wastage rates.

Dr. Gibson: Does the hon. Gentleman think that there might be a correlation with an anti-science, anti-medical culture that has developed since events such as those at Alder Hey? That might be the underlying reason why people do not entrust organs to the hands of the medical brotherhood and sisterhood.

Dr. Harris: There appears to be no temporal association with a drop in organ donation and the events at Alder Hey or Bristol—thank goodness—but there has just been a steady and slow drop, and the only data points that we have for relative refusal is 30 per cent. in 1993, from the Gore study, and approaching 50 per cent. from the potential donor audit, being conducted nationally now. We know from opinion polls that people distinguish between the use of organs for research and the use of organs for transplantation. Those people who are badly affected by what happened Alder Hey and Bristol do not oppose presumed consent or organ donation generally for transplantation. I have had discussions with, for example, NACOR, which confirms that that is the case. The focus is on, first, children, and secondly, informed consent for the use of organs.

David Taylor (North-West Leicestershire) (Lab/Co-op): Do not surveys frequently show that between 70 and 90 per cent. of people have no objection to organ donation? The hon. Gentleman quotes the figure that 50 per cent. of grieving relatives fail to give permission, but that must only be because they are taking a precautionary approach, never having discussed the issue with their loved ones. Is that not a reasonable stance for them to take?

Dr. Harris: Yes, given that relatives are forced to make a decision, but it is very difficult for them to know what to do. Indeed, the potential donor audit asked relatives why they said no. In the main, they did not say no because the deceased did not want to donate. In 26 cases, the reason given in the audit was:

"Next of kin not sure whether patient would have agreed to donation."

That would be solved by presumed consent, as the relatives would be given a presumption because of the failure to opt out where that occurs. *[Interruption.]* That is better than guessing. I understand that hon. Members are concerned about that, but relatives must guess at the moment. They are unable to do so; they play safe, so several other people suffer because those organs are not available. However, we know, as the hon. Gentleman said, that 90 per cent. of people support organ donation.

David Taylor: I am grateful to the hon. Gentleman for giving way again. I would want to support new clause 1 and I strongly support its spirit, but his argument is, in

fact, seriously flawed. Relatives who had no idea whether their loved ones would have wanted to agree to organ donation will not have their fears assuaged by the fact that a default system is somehow at work. The two things are totally separate, are they not?

Dr. Harris: No. In fact, that is the key point, as shown by the successful operation of presumed consent in Belgium. First, the opt-out provides the opportunity to discuss such things with the family, so those discussions take place more than when there is an opt-in system with a donor card. We would all wish that those discussions took place more often. Secondly, the fact that someone has applied for a passport or been to the post office and applied for a driving licence and all those other things without registering an opt-out relatively straightforwardly should reassure relatives, as it does in those countries that use such a system, that their loved one did not object, even if, like many people, they did not think about it. That will allow relatives safely to consider such things and to find reassurance in the fact that other people will benefit from their lives being saved by that gift of life.

I am keen to make progress—I know that other people wish to speak—so I shall now deal with some of the ethical issues. I believe, and the British Medical Association believes, that presumed consent with opt-out is ethical; indeed, it is highly ethical, and many ethicists would argue that it is more ethical than the current system, for a number of reasons.

5 pm

First, it creates a default position that life should be saved rather than a default position that life could be lost. Secondly, as the evidence shows, it saves lives that are currently needlessly being lost; and thirdly, it encourages informed decision making by potential donors during life as opposed to what is inevitably subjective second-guessing by grieving relatives after death. Fourthly, it is more likely, as we have heard, to respect the autonomy and wishes of the deceased, the vast majority of whom would want to donate, while still allowing conscientious objectors to do so while having protection in law for their objections. Finally, it treats relatives more fairly by not imposing life-and-death decision making upon them at a very difficult time.

Presumed consent with opt-out meets the wishes of the deceased for the reasons that I have given, in that the vast majority of people wish to donate. As I have said, presumed consent is fairer to relatives, because we know that many relatives regret making decisions to say no when they realise that they could have saved a life. It is fairer to them because, under the soft system, there are the following benefits. They are not asked to make a de novo presumption or guess about the wishes of their loved one, and they are asked for any knowledge of an unregistered expressed objection by their loved one. That is considered a valid opt-out, so that protection exists. After they are informed of the intention to use organs for transplantation on the basis of expressed or presumed consent, they are given the opportunity to volunteer their own objections. Finally, presumed consent applies only to adults over the age of 16. In the case of children, under our proposals, parental consent would be required as now. That must be made clear.

Mr. Wilshire: I am doing my level best to follow the hon. Gentleman's ethical arguments, and I can see why he says that there is an element of guesswork as to what the deceased would have thought. However, to argue that presumed consent eliminates any guesswork is not correct. It may well be that the odds of getting it right are greater, but presumed consent will not be right 100 per cent. of the time.

Dr. Harris: Because presumed consent removes the decision that is often based on a guess from the relatives, it removes the guess. I think that the hon. Gentleman is right that it would meet the wishes of the deceased. I am glad that he accepts this—on the vast majority of occasions. That is not the case at the moment. It also benefits the other group of interested parties: the people who are desperate for the transplantation.

Mr. Wilshire *rose*

Dr. Harris: I know of the hon. Gentleman's particular interest in the subject, so I shall, of course, give way again.

Mr. Wilshire: I want to ensure that the record is correct. I do not believe that I said that presumed consent would meet the wishes of the deceased; I said that it might meet the wishes of more deceased, but I most certainly did not say all.

Dr. Harris: I think the hon. Gentleman was saying—this follows logically—that presumed consent is more likely to meet the wishes of the deceased on more occasions than the current situation in which 50 per cent. of people do not have their organs used even though 80 to 90 per cent. of them are not opposed to the use of their organs. That is a big gap, and no system could be worse than that in terms of meeting their needs.

In the final part of my speech, I wish to deal with the rebuttals that have previously been made as that will aid the debate. The Government have said in a press release and elsewhere that there is no evidence that such a system would work, but that is simply not the case. I welcome the fact that the Government say that they want to make evidence-based policy, but they should know that there was a report in *The Lancet* on 30 May 1998, volume 351, by a group describing the evidence that a shift to opt-out had increased the number of cadaveric donors in Spain, Austria and Belgium. It also showed very low opt-out rates—2 per cent. in Belgium—suggesting, much as polls show, that few people oppose donation. It said:

"In three western countries there is evidence that changing to a contracting out system resulted in an increase in organs."

The Government may say that that was just a group of junior researchers, some fly-by-nights without much credibility. The lead author was Professor Sir Ian Kennedy, who wrote the Kennedy report on the Bristol heart scandal. He is clearly respected sufficiently by the Government to be appointed to head the new health care commission that inspects the NHS.

More sophisticated studies have examined possible confounding factors. Ronald Gimbel, an American, and his group examined the situation throughout Europe

[Dr. Harris]

and tried to identify specific factors that increased the organ donation rate using a regression analysis. He identified four factors, and said:

"Evidence from this study, and from the studies previously discussed, clearly suggest that the practice of presumed consent (opting-out) legislation has had a significant effect on the number of cadaveric donors per million population. As the gap between the supply and demand for transplant continues to widen, professionals and policymakers should consider revisiting the implications of this legislation, or some hybrid of alternatives, as an effort to expand the 'the gift of life' to those in need."

The study represents peer-reviewed scientific evidence, so the Minister cannot simply repeat the mantra, "There is no evidence." She may not be convinced by the study. Indeed, she may be able to cite a peer-reviewed scientific study that suggests that presumed consent is not a relevant factor, although I have not read one, but she should not say that there is no evidence for my proposals. I could cite other papers, but I shall not do so for reasons of time. The Government's research shows that presumed consent could work because the potential donor audit identified the problem as relatives' refusal.

I accept that it was important for such work to be done before any changes were made to the system. The Government claim that the current system is working, but they need to examine the statistics published on UK Transplant's website, because they show a year-on-year decline in organ donation, including over the past year. Statistics for the year ending 31 December 2003 clearly show that the percentage change for total solid organ transplants between 2002 to 2003 was minus 5 per cent: there were 2,219 such procedures in 2003 and 2,333 in 2002. That represents a fall over the past year, in my book. There was an 8 per cent. drop in the total number of deceased donors, from 770 in 2002 to 710 in 2003. Even if the Government choose four quarters at random, they cannot say that we have turned a corner sadly. I respect the work of UK Transplant, but we must accept that the current situation is not working.

The Government say that there is a need to consult relatives to identify social factors that might contraindicate transplants, and the Minister repeated that on the radio. I agree, but relatives would be asked that question under the proposed system, as well as being asked whether unregistered objections existed. The Minister cannot claim that the need to consult relatives about a person's social history is an argument against my proposal.

The Minister has cited the case of a child in France, but the measure would not apply to France. Even if the Bill were amended by the new clauses, it would be unlawful for children's organs to be used for transplant without parental consent. France has not changed its law back from a system of presumed consent, as is set out clearly in the Gimbel paper. If the Minister can cite a different paper or argue with the letter than I received from the French Ministry, that is fine. However, she should not say that France has changed its law back to what it was before.

The Minister might argue that Spain uses informed consent in practice, despite the fact that it has provisions on presumed consent in law. I accept that that is the case, but Spain has a culture of presumed consent, so it can use informed consent, or relatives' consent. As the country has a high rate of organ transplants for other reasons, it has less need to push presumed consent as much as possible. The situation in Spain is not an argument against presumed consent, but an argument for changing this country's law.

I have heard that the Government have argued that they have put a Whip on the vote because my proposal represents an expenditure issue. However, that cannot be right, so I think that the hon. Member for Ealing, North (Mr. Pound) spoke for many people when he said that such a suggestion would be ridiculous.

The Government have argued – this may be the view of the Conservative Front Bench – that as the Bill is all about informed consent, we should not move away from that approach. The current system for organ donation is one not of informed consent but of relatives' consent, and that often boils down to relatives making second guesses at a difficult time. Arguing that the provisions should not be included in the Bill is wrong in principle. Given that such Bills come along only once every 40 years, it is little consolation to suggest that another Bill might come along shortly. It should not be suggested that my proposals are not relevant to a Bill that deals with issues surrounding Alder Hey and the use of children's organs for research.

I am grateful to the House for allowing me to set out my arguments at such length. I hope that hon. Members accept that I took interventions to allow people to challenge my views and I look forward to the rest of the debate.

I stress that we support the existing system as far as it goes, but it is not working, there is an alternative, and at the very least the Government should be calling for a public debate. They cannot simply say that we cannot change the law because there has not been a public debate and they are not going to have one. They need to answer to the thousands of people on transplant waiting lists and their relatives, and to those who have been buried or cremated with their organs when they would have wanted them to be used. It is those two groups of people to whom the new clauses speak, and I hope that the Government will listen through us to them.

Mr. Dalyell: As the hon. Member for Oxford, West and Abingdon (Dr. Harris) said, I have a long history in this matter, going back to 1970 when I introduced a ten-minute Bill. I do not propose to regurgitate history, because things have moved on, but I say one thing to Conservatives: ten-minute Bills usually empty the House. For the Bill that I presented, the House did as usual and emptied. However, there remained the former Conservative Prime Minister, Ted Heath, and he listened to what I said. In the Corridor shortly afterwards, he said, "I was very sympathetic, but you'll never get this past Keith Joseph and Department of Health officials." I say that because at that time there was considerable sympathy for such a proposal on an all-party basis. I say as an aside that, had there been a Labour Government in 1970, David Ennals and others would almost certainly have introduced a Bill on presumed consent precisely along the lines proposed in the new clauses tabled by the hon. Member for Oxford, West and Abingdon.

That is history, but to move to the present, and as lots of Members want to speak, I shall merely emphasise one point that the hon. Gentleman made most eloquently. It is totally unsatisfactory that decisions have to be made at the point of maximum grief. Of course relatives do not want to have to jump to a decision after a sudden, terrible accident. Furthermore and very importantly, for very understandable human relations reasons, doctors are rather reluctant to put the question. When a doctor is struggling to save some patient at a time of grief, the system fails. How can we expect a doctor to summon up the energy to ask the dreadful question, "Can we have organs?" One cannot blame them, as human beings, for not wanting to do so. I rest the argument for the moment on the point of maximum grief.

Given the history of the matter, is it really necessary to have a three-line Whip? *[Interruption.]* The former Secretary of State for Health—[HON. MEMBERS: "It was not him."] Ah, it was his neighbour. Nevertheless, the former Secretary of State for Health, my right hon. Friend the Member for Holborn and St. Pancras (Mr. Dobson), had better speak for himself. I ask my hon. Friends on the Front Bench to be tolerant on this matter.

Mr. Mackay: As so often, I agree with a great deal of what the Father of the House said.

May I emphasise, as somebody who at one time was the Government deputy Chief Whip, that I cannot understand why this Government have imposed a three-line Whip on the business before us. This is an immensely sensitive issue and which way each of us should vote is a matter of judgment—often moral judgment. There is no good reason whatever for Government Back Benchers and Front Benchers to be whipped. I commend the Liberal Democrats and my party for allowing a free vote. I put it to those on the Treasury Bench—I notice that there is no Whip present at the moment, but the Minister will no doubt pass on the comments to the Chief Whip—that such behaviour devalues public debate and confidence in the House.

5.15 pm

Many issues are party political. Accordingly, and rightly, we are whipped on them. However, there are many issues that attract great interest from outside the House on which the House is not divided along party lines. I suspect that many of my colleagues oppose the new clause, which I support. That is healthy, right and proper. It would have been far better had the debate been completely open and unwhipped. We have harmed public confidence in our House of Commons, and I deeply regret that. I hope that lessons can be learned for the future and that there will be more free votes on issues that are wholly non-party political. That should have been the case today. I strongly endorse the comments made by the Father of the House today and by the hon. Member for Ealing, North (Mr. Pound) last week when he broadcast to the nation in his usual voluble style.

A large number of right hon. and hon. Members wish to speak and I do not wish to delay the House unduly. We are, I hope, united on one point: we all want more organ donors and to reduce the number of people who are suffering while they wait for a donation and who might lose their lives during that period. I am sure that there is common consent throughout the House on that point. The question is how to get that. I strongly believe that opting out of donation rather than opting into it will increase the number of donations. A minority of people, for ethical and other reasons, do not want to donate their organs. I understand that. Their wishes must be respected, and if Parliament accepts the new clause they will have every right to opt out. Among the great majority of people, however, there is not only a general desire to donate their organs, but a degree of complacency or laziness—they never quite get around to getting an organ donor card. The new clause will put that right.

I conclude by gently chiding the Minister, which I do not like doing as I have a lot of time for her. She is not a new Labour clone who is unable to speak her mind; she comes from a far more distinguished background of Labour Ministers and I respect her for that. Perhaps it was because it was early in the morning, or perhaps it was because I had only just woken up, but I thought that one of the hon. Lady's replies on the "Today" programme was uncharacteristically insensitive. She said that, instead of doing as the hon. Member for Oxford, West and Abingdon (Dr. Harris) proposes, we should encourage doctors and nurses to persuade patients and their relatives in hospital that donation would be a good idea. With the greatest respect, let me point out that that means a doctor or nurse, at a most sensitive time, telling someone, "Look, you're probably going to die. Why not fill in this donor form?" or saying the same to a patient's relatives. That is unbelievably callous. I am not suggesting that the Minister is unbelievably callous, but that would be the result of her suggestion.

The ability to opt out of donating one's organs is a much better way forward. I hope that, even at this late hour, the Government have second thoughts and allow the new clause to go a stage further.

Mr. Frank Dobson (Holborn and St. Pancras) (Lab): As my hon. Friend the Member for Linlithgow (Mr. Dalyell) will confirm, I have opposed the opting-out proposition both from the Opposition Front Bench and as a Minister. However, as I have listened to recent discussions, in particular the speech made by the right hon. and learned Member for Rushcliffe (Mr. Clarke) the last time that we debated the subject and the speech made by the hon. Member for Oxford, West and Abingdon (Dr. Harris) today, I have become more doubtful. We have to recognise that the present system is not working: it does not produce enough organs to meet the needs of people who would be able to live a decent life if they had an organ transplant. I do not think that we can go on as we are, but nor do I think that simply attaching the opting-out proposition to the Bill is the best way forward.

There are a lot of arguments in both directions. It is ridiculous that we have reached a position in which Ministers assert that the French did something and the proposer of the new clause says that that is not the case. The least that the Government can do is to agree to produce a Green Paper or a discussion document setting out the facts of what has happened in those countries that have introduced an opt-out system. My principal concern about such a system is that there might be a

[Mr. Frank Dobson]

terrible, scandalous incident that would be provoked into public hysteria by the news media. There would then be a huge falling off in the willingness of people to have their organs used. However, it should not be beyond the wit of this Parliament to come up with a proposition that would, generally speaking, protect against that.

Mr. Dalyell: My right hon. Friend is absolutely right. What scuppered things in the late 1960s and early 1970s was a scandalous incident whereby two patients were moved across my right hon. Friend's city of London to die in the right place, to the advantage of a particular renal surgeon. That was devastating for a cause that was otherwise a sensible one.

Mr. Dobson: I accept that. I recall the point that my hon. Friend is making.

It is wrong for the Government to have a whipped vote this evening, but despite that I will probably be voting with them. That is because I would want from the Government Front Bench an undertaking that we shall have a thorough-going examination of the whole issue.

Mrs. Gwyneth Dunwoody (Crewe and Nantwich) (Lab): I know that my right hon. Friend is putting forward an informed and sensible proposition. However, does he accept that we have been debating these matters not for 10 years or for 20 years, but for as long as I can remember? Many people are dying now and not in the next 20 years. Does he agree that to ask for a Green Paper is, in House of Commons terms, putting back a very difficult decision that many of us do not want to take but one that we have a special responsibility to take?

Mr. Dobson: I accept all the points that my hon. Friend is making. I accept that it is a difficult decision. There are those on the extreme edges of both arguments who are certain, but there are many in the middle ground who are extremely confused, and who come from both ends of the spectrum. We owe it to them and to the people of this country generally that if we are to change the law, we must get it right. The worst thing that we could do would be to change the law in a way that ended up with a mess. We are not particularly good at making changes to the law on the hoof. We are not too good at making clear and sensible laws at the best of times, but as I have said we are pretty bad at changing things on the hoof. However, there is no reason why, within two or three months, the Government cannot come up with a closely argued proposition, setting out the views of the chief medical officer and others, so that there is thorough-going consideration. Then the Government can introduce a Bill in the next Queen's Speech and get on with things. That is what we should do.

Dr. Richard Taylor (Wyre Forest) (Ind): I am so grateful to the Father of the House, the hon. Member for Linlithgow (Mr. Dalyell), for mentioning the doctors' dilemma. I was hesitant about putting forward the tremendous problem that practising doctors face at this fearful time. The hon. Gentleman was right to say that it is the worst time for any family to make a decision. It is the time of maximum grief. The thing that has moved me more than anything as a practising doctor who has had to ask relatives for consent for transplantation at this, the worst time, is that they have, on occasions, said to me afterwards, "Thank you very much. I realise what a terrible job it was for you." That has amazed me. That is the most generous thing anybody could ever say.

I am wholly in favour of the new clause. It would force people to argue among themselves before the moment occurred. At present, relatively few people discuss with their families whether they should fill in an organ donor card, but if there were presumed consent, I believe that many, many more families would talk about it and then, if a disaster happened to a young member of the family, the rest of the family would at least be aware of that member's wishes, and they would expect a doctor to ask at the crucial time. There is no doubt that the new clause would increase the number of organ donations, which are desperately needed by so many people.

Mr. Pound: I support the grouped clauses moved by the hon. Member for Oxford, West and Abingdon (Dr. Harris).

It does not need to be put on the record but I shall do so anyway, superfluous though it may be, and say that the majority of the Bill is excellent. It is a first-class piece of legislation that does long overdue work and is entirely worthy of support on both sides of the House. Were it not for the area covered by the grouped clauses moved by the hon. Member for Oxford, West and Abingdon, it would be well nigh the most perfect piece of legislation I have seen. The fact that it even approaches that state of perfection is very much to the credit of my hon. Friend the Minister. However, she may have erred by not allowing a conscience vote on this occasion.

I understand that there are financial implications, but this is a cross-party issue that so affects all parts of the House, as evidenced by the list of supporters of the new clauses. It is very seldom that we see the name of the right hon. Member for Bromley and Chislehurst (Mr. Forth) in the same company as the name of the hon. Member for Oxford, West and Abingdon and, on a humbler and far lower stratum, my own name.

Mr. Dalyell: One does not wish to shoot one's own troops or one's friends, but my hon. Friend says there are financial implications. Some of us think that the proposed scheme would save money in the medium and long term, rather than cost money.

Mr. Pound: The Father of the House, as ever, makes an excellent point. It is to his credit that he first raised the issue 33 years ago. I do not think that the measure before us will be weighed in the bankers' scales. I simply understand that there are implications with regard to the infrastructure and that the Government must, rightly and responsibly, pay heed to that matter.

In a gesture that I shall never repeat, I once offered to advise anyone who wished to nominate a Bill to be put before the House of Commons. That was on the "Today" programme last year, after I had been inveigled by the producer, Mr. Kevin Marsh. If the

House is the echo chamber of the nation, the "Today" programme approaches that to a certain extent, though I do not in any way mean to compare you, Mr. Deputy Speaker, to the producer of the "Today" programme.

By far the most popular topic suggested from across the country was for a Bill precisely along the lines proposed by the hon. Member for Oxford, West and Abingdon. It was not until that rather unfortunate Christmas eve when we were hijacked by gun nuts from various survivalist magazines ranging from Auckland to Alabama that we lost out. I learned a good deal during that time. Principal among the things I learned was never, ever to do it again. The second thing I learned was what strength and depth of feeling mean.

The Minister referred earlier, as did the hon. Member for South Cambridgeshire (Mr. Lansley), who leads for the Opposition, to the good humour with which business had been conducted today. There was good humour in Committee, as there is on the Floor of the House. I cherish, admire and enjoy that good humour, but for many of our constituents what good humour there is is that of endurance—the bravery that they manage to summon up when they are looking at a very dark future. I mentioned my experience on the "Today" programme. I can also mention Mrs. Foley, a 33-year-old teacher and mother of a seven-year-old child, and a constituent of mine, who has cystic fibrosis and—she will not mind my saying this; she has given me permission to do so—may not live for many more years. She has good humour and immense courage and bravery, but I cannot simply look her and others in the eye and say that in this place, at this time and on this day, I did not do every single thing that I could to try to increase the number of donated organs and consequently the number of transplants, which would make such an enormous difference to people.

5.30 pm

I cannot even begin to bring to the table the depth of knowledge and expertise of the hon. Member for Wyre Forest (Dr. Taylor) and various other Members who have spoken, but I spent 10 years working in University College hospital and Middlesex hospital in London. I was the ancillary worker who had to take the relatives into the interview room after their boy had been killed on the A40 or had died in a car crash on Marylebone lane, and who had to stand by, get the tea and be present if the relatives felt faint. I sat in on scores of the very sort of conversations that the hon. Gentleman mentioned. On one or two occasions, yes, the doctor was insulted and called a ghoulish bloodsucker or a Frankenstein, but in the vast majority of cases the reaction was, "We hadn't thought of that; he would really have liked that. He may be gone, but someone else will live." I heard that said over and over again.

One of the arguments against what is proposed—I am not saying that the Government are suggesting this—is that gung-ho consultants in accident and emergency departments may be a little too anxious to record brain stem death. Consultants in A and E departments seem the most unlikely group of people to want frivolously to go through the enormous amount of paperwork that such a transplant would involve unless it was the most serious possible case and death had been confirmed. My hon. Friend the Member for Linlithgow (Mr. Dalyell) spoke about nightmare cases such as the kidney shuffle across east London, which we remember, but I cannot envisage any case in which an A and E consultant, a registrar or anyone in accident and emergency would act prematurely or in breach of their primary Hippocratic oath because of the prospect of gaining an organ for transplant. I simply do not see that happening.

The Government have said—and I support them—that one solution is to increase the number of people carrying donor cards. I agree, and I had a great deal of sympathy with my right hon. Friend the Member for Holborn and St. Pancras (Mr. Dobson) when he called for a Green Paper. The difficulty is that for every France that the Minister raises, I can match it with a Spain and trump it with a Belgium. We can go right around Europe and talk about different cases, interpretations and levels of statistical analysis, but at the end of the day, perhaps, we have to convince the non-experts—the people such as my constituent, my neighbours and, frankly, myself. I simply cannot understand how my constituent would have a better chance of living if she were Belgian rather than British, how we in this country cannot manage what our fellow Europeans can manage so well, and how, as was said earlier, a vitally needed organ can be buried or burned while someone else is dying for it. This seems the most simple and elementary matter of demand and supply. We are simply not maximising the supply, whereas the demand is increasing exponentially.

If we were to place cards in GPs surgeries, as has been suggested, I wonder how high the take-up would be. Nowadays, GPs—there are many in the House, and they can doubtless speak with far more authority than I can—tend to have about eight to 10 minutes to see a patient. Can anyone imagine a GP talking to a patient and saying at the end of the consultation, "Yes, everything is fine; no trouble at all. By the way, have you thought about carrying a donor card?" The patient may wonder about the secret, subliminal message that lies behind that statement. If my hon. Friend the Member for Dartford (Dr. Stoate) were involved, the message would not be subliminal, because he would probably force the patient to take a donor card.

I am a strong proponent of compulsory national identity cards, as are most people who care about the safety and integrity of our nation. We face the prospect of issuing such cards, and that offers the perfect opportunity to link what the hon. Member for Oxford, West and Abingdon refers to as "illiberal legislation" with this liberal legislation. Including an opt-out on ID cards is a remarkably sensible idea.

My hon. Friend the Member for Enfield, North (Joan Ryan) has displayed an extraordinary degree of scientific understanding and great sensitivity in the long conversations in which other people and I have expressed our concerns. I am extremely grateful for her understanding and sensitivity, and I respect and admire her and the Minister for spending so much time on the matter. However, the problem is that the Government are squeamish.

Some hon. Members are simply not prepared to argue the case for a national system of donations, and some are terrified that the tabloid press will come up with stories about Frankenstein, Dracula and Burke and

[Mr. Pound]

Hare—I genuinely believe that that concern informs much of the language in the explanatory notes. By arguing the case for a national system of donations—I accept that I am moving into uncharted waters—we ask people to recognise that each of us is a member of the same national community, and that we have the opportunity to give as well as to receive. I recognise that the area is difficult, but we must examine it because it lies at the core of the issue.

Mr. Tony McWalter (Hemel Hempstead) (Lab/Co-op): My hon. Friend mentions the prospect of the press taking up the cudgels on the misuse of the new rule in the new clause, but they might also take an interest in other cases. An 18-year-old friend of mine died at Christmas in Papworth hospital, while waiting for someone with a donor card to die, when we all knew that many other people, whose organs would have saved that boy's life, were dying.

Mr. Pound: I thank my hon. Friend for that comment. Individual cases are one of the hardest points in the debate, and they are one of the factors that make objectivity so difficult—I realise that I have mentioned an individual case myself. Sometimes hon. Members examine the actuarial rather than the actual and the theoretical rather than the real. No hon. Member is untouched by experience of someone dying for the want of a transplant, and we have all met people in that situation in our family lives, our surgeries and our communities. Some of us strive for objectivity, and some of us are more successful than others in achieving it.

I have immense sympathy for the constituent of my hon. Friend the Member for Hemel Hempstead (Mr. McWalter), and I know how the family must have felt. This afternoon, however, we have it in our gift—I use the word "gift" advisedly—to turn back the tide. Imagine sending to the nation the message that we are all our brothers and sisters' keepers, and that we have a mutual responsibility. The tabloids may come up with lurid examples, but, please God, we do not need their permission to legislate.

I ask the Government seriously to consider the new clauses, which have been crafted with great skill and which touch an area of concern right across the country. If they were to reconsider the matter, whether in the form proposed by my right hon. Friend the Member for Holborn and St. Pancras or in any other form, they would not only make friends but save lives, and there can be no higher or finer calling than that.

Mr. Dalyell: On a point of order, Mr. Deputy Speaker. I hope that this is in no way taken to be a criticism of, let alone to be offensive to, the Minister or the Government Whip, but from time to time in the House of Commons the tenor of the debate—the cross-party feeling—is that something should be altered and that only a Secretary of State, who is a Cabinet Minister, can make a decision on it. I do not know what he has to do that is more important than to listen to the House of Commons on this matter, but should he not at least be told what is being said, in the light of which he may wish to suggest a relaxation of the Whip?

Mr. Deputy Speaker (Sir Michael Lord): As a very senior and experienced Member of this House, the hon. Gentleman will be aware that that is not a matter for the Chair. Everybody has seen today's Order Paper, and it is entirely for the Government to decide whom they wish to put forward for the Front Bench.

Mr. Wilshire: It is something of an irony that the speaker who immediately follows that point of order by the Father of the House is an Opposition Whip. I make it clear that I want to state only my own personal views and that although I do not seek to dragoon anybody into voting in any particular way, I hope that my personal arguments might persuade Members on both sides of the House to oppose the new clause. In response to the comments of the hon. Member for Ealing, North (Mr. Pound), nothing that I say will be coloured by what the media may say about me or about anybody or anything else.

On Second Reading, I explained why I feel so involved in this matter and have such strong views about it; I therefore see no need to take up the House's time by repeating those remarks. For the purposes of this debate, suffice it to say that when my daughter died all those years ago, I regret that I was not asked and I was relieved that I was not forced to object. Those two points have always driven my views in these matters.

I entirely accept that the hon. Member for Oxford, West and Abingdon (Dr. Harris) is motivated by finding a way to help other people, as is every other Member who has spoken or will speak in this debate. I want them to understand that those of us who take a different view are not against helping others. If there are ways in which we can improve the number of organs that are available, count me in, provided that we do not go down the route, as I see it, of the ends justifying the means.

I accept that improvements are required, and I will support them, but I will not support this particular proposal. I do not believe that it is selfish to put the deceased or the deceased's family ahead of a third party. To suggest that those of us who take that view are being selfish is unkind and unfair, because we do not see it like that. The hon. Member for Oxford, West and Abingdon made the fair point that on some occasions the deceased leaves the express wish that his or her organs may be used, yet in some circumstances the relatives can object. I would have no difficulty in buying into an amendment that stated that a clearly expressed wish of the deceased stands above all else. I can accept that—I am not opposed to all change. However, I find it difficult to accept the hon. Gentleman's suggestion that we are best guessing. As I said, perhaps we would make fewer mistakes under his arrangements, but we would not eliminate all mistakes. If the hon. Gentleman does not like best guessing, the amendment retains it but in a different form.

5.45 pm

The hon. Gentleman justified the new clause by saying that he envisaged many opportunities for people to opt out. If there are to be such opportunities, it follows that there will be many opportunities for people to opt in. I happen to prefer opting in to opting out. He also said that the new clause would take the decision making out of the hands of relatives. Other hon. Members have explained why they believe that that is a kind thing to do, but from my experience, it is not a kind thing to do.

I accept that some people who are faced with the traumatic experience of someone who is dear to them dying will find it almost impossible to cope with such a request. It would genuinely add to their grief. However, others—I have spoken to some over the years—somehow found it helpful in a moment of appalling grief when someone said, in the middle of catastrophe, "Here is something that you could consider doing that would perhaps make the grief more bearable." Although some people would find the request almost impossible to handle, others would find it helpful to be asked.

I am deeply sorry that nobody asked me at the time. However, I think that I know myself well enough to say that if any organs had been removed from my daughter and I could have had the opportunity to object but the matter was taken out of my hands, I would have been outraged for the rest of my life. I appreciate that children are exempt and I shall comment on that shortly.

Let me consider the text of the new clause because some points might help colleagues to form a view. Subsection (1) of new clause 1 refers to

"part of a body of an adult lying in a hospital".

I appreciate that, when I explained what happened to me, I was referring to a 12-year-old daughter. Some debate took place about whether an adult should be considered to be 16 or 18. However, I sense that those who support the new clause hold that it is wrong, insensitive or somehow not right to include children in it, and we now have a definition of children. I gently say to the hon. Member for Oxford, West and Abingdon that everyone is somebody's child. If it is wrong to include a child who is under 18, is it not also wrong to include a 40-year-old child when a mother or father who are still alive could have the same strong views about their child? The child argument does not get us very far.

Dr. Evan Harris: I did not want to interrupt the hon. Gentleman, but there is a distinction. Law—including the measure—recognises that autonomy and competence to consent come with adulthood. Some pragmatism has been applied in that the measure does not allow a Gillick-competent child to benefit—if I may use that word, given that there would be no benefit to that child—from presumed consent because a line is clearly drawn at the age of 16. Although everyone is someone's child, I urge the hon. Gentleman to consider the recipients of transplants and their relatives. They would not want to die or their relatives to die because of difficulties caused by someone who did not want the organs of their adult child to be removed even if that child did.

Mr. Wilshire: Of course I understand what the hon. Gentleman is saying and I appreciate that, when dealing with legislation we must, on occasions, take a legalistic view of it. However, the significance of the debate about whether this should be a free vote or a whipped vote is that it flags up the fact that we are in the territory of personal, subjective beliefs and convictions, rather than that of what the lawyers might say. I understand that there have to be legal definitions in this regard, and I am grateful for the fact that the age has now been set at 18, but if we are going to invoke the concept of the child and its parents, I must emphasise that I believe that we are all somebody's child. That is all that I am saying, and it is a subjective point which the hon. Gentleman may or may not set much store by.

New clause 1(2)(e) is at the heart of this proposal, in that it states that unless someone has registered an objection, things can go ahead. I would support the hon. Member for Oxford, West and Abingdon in this if he were to say that this provision involved a required request rather than presumed consent. If we were being asked to legislate that people must be asked, I would be with him. I understand the point made by the hon. Member for Wyre Forest (Dr. Taylor). It is incredibly difficult to approach people at the moment of a bereavement, and I am not sure that it is any easier to say "Please may we?" than "Do you mind if we do?" I would have thought that both were equally difficult. All that I can say is that it would sound so much kinder to be asked, "Do you mind?" rather than, "Do you object?" It would be so much more considerate of the views of the bereaved to ask whether they minded, rather than asking whether they wanted to object. Someone could end up in a much worse position for the rest of their life if they had to say, "I'm against this", as opposed to being able to say, "I'd rather not say yes at the moment." To object could leave a scar, whereas saying yes or no to the question "May we?" might not do so.

Dr. Evan Harris: Again, I hesitate to interrupt the hon. Gentleman, but I want to make it clear that the proposal would not involve any such question being asked. People are sometimes scarred by having objected because they felt that their relative had suffered enough, for example, or for similar reasons that are often cited, but this measure would remove that possibility because they would be asked whether the deceased had made any objection. If they had, the relative would be notified that the plan was to use the deceased's organs and would be given an opportunity to volunteer an objection. However, they would not be prompted to make an objection, because consent would be presumed if the deceased had made no objection.

Mr. Wilshire: Again, I understand what the hon. Gentleman is saying, but I come at this from a somewhat different angle. However, the object that we are both trying to achieve is the same.

New clause 3(2)(b) states that people may

"signify an objection to the removal of a relevant organ for a reason specified in subsections (3) to (5)."

I tried to say in an earlier intervention that, if we start getting the law involved in these matters by saying that there has to be "significant distress" involved, I cannot get my mind round how we should deal with such situations. If we are saying that any asking at this moment of maximum grief is wrong, it would simply add insult to injury to try to measure the amount of distress involved. If the hon. Member for Oxford, West and Abingdon is suggesting that there can be reasons for relatives to object, I could begin to go along with him if he also said that all that the relative needed to do was to say no, rather than have us try to measure whether that was reasonable or unreasonable, or whether it was a frivolous "no", a moderately held view or a deeply held view. If we could just settle for a yes or no, that would be the best way of going about it.

Another aspect of new clause 3 that worries me is that a relative can be overruled if

"it is not reasonably practical to communicate with him within the time available".

[Mr. Wilshire]

That seems to be an invitation to lawyers to wrangle over what constitutes a reasonable amount of time, or a reasonable amount of effort to find someone. We would eliminate all that by opting for informed requests, because someone would then have to be asked, and they would have to be given the opportunity to answer. If that is thought to take too long, we return to the argument about whether all this is being done in the interest of the third party whose life could be saved, or of the deceased and their family. I can only say that one has to take one's own view on that.

I have always done my best to argue this case as best I can, but in the end, it is a subjective judgment. All that I can say to the House is that I remain opposed in principle to presumed consent. For me, the way to achieve our objective is through more education and discussion and through encouraging and helping members of the medical profession to make these requests. All of that is kinder and gentler, and it will achieve the same result in the end.

I have raised some practical issues about the implementation of this proposal, and if the House votes to accept the new clause, for whatever reason, and the Government find themselves in another place with this provision in the Bill, will the Minister consider amending it to take some of the sting out of it for those of us who are against it in principle? I am prepared to back change, provided that it helps not only other people but the family involved. In such circumstances, the family comes first. If we work at this, and if we encourage people and explain to them what we want to achieve, I believe that more transplants will become available on the NHS. However, I do not want to see presumed consent or the idea of society taking over the possession of the deceased's body.

Dr. Howard Stoate (Dartford) (Lab): I am grateful to have caught your eye, Mr. Deputy Speaker, in this important debate on an extremely sensitive and difficult issue. The House is at its best when it debates difficult issues that affect all our constituents, and I am sure that many, if not most, hon. Members will have had experience of constituents who are on waiting lists for transplantation and are in dire need of help, or who have relatives in that situation.

These are difficult issues for us to grasp, and I am grateful to the hon. Member for Oxford, West and Abingdon (Dr. Harris) for tabling the new clause, because it gives the House a good opportunity to discuss them. People have very strong views on them—we have heard opposing views being expressed here today—and take them seriously. They have clearly thought about them carefully, because they affect us deeply.

As someone who still practises a certain amount of medicine, I come across all sides of the argument. I have spoken to many people about carrying donor cards, which are available in the vast majority of GPs' surgeries, and I am sure that a large number of my GP colleagues discuss the issue with their patients whenever they get the opportunity, and encourage them to carry the cards. I have also spoken to people who have been asked whether they would allow a deceased relative's organs to be used for transplantation, and I have had patients who have benefited from transplantation themselves.

The economic argument is an interesting one. At one time, I had the distinction of being the most expensive GP in the country, because I had a patient who was on an extremely rare and expensive immunosuppressant drug while waiting for a heart-lung transplant, and the cost of it sent someone with a black briefcase down from the Ministry to talk to me about why I was spending so much of Her Majesty's money on this patient. Of course, once that patient had had their successful heart-lung transplant, my drug bill went back to somewhere approaching the mean. So there are economic arguments on both sides, and many interesting ways of looking at the issue.

The public have extremely strong views on this matter, but the problem is that they do not always express them. I have been a doctor for many years, and it has become apparent to me that, although people may have deeply held convictions in this regard, they often do not know how to talk about them or who to talk about them with. Just because someone does not opt out or in does not necessarily mean that they do not have deeply held views on the issue.

6 pm

I chair the all-party group on men's health, and one issue that comes up time and again is that men in particular find it extremely difficult to seek help when they have a genuine health problem. Often, they simply do not come forward until the disease is well progressed or they present late with very serious illnesses such as heart disease or cancer. When they do present, they often suffer worse outcomes and die younger as a consequence.

Just because somebody does not necessarily express a view on something in public does not mean that they do not hold very strong views about it. That is why I have real problems with a presumed consent clause. I understand all the reasons that were cogently put forward by the hon. Member for Oxford, West and Abingdon, and I have great sympathy with his arguments, but I have real concerns and I shall vote against his new clause, for reasons that I too hold deeply.

Having spoken to many patients—many people who could be donors—I know that people have not a superstition, but a deeply held view about what should be done with their body. They still consider their bodies their property—even after they have died, when it could be argued that the property belongs to nobody as the person has left and the body is a corpse. However, that is not the case in the mind of a large number of people who still feel very strongly. People make elaborate plans for their own funerals and how their remains should be dealt with because they have such deeply held views about what should happen to them even after death.

I listened carefully to the arguments relating to the need to have more organs available. Nevertheless, I must show great respect for people whose unspoken views are often deeply held.

David Taylor: Would my hon. Friend care to say why his patients—often men whom he says have deeply held views about their own bodies and what might happen to

them after death—in many cases fail to communicate that information either to relatives or via any system for registering their wishes?

Dr. Stoate: That is an interesting question and my hon. Friend has raised an important point. At a recent meeting of the all-party men's health group, a patient was prepared to come forward to talk about his experiences and why he was such a late presenter. This chap had had rectal bleeding for 10 months before plucking up the necessary to go and see his GP to discuss it and get something done about it. It would be quite wrong to say that he did not care about his rectal bleeding, because clearly he did care deeply about it.

This chap kept coming up with all sorts of reasons to put the visit off and not to go, saying, "I'm under stress at work and just having an off day. It's probably piles. It's nothing to worry about." He managed that self-deception for 10 months before admitting it and going to his GP, who said, "Actually, mate, you've got bowel cancer." Fortunately, even though he had waited 10 months, he was able to have a successful operation. As far as anyone can tell, he has been cured. The fact is that men find it exceptionally difficult to talk even to their closest relatives about these deeply personal issues.

We can call that machismo, male pride or anything we like—it is not all that well understood—but there is no doubt that that is the situation. Over the decades, I have had patient after patient after patient who left coming forward to the doctor very late. When they do come, they often do not know what they want to say and it is difficult to coax out of them the real reason for their visit. They will come along to talk about their skin problem, but they really want to talk about their psychosexual difficulties. Getting round to that is very difficult indeed.

My point remains that people have very deeply held views that they cannot, will not or would rather not discuss with their relatives, friends or medical advisers. For that reason, I have real problems with an opt-out scheme that would presume that just because people do not come forward they are implicitly consenting to this process. I shall give an example that Members of the House will well understand.

In local elections, it is common for only 25 or 30 per cent. of people to turn out to vote. Does that mean that the other 70 per cent. have no view? Clearly it does not. Any Members who have been on the doorstep and talked to people as they go round their constituency will know that people have exceptionally deeply held views, but they do not necessarily think that voting is the way to express them. If the House were to say, "If 70 per cent. don't vote, we must presume that they entirely agree with Government policy because they have not voted against it," that might be nice in that it would provide a warm glow and allow me to think that my constituents like me more than they probably do, but we would not be doing ourselves justice in making such an assumption.

Mrs. Dunwoody: I am listening with great care to this argument and I hope my hon. Friend will forgive me if I say that I find it mildly patronising. Many people find it difficult to articulate their views, but if they are asked about something as important as looking after their health they find the words. They may not find the right ones and they may not use the words that he and his profession would recognise, but most manage to say what concerns them.

If my hon. Friend really is saying that because there is a problem with communication, we cannot allow such legislation to go forward, I say to him that there is a major difference between voting in an election—whatever happens, people get an interesting House of Commons whether they vote or not—and the issue we are discussing, which is rather more significant.

Dr. Stoate: My hon. Friend makes an important point. I always respect what she has to say as she holds strong views on these issues, and I welcome her intervention, but I do not agree. Having been a doctor for a long time, I know that, unfortunately, people do not find the words even when they know themselves to be severely ill. Any doctor in the House would, I am sure, be able to echo that. The experience is that many patients do not present with life-threatening illness often until it is too late. For all sorts of reasons that I have already outlined, that is the case. People do not express their views to their friends, their family or their doctor when they would perhaps otherwise like to do so. For those reasons, I feel strongly about this.

Having said that, we all want more organs to be available for transplantation as it is grossly unacceptable that so many people should be suffering, and even dying on a waiting list, because of a lack of available organs. That is a tragedy. It is the duty of the Government and the House to do all they can to increase the number of organs that are available for transplantation, but I happen to think that this would be the wrong way to do it.

We need a far more sophisticated education programme and we need to make it far more of a duty for doctors, nurses, health professionals, ambulance crews, those responsible for public information campaigns and those who supply information through the media to talk up the reason why people should be donors. An example is the blood transfusion service, which, through a combination of clever advertising and public awareness campaigns, generally manages to ensure a sufficient supply of blood freely given to save the lives of others. The same could be done with a carefully worded public awareness campaign on this issue.

Mr. Paul Burstow (Sutton and Cheam) (LD): Back in April 2000, the hon. Member for Broxtowe (Dr. Palmer) introduced a ten-minute Bill on presumed consent for organ transplants and the hon. Gentleman was a sponsor of it. It is entirely valid for a Member to reach a different conclusion at a later stage on the basis of evidence, but I have not heard that evidence so far. I wonder why he has changed his position.

Dr. Stoate: That is an interesting point and I am grateful to the hon. Gentleman for bringing it up. I supported my hon. Friend's Bill because I think that such things should be debated in the House. I was keen for his Bill to be discussed, even though it was only a ten-

[Dr. Stoate]

minute Bill, because we should have the opportunity, albeit for a mere 10 minutes, to raise the issue so that it can be flagged up and the public can be aware of it.

David Taylor: My hon. Friend is most generous in giving way yet again. Is he saying that, with more imaginative and innovative approaches—for example, ones similar to those that organisations such as the National Blood Service tend to use—to promoting actual consent, he would be confident that sufficient had been done to reduce the large and widening gap in respect of the number of people waiting for an organ transplant, which has grown by more than a third in 10 years?

Dr. Stoate: That is the question. I do not know that that would bridge the gap, but it should be tried. We do not do enough to promote the benefits of carrying organ donor cards. We have failed to some extent, as a Government and as a House, in not doing what we could to promote the scheme. I would like everything possible to be done to ensure that people are aware of it and are encouraged to carry cards.

Dr. Julian Lewis (New Forest, East) (Con): I have been listening to what the hon. Gentleman has been saying with a lot of sympathy. Over the years, I have carried various donor cards, which became increasingly dog-eared and were eventually discarded. Also, at various times, I have signed various forms. Why, in the 21st century, when we know so much about network databases, does it still seem unclear to at least one Member of Parliament whether there is a national database, which, if people signed up to just once to give their organs, could put an end to the matter and save an awful lot of distressing questions and answers?

Dr. Stoate: The hon. Gentleman raises an interesting point: there is a national database, which I gather is based in Bristol, but it is not well publicised. That is the problem—the public do not know of its existence.

Dr. Evan Harris: The hon. Gentleman is being uncharacteristically unfair on the Government, who have introduced a number of new initiatives to promote the organ donor register and the donor card. The fact is that those are not working well enough. People sign the register in ever-increasing numbers, but the number of donors is going down. Does he accept that that is probably why Elizabeth Ward, who was the inventor of the kidney donor card, and founder of the British Kidney Patient Association, supports these new clauses—she knows that an opt-in scheme could never work well enough to save as many lives as we could under a presumed consent scheme?

Dr. Stoate: That matter should be tested, and we need to do more. The fact remains that we are not doing enough at the moment to promote the scheme, and I am sure that we could do a lot more.

I will not detain the House further. I agree entirely with increasing the number of organs available for transplant, and I know that patients of mine would benefit from readier availability. I am sure that everyone in the House would welcome that. The question is: how should it be done? My view is that an opt-out scheme is a step too far, and that public opinion would oppose it.

Mr. Desmond Swayne (New Forest, West) (Con): I congratulate the hon. Member for Oxford, West and Abingdon (Dr. Harris) on his new clause, and on the powerful argument that he used when he moved it. He is assured of my support in the Lobby tonight.

I wish to speak to new clause 5, which stands in my name, and to which the hon. Member for Oxford, West and Abingdon has tabled an amendment, which, I accept, very much improves it. I see new clause 5 as complementary to new clause 1 or any other means by which we could secure a greater number of potential donors, be it an increase in the use of donor cards or whatever. That is because increasing the number of donors does not necessarily mean an increase in the number of usable organs. That is the key point. Members have referred to the experience of Belgium, which has seen a 30 per cent. increase in the number of successful transplant operations, and which has a system in place akin to that proposed in new clause 1. I do not doubt that it would not have achieved that success had it not also had a system of elected ventilation in place.

Elected ventilation is the subject of new clause 5. Members will be aware of precisely what elected ventilation means, as they will all have received a letter from Mr. Charles Curry, about six weeks ago, explaining it. It is the procedure by which someone is put on a ventilator not to make them better or in the hope that they will recover but purely to preserve their organs for transplantation. It now turns out that in this country, that is unlawful. Some four years ago, Mr. Jetmund Engeset, the surgeon responsible for transplant operations in Aberdeen, came down to meet Members and assured us that, were elected ventilation available to him, he could increase the number of successful transplant operations in Aberdeen by 100 per cent. I was also impressed when Professor Terry Feest came to the House to discuss elected ventilation, because, until 1994, he used it at Exeter and doubled the number of successful transplants carried out. Only when he published his results in *The Lancet* and a discussion about elected ventilation ensued was it discovered, on advice from the Department of Health, that it was unlawful.

As I understand it, common law requires that a procedure can only be carried out on a patient if it is for his benefit. Clearly, if someone is ventilated purely to preserve their organs for transplant, that is not for their benefit but for someone else's. It therefore falls foul of the law. Elected ventilation was therefore discontinued, with a consequent reduction in the number of successful transplants and organs that became available.

6.15 pm

It seems to me that we have an opportunity to correct that situation. We are told, however, that it is not as important as it once was: because of the increasing number of what are called non heart-beating donors, as technology has moved on, we can afford to take the organs out of the cadaver and use them—we do not need to keep people ventilated to have the organs fresh, if I

might use that term, from a heart-beating donor. That is an overstatement, however: we are now able to get a certain number of kidneys and livers from cadavers, but overwhelmingly, it is much better to have them from heart-beating donors. At the moment, there is no prospect of getting lungs and hearts from non heart-beating donors. Are we to write those off, and say that we do not need the procedure? I would suggest not.

Incidentally, there was a discussion some three weeks ago, and a great deal of media coverage, about the shortage of transplant surgeons that now arises because of the antisocial hours associated with that branch of the profession. Organs become available at a time of night or day that is not suited to anyone's convenience. Nevertheless, it seems to me that the precipitate decline in the number of surgeons, which is consequent on the unpredictability of that profession, would be assuaged at least to some extent by reintroducing the practice of elected ventilation.

There are disadvantages to elected ventilation. One of the arguments made against it is that it makes use of desperately needed intensive care beds. That argument will continue, although many will argue that it does not require intensive care beds, and that what it requires is less than the high-intensity care bed. We as parliamentarians, however, should not intrude on that argument. It is for clinicians to argue about what is the best use of a particular bed at a particular time, and it is not for us to frame laws and prevent people from doing things as a consequence.

There is also some disquiet among members of the BMA that elected ventilation can in certain circumstances give rise to the persistent vegetative state. Again, clinicians can argue about that and reach conclusions among themselves. It is not a matter for Parliament in framing the law.

We had an effective way of increasing the number of successful transplants. When it was in use, it doubled the number of effective transplants.

Dr. Julian Lewis: Before my hon. Friend finishes his speech, may I say that if there is a Division on new clause 1, he and I will find ourselves in opposing Lobbies for the first time in the seven years that we have both been in the House? There is no reason, however, why someone with my views cannot totally support what he says about new clause 5. The question of keeping organs in a fit state to be transplanted, once the necessary consents have been obtained, is entirely separate from the question of presumed consent. I assume that he would accept that.

Mr. Swayne: My hon. Friend is right that I differ from his judgment on anything only rarely. We will certainly be in different Lobbies tonight, but I entirely accept what he said in his words of support for new clause 5.

Mr. Christopher Chope (Christchurch) (Con): Before my hon. Friend finishes, will he comment on why the Government seem to have been so reluctant to accept this proposal? Does he share the frustration of Mr. Curry that the Government have not answered the questions that he raised in correspondence with them?

Mr. Swayne: My hon. Friend is right. I have raised the issue on several occasions over the last five years both from the Front Bench as a Conservative health spokesman and from the Back Benches as I do now, but I have never had a satisfactory answer. Ministers have tended to say that it will become unnecessary, if it is not already unnecessary, because of the advances in science and the ability to gain organs from non heart-beating donors, but I simply do not believe that. I accept that there is some opposition on grounds of the competition for respirators, for example, in hospital intensive care units. However, I believe that that is a matter for clinicians, not Ministers.

In summary, we had a system that doubled the number of transplants when it was used. An interpretation of the common law brought about circumstances in which it had to be discontinued. It seems to me that we have a perfect opportunity to put that right tonight and I cannot imagine why we should not take it.

Ian Lucas: We all accept that this is an extremely difficult and contentious issue. We have had an illuminating debate about it, but the balance of contributions has focused on the rights of those who are awaiting treatment. We all accept that they are in an invidious position and we all want to do as much as possible to assist them. I have to say that if, two years ago, I had been asked to vote on this particular issue, I might well have voted differently from how I intend to vote this evening.

I believe that we have not concentrated enough on the rights of those who are left behind. I want to say a few words about the relatives of those who may lose people very close to them. It is important to consider the backcloth to the legislation. In respect of the new clause, we have not considered it enough. The Human Tissue Bill was introduced in response to the Alder Hey and Bristol royal infirmary cases, which involved individual rights being ignored by people in authority. The Bill is fundamentally about ensuring that those terrible events do not recur. When we vote this evening, we need to reflect on the fact that we are operating against a backcloth of enhancing individual rights against abuse.

Some constituents who came to see me to talk about the Bill particularly influenced me. They were bereaved some 30 years ago, but were no less bereaved on account of the length of time that had passed. They had never been to see their MP before, but they told me about their children. I accept the fact that the Bill does not relate specifically to children, but my constituents' views are relevant to our debate. They told me how their rights had been disregarded and their views overridden by people in authority who had not listened to what they had to say. I cannot accept that the introduction of a doctrine of presumed consent sits correctly with the backcloth that I have described.

David Taylor: I am very sympathetic to my hon. Friend's position, having been a bereaved parent myself some 27 years ago, but is it not the case that the new clause introduces presumed consent for transplantation use, not retention for research? Surely there is a huge difference between the two.

Ian Lucas: That was not a difference that my constituents raised with me. They were suspicious of authority and of people with authority. I believe that they have the right to be so suspicious because of the way in which individuals in authority had treated them.

What disturbs me most is the provision in new clause 3(5), according to which someone in authority has the power to make a judgment about individuals who have just been bereaved. The person in authority has the right to assess whether a particular individual is suffering "significant distress"—not "distress", but "significant distress". With the best will in the world, how can it be right and proper for any doctor—or, indeed, anyone—to make an assessment that the distress caused by bereavement is not "significant" enough to allow the bereaved relatives to prevent organs from being used?

Dr. Julian Lewis: Does the hon. Gentleman accept that there are further complications on that point? What if people have religious objections to their relatives' organs being used in that way? Would such objections be regarded as "significant distress"? What about the Muslim community, Jehovah's Witnesses or people who belong to minority groups, for example? Would the distress caused by offending religious beliefs be "significant" enough to overrule people's views?

Ian Lucas: The hon. Gentleman makes a valid point. As a lawyer, the words "significant distress" immediately rang my alarm bells. I can see applications for injunctions being made, and litigation becoming rampant in this field. Judges could be called out of bed at all hours to take life-or-death decisions, which would make the process of bereavement even more painful than it is now.

Dr. Evan Harris: If anyone were at the point of calling lawyers, it would be accepted under the regulations as evidence of people reacting under "significant distress". *[Interruption.]* It is quite clear what significant distress is, and that is above the threshold. In the case of Jehovah's Witnesses, there are several safeguards. There is the opportunity for the individual to opt out; there is the opportunity to tell relatives that someone is a Jehovah's Witness; and if someone is not a Jehovah's Witness, relatives who are Jehovah's Witnesses still have the opportunity to make the point that they would be significantly distressed, even though doing so would deny a recipient who is not a Jehovah's Witness the opportunity of receiving the organ from someone else who may not be a Jehovah's Witness. Nevertheless, that is the safeguard in the new clause. It should, I hope, meet the hon. Gentleman's concerns.

Ian Lucas: I am afraid that it does not meet my concerns at all. In my view, the phrase "significant distress" can create the invidious position whereby someone in a position of authority overrides the rights of people who have to cope with bereavement for the rest of their lives. I say again that the legislation should be about protecting individuals against people who abuse their position. The new clause is not an appropriate way of amending the Bill.

Rob Marris: Peter Cox died in 1989. He was aged 24. He had a brain tumour. His parents, my constituents Rosemary and John Cox, have tirelessly campaigned on this issue since. I have met them many times and discussed the issue with them. I have little doubt that they will be watching our debate today with interest.

6.30 pm

The hon. Member for New Forest, East (Dr. Lewis) asked whether there was a national register of some sort. One of the reasons the NHS organ donor register exists is the work of Rosemary and John Cox. In the five years after their son died, they campaigned for such a register. When Peter died, they found that there was a register of those waiting for organ transplants, but no national register of those who had opted into organ donation. It took five years to get one set up, which is a relatively short time in today's society. The register was set up in 1994 and is based in Bristol, as my hon. Friend the Member for Dartford (Dr. Stoate) said. I pay tribute to the work of Rosemary and John Cox, but I suspect that I will disappoint them today by the way in which I vote or abstain on the new clauses.

This debate has addressed a difficult moral issue. I do not have a pager, so I do not know if it is true that the Government will subject Labour Back Benchers to a three-line Whip on the issue. If that is the case, I will need some convincing arguments from my hon. Friend the Minister. I see that my right hon. Friend the Secretary of State for Health has joined us. I would be interested to hear the Government's arguments on why the vote should be subject to a three-line Whip.

The Secretary of State for Health (Dr. John Reid): The answer is simple. It is because the decision about one's own body should be for the conscience of individual citizens. It is not for this Parliament, by free vote or otherwise, to impose on individuals a requisition of their bodies after death for the use of the state. That is why there is no free vote. We are giving the freedom of conscience to the people of this country, and we are not prepared to work on the assumption that Parliament should dictate to them that their bodies belong to the state after death.

Rob Marris: I am grateful to my right hon. Friend for clarifying that point. I found his intervention very helpful, and we may achieve more clarity as the debate continues. I started the debate broadly in favour of new clauses 1, 2 and 3. As the debate has continued, I have changed my position somewhat, partly because of such points as the one succinctly made just now by my right hon. Friend. The debate evokes difficult moral dilemmas for many people and, in that sense, it is a moral decision, not a political decision. I get the feeling that expediency is taking over: we have to change the regime because we cannot get enough organs. I am not entirely convinced that that is the right way to proceed morally, nor that it would work in practice.

I spoke to John Cox over the weekend and he put the argument, forcefully and cogently, in terms of cost. Other hon. Members have adverted to the cost comparison between a kidney transplant and the need for immunosuppressants thereafter, and the continuation of dialysis. Those are interesting arguments, but they are ones of practicality and expediency. They are brought in to try to sway the moral balance, but that is mixing apples and oranges.

We need to consider what has happened to the national organ donor register. By the end of 1995, 2.25 million people had joined the register. By the end of 1999, four years later, that figure had roughly tripled, to 7.5 million. By November 2002, the figure had passed 10 million and now, a year and a half later, it has passed 11 million. The number is increasing and I agree with my hon. Friend the Member for Dartford, who practises medicine, about what we—as a Government and a society—should do to encourage further increases.

David Taylor: The trend of increases is encouraging, but we have some 45 million adults in the United Kingdom. The number on the register is only some 25 per cent., which suggests that 75 per cent. of potential donors are untouched by the scheme. How might we increase the numbers signing up to the register?

Rob Marris: We could do more, although I do not want to sound like a hand-wringing politician who says, "Something must be done". I also question my hon. Friend's assumption that the 75 per cent. who have not signed up to the register would wish to do so. That assumption may be unwarranted. It is possible—although, I concede, unlikely—that that 75 per cent. have considered the issue seriously and decided not to opt in and have their organs taken. The hon. Member for Oxford, West and Abingdon (Dr. Harris) mentioned surveys on that point, but we must be careful not to jump to conclusions about who might wish to participate in the scheme.

We cannot assume that people who have not signed an organ donor card—I first did so in 1974, when the card applied to kidney transplants—simply do not know about the scheme. We have used the distribution mechanism of the DVLA and doctors' surgeries, so many people know about the scheme and have decided not to participate.

Mr. Kevan Jones: Publicity is widespread and most people know about the scheme, but it takes a conscious effort to contemplate one's own mortality and opt into the scheme. Does my hon. Friend agree that the ultimate point is that it is down to the individual what happens to their body after they die?

Rob Marris: My hon. Friend makes a powerful point. Just as the hon. Member for New Forest, East was not aware that there was a national register, I did not know that it existed until I met my constituent, John Cox, some four years ago, and I had carried a donor card for nigh on 30 years. I think of myself as a reasonably educated person, and there are probably many such people who still need to be reached by the scheme. I got a driving licence 30 years ago, so I had never been told about the scheme by the DVLA.

Dr. Evan Harris: The hon. Gentleman rightly rejoices that the number of people on the organ donor register has increased from some 2 million in 1995 to 11 million now. Does he accept that, despite that increase, in the same period the number of cadaveric solid organ donors has fallen from 875 to 710 a year? That is one of the reasons why John Cox and his daughter, Christine Cox, wrote to me to say—as they confirmed in the *Sunday Express*—that they support the new clause. They do not think that the organ donor register for which they campaigned is doing the job well enough.

Rob Marris: The hon. Gentleman is more qualified than I to interrogate the cadaveric figures. Does the NHS have the infrastructure to deal with potential donations of organs? The problem may be bottlenecks in the NHS that extra Government resources will address. I do not know whether that is the case, and perhaps the hon. Gentleman can tell me.

Dr. Harris: The most likely reason for the decrease is the relative refusal rate, which has gone up from 30 per cent.—shown in Sheila Gore's study in 1993—to nearly 50 per cent., shown in the UK Transplant potential donor audit. That is why the figures have gone down despite the organ donor register. It is also why we need to recognise that the present system is not working and to change to the new system.

Rob Marris: That is an interesting intervention. If the rate of relative refusal is increasing, it suggests that increasing numbers of people are concerned about organ donation. The new clauses would therefore go against that trend.

Dr. Harris: I understand the point that the hon. Gentleman makes, but at the same time surveys of public opinion show that between 80 and 90 per cent. of people are willing for their organs to be used. What has changed is the response of grieving relatives, not the wishes of individuals, which—as the hon. Member for North Durham (Mr. Jones) pointed out—should be paramount in the case of their own organs.

Rob Marris: It is difficult to tell from survey evidence, as we know from opinion polls in elections. When relatives are asked, the trend is in the opposite direction to that which the hon. Gentleman wants to see.

Dr. John Reid: It is worth checking when the decline in relative refusal rates started. I think that it is recent, and one of the reasons may be the shock and horror felt about what happened at Alder Hey. If the increase is the result of something that was imposed on people against their will, it is another reason why we should be very careful about the decision we make tonight.

Rob Marris: I thank my right hon. Friend for that intervention. When the Government respond to the debate, will they give us reassurance, which my right hon. Friend the Member for Holborn and St. Pancras (Mr. Dobson) sought earlier, about what they are doing in two spheres? What will they do further to promote the current system and to initiate public debate on the issue? The Government may say that they will do nothing and, from what my right hon. Friend said earlier, I suspect that may be the case. However, I should like to know what they would do to promote public debate, as one of the reasons why I shall not vote for the new clause is that I have sat through the whole debate on this group, which has focused on new clauses 1, 2 and 3—*[Interruption.]* I estimate that the debate will be over by 7.30, but that is a matter for the House and for you, Madam Deputy

[Rob Marris]

Speaker. Were the debate to end at 7.30, the House of Commons would have spent three hours debating the issue—only three hours.

My hon. Friend the Member for Crewe and Nantwich (Mrs. Dunwoody) said that the subject had been debated endlessly and, yes, it has been debated a lot and has been the subject of private Members' Bills and so on. However, at every general election the composition of the Chamber changes: new Members enter Parliament. The House of Commons has not held a full debate on an issue that Members on both sides of the House accept is very difficult, in terms of both the moral and the practical questions. To tie the matter up by three new clauses—although they seem well drafted—in three hours of debate does not do it justice and it is not the right way for Parliament to proceed. When my hon. Friend the Member for Ealing, North (Mr. Pound) was talking about the new clauses, he twice referred to new clauses 1, 2 and 3 as a Bill. He is right; they should be a separate Bill, not tagged on to the Human Tissue Bill, which came about owing to all the horror of Alder Hey and so on. The two should not be mixed, which is exactly the discussion I had about three months ago with my constituent, John Cox, at the time of Second Reading.

Mr. Dalyell: A crucial difference between the 1970s and now is that the British Medical Association has changed its mind on presumed consent.

Rob Marris: I am aware that the BMA has changed its mind. The hon. Member for Oxford, West and Abingdon referred to that point when he was moving the new clause. It is important to take it into account but it should not be a determinant of the debate, nor—even though the supporters of the new clauses have the best of motives—should we be bounced into putting a Bill on organ donation and consent relating thereto into the Human Tissue Bill. We are mixing up those two things and we should not do so.

Dr. Murrison: The debate on this group has been far ranging. I begin by pointing out that the new clause will be the subject of a free vote for Conservative Members. I was interested to hear the Secretary of State's comment that he was taking a collective view for his party. However, we feel that the judgment must be made individually, according to conscience, which is why we shall have a free vote. I understand that the minor parties will do likewise.

Mrs. Dunwoody: I am sure that the hon. Gentleman will like to know that Labour party rules say clearly that on a matter of conscience Labour Members may vote as they wish.

Dr. Murrison: It is not for me to intrude on private grief. That matter is for the Labour party, which is not the subject of our debate today.

I want to address new clause 5, which was very well introduced by my hon. Friend the Member for New Forest, West (Mr. Swayne). He brought to the attention of the House a procedure that he believes could increase the harvest of organs for donation—that of elective ventilation. We heard earlier that the BMA had changed its mind about presumed consent; it appears that it has also changed its mind on elective ventilation. The procedure no longer has the support of the BMA, but I understand that the association welcomes debate of the issue—as should we all—and I congratulate my hon. Friend for bringing it to our attention.

Elective ventilation is an invasive procedure and is carried out purely to allow for the development of brain stem death and consequent organ removal. Although it was the subject of fairly positive guidance from the Department of Health in the mid-1990s, it was subsequently deemed illegal as it would be battery and could thus not be in the interests of the patient. How could it be?

The procedure introduces the possibility of harm to patients and my hon. Friend touched on that in relation to persistent vegetative state. Elective ventilation carries the possibility not of the development to which the procedure is geared but of persistent vegetative state, which is of course not in the patient's interest. Indeed, encouraging such a development is not in the interest of any of us. However, it is a risk of elective ventilation and we should bear that in mind.

6.45 pm

We should also bear in mind the pressure that the procedure would put on ITU beds and the emotional pressures for the staff of those units. ITU staff are very much geared towards curing people and the procedure would obviously not cure the person who was principally concerned—the person being electively ventilated. The procedure involves a certain mind shift for the people who staff ITU so well, and I do not think that it would attract universal acceptance from them.

My hon. Friend the Member for New Forest, West commented on the Exeter study carried out in the mid-1990s. Over the weekend, I went to the trouble of looking up the old papers on that. I looked at the report and the extensive correspondence that followed, which was not universally appreciative of the procedure. At that time, there was much controversy about its value and acceptability.

One problem is the definition of the point of apnoea—a person's last gasp—which is necessary in order to determine exactly when one institutes elective ventilation. The definition is not as straightforward as Members might suppose; it can be difficult at times to assess when that point has occurred.

Mr. Dalyell: In previous legislation, that problem was addressed by putting the decision in the hands of two clinicians, once clinical death had been established, neither of whom was a renal surgeon and likely to benefit. Is not that a satisfactory definition?

Dr. Murrison: But at what point does one define death? Is it the point at which somebody's heart stops, as is usually the case, or should brain stem death be the definition? Many of the problems relating to the studies in the mid-1990s arose from Exeter's attempt to redefine the point of death. From my experience, I know that sometimes it is extremely difficult to do that. People do not usually take a dramatic last gasp; it is far slower than

that and the point of apnoea—as other medically qualified Members will know—is actually the point of asystole, when one can no longer detect a pulse.

Dr. Harris: I agree with the hon. Gentleman's analysis. The BMA ethics committee certainly opposes elective ventilation in the circumstances set out under the new clause, but what if the patient had given an advance directive permitting elective ventilation, knowing of the possible risk and that their best interests might not be served, so that their wish to donate organs could best be met? That question is addressed in our amendment to new clause 5 and it is probably worth further consideration.

Dr. Murrison: I am grateful to the hon. Gentleman for that intervention and I welcome his amendment. It makes a flawed measure a little bit better. Of course, such an advanced declaration would at least allow the professionals involved the confidence that they were acceding to an individual's wishes, but that is not quite the same as the specific consent that we are talking about generally in this group of new clauses and amendments.

People would need to know specifically whether they were consenting to such a procedure, because it is quite separate from the sort of things that they might envisage or expect under the consent procedures that we are debating more generally. However, with respect to the hon. Member for Oxford, West and Abingdon (Dr. Harris), amendment (a) does not necessarily address some of the other difficulties that I have raised, although I accept that—with respect to my hon. Friend the Member for New Forest, West—it would make new clause 5, which is flawed, a little better.

The more general debate relates to presumed consent and new clauses 1 to 3. The most telling remarks that I read on that issue come from James Kennedy, who is director of the Royal College of Nursing in Scotland. He said:

"The tragedy of the recent organ retention scandals has made it absolutely clear that it is entirely wrong for healthcare professionals to ever presume consent."

Working through the Bill, as my hon. Friend the Member for South Cambridgeshire (Mr. Lansley) and I have done these past few months, it has been clear that consent is central to the measure. Indeed, the Bill is all to do with consent, as was pointed out by the hon. Member for Wrexham (Ian Lucas). Consent is the common thread that runs through the Bill. Indeed, there is no point in it if we do not address consent and put it at the very heart of what we are debating. The events at the BRI and Alder Hey and the Isaacs inquiry all lead to the Bill, and they all address problems to do with consent, yet we are dealing with a group of new clauses and amendments that—with respect to the hon. Member for Oxford, West and Abingdon, whose intentions are entirely sound and accord with my own—would cut across the general direction of travel that relates to informed consent.

I shall now move on to deal with some of the specifics of my disquiet about the measure. The hon. Member for Oxford, West and Abingdon referred to a number of international comparators. My word, there are a lot of them and they bear close scrutiny, but they do not all point in one direction. We could perhaps consider Sweden, which has the sort of system that he recommends, yet its organ donor rate is no greater than our own. We could consider Brazil, which has a big population, and note that it went down the route of presumed consent, but that it rescinded that measure some time later after popular pressure. We could consider the marked regional variations that occur in countries with certain systems—our own and those that have an opt-out system. We must ask why that is, and I suspect that it is because of differing practices in those countries, thus suggesting that more needs to be done to consider why certain areas have a better harvest rate than others. Clearly, the differing rates are not to do with the overall system that applies in those countries.

The system of required request—a clumsy term, but nevertheless perhaps a useful procedure that applies in the United States—might deserve a look. It is defined thus:

"That it shall be illegal, as well as irresponsible and immoral to disconnect a ventilator from an individual who is declared dead following brain stem testing without first making proper enquiry as to the possibility of that individual's tissues and organs being used for the purposes of transplantation."

In other words, the onus is put on those involved to ask the question and establish whether a person is suitable to participate in transplantation.

My suspicion—it is more than a suspicion, as it comes from personal experience—is that, in the heat of the moment, the last thing that a busy practitioner wishes to be involved in is the difficulty of approaching bereaved relatives with such a difficult situation. We have discussed whether more or less distress may be caused to all involved by opting in or opting out, but at the end of the day such things are deeply distressing both for relatives and for practitioners. However, we must press the issue as far as it relates to those who are employed by the NHS. It may very well be that a required request formalises what I know is best practice throughout the NHS in considering whether individuals might be suitable for transplants.

I am also against the measure because the people who opt out will be a skewed population. We know that the articulate, the middle class and those from certain sectors of our society are keen on taking affirmative action of one sort or another. It is likely that those who perhaps do not find it easy to articulate a view or, indeed, whose lives are chaotic in a way that would make such issues a lower priority for them might be disadvantaged as a result. We should remember that silence may also indicate a lack of understanding, rather than agreement with a certain policy. That is important to bear in mind. We also need to bear in mind, of course, the fact that the UK transplant community is pretty well split on the issue.

Of course, we need to bear in mind the views of UK Transplant itself, which is not in favour of presumed consent and offers other mechanisms as a way to increase our harvest of organs. One can think of non-heart-beating donors or living donors. It may be worth while considering the electronic patient record in due course, as a way to increase our harvest of organs where appropriate. Although I applaud the intentions of the hon. Member for Oxford, West and Abingdon—of course, all hon. Members share them—I fear that he has

[Dr. Murrison]

failed to take account of the broad spectrum of organisations involved in such procedures in tabling his series of new clauses and amendments.

My hon. Friend the Member for Spelthorne (Mr. Wilshire) put a particularly telling argument. We all bring certain things to the House and our experiences are very important in what we bring to the House, and his experience is this respect is extremely important. This is an extremely subjective matter. Fortunately, most of us have not had first-hand experience of it.

It is important to bear in mind the fact that significant distress is very much a subjective matter. Indeed, it is culturally and ethnically informed in respect of the giver of the distress, the owner of that distress and the interpreter of that distress. The concept of significant distress would be extremely difficult in the context in which the hon. Member for Oxford, West and Abingdon suggested that it should be used.

In short, I cannot recommend the new clause to my colleagues, although it is for them to make up their minds, but I will leave them with the thought that presumed consent is no consent at all.

Ms Rosie Winterton: This has been a very thoughtful and considered debate, and hon. Members on both sides of the House agree that we must increase the number of organ donations made in this country. The debate has been about how we achieve that. The new clause and amendments proposed by the hon. Member for Oxford, West and Abingdon (Dr. Harris) would introduce a system of presumed consent. However, I have to tell right hon. and hon. Members that that would undermine the Bill's fundamental principles. We strongly believe that if we want people to donate organs, whether for research or for transplantation, we should ask them for their permission. As my right hon. Friend the Secretary of State has said, the state does not own our bodies and neither do researchers nor clinicians.

7 pm

Organ donation is a gift from an individual that helps to save the life of another individual. It is also a gift to society. We believe very strongly that we should not assume that someone wants to make that gift. The fundamental principle that runs through the Bill is that consent, and informed consent, lies at the heart of the decisions that individuals take. My hon. Friend the Member for Dartford (Dr. Stoate) has direct experience of this issue and, as he said, people come at it from different directions and with different principles to govern their decisions. As I say, we are talking about people making a gift to society, and we must make sure that we enable that gift to be made without presuming that everybody wants to make it.

As my hon. Friend the Member for Wrexham (Ian Lucas) pointed out, the background to the Bill is the tragedies that occurred at Alder Hey and Bristol. I know that no Member of the House could fail to be moved by the distress that was caused to families at that time. They suffered not only bereavement, but then discovered that organs from their children had been removed without their knowledge. The Alder Hey, Bristol and Isaacs inquiries showed that that had become widespread practice and related not just to children, but to adults as well. Proper consent had not been given.

That is why the Bill came into being. We cannot take one part away from it—the part relating to transplants—and say that we will apply a different set of principles to that. That would not only undermine the Bill's principles, but would run counter to everything that we have been told by parents, families and the public. That would undermine the undertakings that we gave as a result of those reports—that we would make sure that such situations never happened again.

In preparing the Bill we consulted extensively, but we found no evidence that the public would give overwhelming support to a system of presumed consent. Believe me, to get a system of presumed consent, it is necessary to obtain overwhelming public support. We found that the great majority of people do not feel that the state should determine what happens to their bodies after death. What we allow to be done to our bodies is a personal matter for individuals and for the people closest to them.

Alder Hey, Bristol and the Isaacs inquiry revealed a breakdown of trust between the medical profession, researchers and the public. We said that the Bill would rebuild that trust and would provide a secure system whereby what happened when consent was not sought could not happen again.

David Taylor: Will my hon. Friend explain in a little more detail how new clauses 1, 2 and 3 undermine the assurances rightly given to parents of children whose organs were retained at Alder Hey and elsewhere? The new legislation rightly deals with that problem, but children are not covered by the proposals on organ transplantation. Is that not an entirely separate issue?

Ms Winterton: As hon. Members pointed out earlier—in particular, the hon. Member for Spelthorne (Mr. Wilshire)—even if someone is over 18, there will still be situations in which a parent may have to make a decision about their child. It would take only one case in which somebody did not realise that, under this system, they actually had to opt out of giving consent to their organs being removed, for there to be the kind of public outcry that would completely undermine the work that we have tried to do in recent years to rebuild trust so that people feel confident about coming forward and donating their organs for transplantation or research. We cannot take one part out of the equation. Bereaved parents or people from different religions might suffer great distress and find it unacceptable if they had not realised what they had to do. It would be extremely difficult to devise a system in which one could be assured that everybody knew that they had to opt out if they did not want their organs to be removed. That is why we cannot support the new clauses.

Many hon. Members have cited evidence based on experience in other countries that has appeared in different journals in support of presumed consent. However, I challenge some of the assertions that have been made. For example, the increase in the number of organ donations in Belgium followed, it is true, the introduction of its first-ever transplant law. That made organ donation legal in statute. However, there is no

evidence that the law on presumed consent led to the increase. In the north of Belgium, where they have always operated a system of informed consent, the rates stayed the same.

In Austria, the passing of a presumed consent law failed to increase donation rates. The increase actually followed a change to the organ retrieval arrangements that were implemented three years later.

In Spain, the presumed consent law has never been used. The Spanish take pride in the fact that relatives are always asked, but they have a low refusal rate. Spain has the highest rate of organ donation in the world, and it is based not on presumed consent but on a model of organ donation devised by Dr. Rafael Matesanz, who said:

"Most of the Spanish people are in favour of organ donation but they want to be consulted."

The Expert Transplant Committee of the Council of Europe has made its advice clear in a document called "Meeting the Organ Shortage". It states that

"presumed consent laws, when fully accepted, seem to benefit donation but, in practice, are often not applied mainly because of reluctance within the medical and legal communities to enforce donation".

In fact, out of 29 European countries surveyed, 19 have presumed consent, but only seven use it.

My right hon. Friend the Member for Holborn and St. Pancras (Mr. Dobson) asked whether we could produce some of the arguments in a little more detail. I confirm that the chief medical officer still holds the opinion that he held when we published "Human Bodies, Human Choices", and I am happy to give the undertaking that we will publish some of the detailed research and the response to it.

I assure the House that we have used the evidence from the United Kingdom and countries such as Spain to develop our transplant framework "Saving Lives, Valuing Donors" that I launched in July last year. That strategy's aim is to maximise all forms of organ donation by involving the public, the wider NHS and the transplant services. We want 16 million people to be on the organ donor register by 2010, and we also want to increase the number of living organ donors and develop the use of non-heartbeating donors. We have already employed 35 donor liaison nurses to work with staff in critical care units to help to identify potential donors and ensure that relatives are approached by people with appropriate training and given proper support at a critical time.

Although I thank the right hon. Member for Bracknell (Mr. Mackay) for his initial kind comments, he accused me of being rather callous when I talked about approaching relatives. All the evidence from other countries shows that the important factor is the system in place to ensure that people are able to make the right approach to relatives at the relevant moment. The hon. Member for Spelthorne was as eloquent as ever when he illustrated how a different approach could be more callous. If an approach was made with the implication of saying, "We have the right to take these organs from your loved one; do you have any objections?", it would be more callous than the current approach. Many people who suffer bereavement are comforted by knowing that they will be able to help to save other people's lives. The situation that I outlined was not meant to be callous. The approach works effectively in other countries and is one of the reasons why organ donation rates are higher there.

Mr. Dalyell: No one imagines that my hon. Friend or anyone else who shares her opinion is callous. However, a problem has been raised several times during the debate: is it sensible and rational to put such an awful question at a time of maximum grief when relatives are least able to give the kind of decision that they might give 24 or 48 hours later? It is the point of maximum grief that is unsatisfactory.

Ms Winterton: Under the new clause, relatives would still have to be asked whether they objected.

Dr. Evan Harris: May I clarify the situation, even though I thought that I had done so earlier? If no opt-out were recorded, relatives would be asked whether they knew of an unregistered opt-out. If they did not, it would be explained that the intention would be to use the organs for transplantation. Relatives would have the opportunity to raise their objections, but they would not be sought specifically. If they raised objections and said that the procedure would cause them to suffer significant distress, doctors would have the right not to take the organs, as is the case under the current system. Relatives would be asked only the question of whether there was an unregistered opt-out, but they would receive information and have the opportunity to offer their views.

Ms Winterton: The hon. Gentleman's comments give rise to two points. We know that relatives are always asked at the moment whether anything in the potential donor's recent history would mean that a disease such as AIDS might be passed on to a recipient. He also knows that if relatives object at that time and do not want to co-operate because they are upset by the situation, the donation will not go ahead, even if the potential donor would have consented.

7.15 pm

I tell my hon. Friend the Member for Linlithgow (Mr. Dalyell) that in both situations, an approach would be made to relatives during which they would be asked a question. However, an approach made with the implication that relatives will be told, "We're going to take the organs anyway", would be more callous than the alternative approach. People exercise their judgment in such situations, which is why I question the point made by the hon. Member for Westbury (Dr. Murrison) about required request. We should leave things up to professionals in difficult circumstances rather than providing that requests must be made in every situation, because that requirement would put an enormous burden on staff and I am not sure that they would co-operate in difficult circumstances.

Dr. Murrison: May I correct the Minister's inference? The system of required request, or required referral, ensures that professionals ask the question in general circumstances, but allows them to decide whether it is appropriate to broach the matter with relatives in specific circumstances.

Ms Winterton: I accept that point, but people clearly need proper training before making such requests—we would certainly want to ensure that they were not made inappropriately.

In addition to the measures that I outlined earlier, we have employed 23 living donor co-ordinators to work with families considering live donation. We have funded 12 programmes to increase the number of organs donated by non-heartbeating donors. Several hon. Members have noted those important programmes because they enable people other than those dying in intensive care units to donate their organs. We have appointed additional transplant co-ordinators to ensure that there is a minimum of one co-ordinator per million people in all regions. We have backed up those programmes with some £7 million investment in the NHS through UK Transplant.

Several hon. Members asked about the results of our initiatives. Between 1 April 2003 and 31 March 2004, the UK saw the highest number of organ transplants ever recorded—2,863 were carried out. There was a 20 per cent. increase in non-heartbeating donation, and 860,000 people added their names to the NHS organ donor register, bringing the total number to more than 11 million. I join my hon. Friend the Member for Wolverhampton, South-West (Rob Marris) in thanking Rosemary and John Cox for everything that they have done to make that happen.

I assure hon. Members that we will continue to do everything that we can to get more people on to the NHS organ donor register. I recently held meetings with representatives from the National Union of Students because it is important for us to use every opportunity to get young people on the register. We have agreed a scheme to go around freshers' fairs in the autumn, and examined programmes through which people may tick a box to sign on to the register when they reapply for new driving licences. There are many schemes that we can consider and, as I am sure that every Member of the House of Commons will want to play their part in doing that, we are examining ways in which they may do so.

The statistics show that our strategy is beginning to work. We have seen a sustained increase in organ donation rates for the first time in seven years. As I said, Spain does not have a system of presumed consent, yet has one of the highest rates of organ donation. Following the kind of changes that we have made, it took Spain 10 years to reach its current level of organ donation. We hope to achieve such a level more quickly.

I reassure my hon. Friend the Member for Ealing, North (Mr. Pound) that we will look at issues such as health space—the electronic patient record, which the hon. Member for Westbury also mentioned. I assure my hon. Friend that there is nothing in our conclusion on presumed consent that is in any way connected to finance. That is not something we have considered at all. Our argument is about the principle of the Bill.

The Bill contains measures that will improve the current situation still further by clarifying two critical issues for transplantees. First, the uncertainties in the Human Tissue Act 1961 will be removed. The Bill makes it clear, not just to clinical teams but to families and those close to potential donors, who can consent and how. Secondly, the Bill makes it clear that preserving organ function after death is lawful. Again, there was uncertainty about that.

We have tabled some amendments on the issue of cold perfusion. I understand that the hon. Member for Oxford, West and Abingdon has withdrawn his amendments on that matter. After discussion in Committee, we reflected further on the issue. The amendments are intended to ensure that preservation does not fall foul of the consent requirements of the Bill, and therefore defeat the purpose for which clause 44 is drafted. The effect of Government amendment No. 66 is to ensure that, where a body is retained under the authority conferred by clause 44, the objective of the clause is not defeated by requirement for consent under clause 1.

The Government oppose new clause 5 tabled by the hon. Member for New Forest, West (Mr. Swayne) because we believe that the practice of elective ventilation remains ethically unacceptable and unlawful, and is in any case unnecessary nowadays. By putting a dying patient on a ventilator shortly before death, there is a risk of prolonging the dying process, and in a few cases of causing the patient to enter a persistent vegetative state. They could then remain in a coma for years. Obviously, such outcomes are not in the best interests of the patient, and in our view that is ethically unacceptable.

Mr. Pound: I was trying to find an appropriate pause when I could intervene. I apologise if this intervention is inconvenient or inappropriate. My hon. Friend has reassured me that finance is not an issue—that infrastructure costs are not the issue. Why, then, is this matter not subject to a free vote?

Ms Winterton: I had hoped that I had explained that the whole basis of the Bill is informed consent. As I have said, to remove one part of that—the bit referring to transplantation—would go against everything that we have said in response to the inquiries at Alder Hey and Bristol, and to the Isaacs report, and the undertakings that we have given to patients and families. That is why the Government feel that that is the principle of the Bill and that it should not be removed or undermined.

To return briefly to the issue of elective ventilation, there are also practical arguments that make any such procedure unnecessary. As we set out in "Saving Lives, Valuing Donors", the results of using organs from non-heartbeating donors are, for kidneys and probably livers, as good as those from heartbeating donors. So, I am afraid that the Government cannot accept the new clause.

Amendment No. 47 is in this group because it relates to transplantation. We became aware that the definition of transplantation in clause 55 does not include skin transplants, which are possible nowadays. So, a minor textual adjustment allows transplantation to include material applied to the body as well as material placed in the human body.

To sum up, the fundamental principle of the Human Tissue Bill is that it is for us as individuals to decide for what purposes our bodies and bodily material should be used. If we have not ourselves made our wishes clear, consent must be obtained from someone we have nominated or from those closest to us. Appropriate consent must be obtained to use human organs and tissues whether from the living or after death. I reiterate

that that has governed our approach to the Bill from the very beginning. We have given very clear commitments to patients, families and staff in the NHS that that was the principle to which we would stick. We have based our approach on the issue of presumed consent on evidence from other countries. As I hope I have been able to illustrate, it is not having the legal basis of presumed consent that makes the difference. It is the system of organ donation in practice that makes the difference. We are investing more than £7 million in a system to maximise organ donation, and we are seeing the results of that.

Following what happened at Bristol and Alder Hey, trust was undermined between patients and the public and the medical profession and researchers about the system of removing organs without consent. We cannot accept an amendment that would set us back years in terms of the trust that we have been able to build up. We believe that our approach is the right one for patients; that it is the right one for relatives; and that it is the one that the public endorse. I therefore urge my right hon. and hon. Friends to reject the new clause.

Dr. Evan Harris: This has been an excellent and good-natured debate. I do not think that anyone doubts the sincerity of the views held by Members on either side of the House on this issue, although I am sure there is much doubting of sincerity in other debates. We have benefited from being able to have an open debate on the subject.

I am a member of the BMA medical ethics committee and a co-chairman of the all-party kidney group, but my main interest in the issue comes from my years as a senior house officer in renal medicine and in acute medicine, where I saw organ donations from both sides. That is why I think something has to be done. I recognise that I come rather late to the debate, given that the hon. Member for Linlithgow (Mr. Dalyell), who spoke in this debate, introduced a private Member's Bill on the subject some years ago, as have the hon. Members for Nottingham, East (Mr. Heppell), who is now a Government Whip, for Broxtowe (Dr. Palmer), for West Bromwich, East (Mr. Watson), for Mitcham and Morden (Siobhain McDonagh) and the right hon. and learned Member for Rushcliffe (Mr. Clarke)—as well as my own Bill.

When the Bill introduced by the hon. Member for Broxtowe was pressed to a Division on First Reading, it was passed by 113 votes to 25, and 88 Labour Members voted in favour of presumed consent and only five against it. That perhaps explains why the Government have imposed a three-line Whip tonight. There will be a free vote for those on the Liberal Democrat Benches—and on the Conservative Benches—despite the fact that it is Liberal Democrat policy to support presumed consent. I know that some of my hon. Friends will not vote with me, and that is their right, because it is a matter of conscience.

Dr. John Reid: I have already explained to the hon. Gentleman why there is no free vote on this issue. It is nothing to do with those figures; it is to do with the simple fact that the conscience that has to be exercised as regards one's own body is one's own conscience, and it is not the role of this Parliament to remove from individuals the right to exercise their own choice. That is the sole reason why there is not a free vote. By allowing for a free vote, we would not be extending the power of people to exercise their conscience. We would be taking that power off them by assuming their consent.

Dr. Harris: On that basis, the right hon. Gentleman would not allow a free vote even on a private Member's Bill because he does not think that Parliament has any legislative role in this respect. Yet Parliament is indeed legislating today to remove autonomy from individuals and transfer it to their grieving relatives. That is what current legislation and the Bill do. Parliament is therefore entitled to express a view on the issue. It is sad that the Secretary of State will not trust Members of Parliament to represent the views of the country and will not allow a free vote. It may well be that we would not win the vote, but it should at least be free.

7.30 pm

The hon. Member for Westbury (Dr. Murrison) opposes presumed consent. He quoted anecdotes drawn from the experience of Sweden. Those anecdotes may well be correct; the problem is that there is anecdote to support both sides of the argument. That is why I urge hon. Members, when considering whether presumed consent with opt-out would work, to look to the published review literature in peer-reviewed scientific journals that attempts to adjust for local factors, such as the fact that countries have different rates of road traffic accidents. During the debate, no one has disputed the two reviews that I quoted that show that, on balance, this legislative proposal does have an impact.

The hon. Gentleman said that the transplant community is split. I hardly think that that is the case, given that the British Transplantation Society voted 80 per cent. to 20 per cent. in favour of a change in the law to presumed consent with opt-out, having previously taking a different view. That society represents doctors, nurses, technicians and transplant co-ordinators involved in the field. He argued that UK Transplant opposes presumed consent, but that is a Government body. I doubt that he has asked the individuals who work within UK Transplant for their individual views, as I have. If he did, I suspect that he would hear a different opinion.

Dr. Murrison: The hon. Gentleman disparages UK Transplant. He should know that it represents the views of a raft of bodies and individuals engaged in transplantation. He should be guided by such an august body.

Dr. Harris: UK Transplant's job is to implement Government policy, and I think that it does so rather well. The Government are making a big effort using the existing system. The fact that it does not work is not the fault of the Government or of UK Transplant.

The hon. Gentleman argued for required consent—that is, forcing doctors to raise the issue with relatives, based on the presumption that not doing so is why we are not getting the organ donations we need. However, the Government's own study, the potential donor audit carried out by UK Transplant, shows that in 255 of the 278 cases of people in intensive care units between April and June 2003 who were suitable for potential donation

[Dr. Harris]

the subject was considered, and in only 23 cases was it not. A record of conversations with the relatives appears in the case notes of 244 of those 255 cases; only in 11 cases is there no such record, although that is likely to be because relatives' views were already known. Even if it were appropriate—the Minister said it is not—the hon. Gentleman's would be a fruitless approach.

The Minister said that we should not presume that all wish to donate. That is not the effect of the new clause. The new clause provides for an opt-out of which those who do not wish to donate can avail themselves. The hon. Lady should not misrepresent the proposal.

The Minister's main argument was that the new clause represented a different approach from that taken in the rest of the Bill—that the common thread of the rest of the Bill is what she describes as informed consent. I hope that I accurately reflect her argument. However, I question whether the rest of the Bill is about informed consent in relation to transplantation so much as it is about relatives' consent, which is not the informed consent of the individual, but often a guess at what that individual would have wanted. In any case, the Bill does not always refer to informed consent: the Government have had to table an amendment to clause 44, which deals with cold perfusion, to make it clear that it does not follow the main thrust of the Bill, in that people are presumed to consent to cannulation of their renal artery for preservation of renal function while further inquiries are made. Presumed consent therefore already appears in the Bill. It is right to have it for the purpose of transplantation, and the Minister would be right to extend the principle.

The hon. Lady says that there is no evidence of overwhelming public support for presumed consent. That may be so, but neither is there evidence of lack of public support for it. As the right hon. Member for Holborn and St. Pancras (Mr. Dobson) suggested, there should be a consultation specifically on the issue. He suggested a Green Paper; I ask that the Government conduct some form of exercise to establish the level of public support. If there were no public support for the new clause, I would withdraw it. Opinion polls have shown that there is public support; the Minister has not shown that there is none. That is why I think we can go ahead.

We can debate what the Belgian and the Spanish experience show. The Minister is not convinced by the evidence, but I am glad that, today, she retreated from her original position, which was that there was no evidence to support the assertion that presumed consent may well work. We can and should have that debate. I hope that, at the very least, we shall have the chance to have it.

Rob Marris: The hon. Gentleman talks about having further debate. I invite him to withdraw the motion in view of the fact that this debate has lasted three hours and four minutes and, judging by the notes in his hand, is likely to take, at most, about five minutes more. Does he really think that such a major change in UK law is best achieved after less than three hours, 10 minutes of debate? I do not think that it is.

Dr. Harris: I draw the hon. Gentleman's attention—*[Interruption.]*

Madam Deputy Speaker (Sylvia Heal): Order. We are nearing the end of an important debate and the volume of conversation is too high.

Dr. Harris: I draw the hon. Gentleman's attention to the fact that there have been private Members' Bills on this subject. Another may well be needed. Furthermore, there is another House, which has not yet considered the matter—another House that contains a considerable amount of expertise. If the new clause is accepted, there will be further opportunities both in that House and when the Bill is sent back to this place to consider the matter further. The hon. Gentleman should therefore be reassured.

The Secretary of State made two interventions. We thank him for having come to the Chamber to participate in the debate—I think it was the hon. Member for Linlithgow who suggested that he did so. The right hon. Gentleman said that the decline under the present system might be due to what happened at Alder Hey. That is a common fear, but the figures that I handed to him in graphic form, to make it absolutely clear, suggest that the decline has been a steady one over 10 years. The present system is not working. The Minister of State might have been able to announce today that the figures for the last 12 months—not a calendar year—which were not on the UK Transplant website last week, show an improvement. I hope that that improvement can be sustained, but we have had false dawns before. The current system is not working. That is why the Coxes, who invented the organ donor register, and Elizabeth Ward, who invented the kidney donor card, all support the new clauses. They know that what it proposes would be more effective.

The Secretary of State's main point was that my proposal represented a nationalisation of organs. It does not. It would return to ourselves autonomy in determining what happens to our organs. Yes, the vast majority of people want to donate, but under my scheme, they would have the opportunity to opt out if they did not. Instead of allowing 50 per cent. of grieving relatives at the height of their grief to make a decision that many later regret and that goes against the wishes of the person whose organs they are, presumed consent with opt-out maximises the autonomy and the right of decision of the persons whose organs they are.

We need a fair test of the House. With a three-line Whip in operation on the Government Benches, I do not think that we will have a fair test. I hope that we will have an opportunity to test the views of the nation through some form of deliberation or consultation. The best we can do today is to divide the House and show that many hon. Members on both sides feel that we owe it to people on the transplant waiting list to do more for them, we owe it to relatives to reduce the stress that they

face when asked to make donation decisions, and we owe it to people whose organs they are to restore their autonomy.

Question put, That the clause be read a Second time:—

The House divided: Ayes 60, Noes 307.

Division No. 208] **[7.39 pm**

AYES

Bottomley, Peter *(Worthing W)*
Breed, Colin
Brooke, Mrs Annette L.
Burstow, Paul
Burt, Alistair
Chidgey, David
Clarke, rh Kenneth *(Rushcliffe)*
Cook, rh Robin *(Livingston)*
Corbyn, Jeremy
Cotter, Brian
Dalyell, Tam
Duncan Smith, rh Iain
Dunwoody, Mrs Gwyneth
Fabricant, Michael
Forth, rh Eric
Gale, Roger *(N Thanet)*
Gidley, Sandra
Gillan, Mrs Cheryl
Hancock, Mike
Harris, Dr. Evan *(Oxford W & Abingdon)*
Hogg, rh Douglas
Holmes, Paul
Hopkins, Kelvin
Hughes, Simon *(Southwark N)*
Jones, Lynne *(Selly Oak)*
Kirkwood, Sir Archy
Lamb, Norman
Luff, Peter *(M-Worcs)*
McDonnell, John
McWalter, Tony
Marsden, Paul *(Shrewsbury & Atcham)*
Marshall-Andrews, Robert
Mates, Michael
Moonie, Dr. Lewis
Page, Richard
Pike, Peter *(Burnley)*
Pound, Stephen
Rendel, David
Robertson, Hugh *(Faversham & M-Kent)*
Russell, Bob *(Colchester)*
Sanders, Adrian
Sedgemore, Brian
Shephard, rh Mrs Gillian
Short, rh Clare
Simpson, Keith *(M-Norfolk)*
Skinner, Dennis
Squire, Rachel
Stunell, Andrew
Swayne, Desmond
Taylor, David *(NW Leics)*
Taylor, Matthew *(Truro)*
Taylor, Dr. Richard *(Wyre F)*
Teather, Sarah
Thomas, Simon *(Ceredigion)*
Tyler, Paul *(N Cornwall)*
Wiggin, Bill
Williams, rh Alan *(Swansea W)*
Williams, Hywel *(Caernarfon)*
Williams, Roger *(Brecon)*
Wright, Tony *(Cannock)*

Tellers for the Ayes:
Mr. Andrew Mackay and John Barrett

NOES

Ainger, Nick
Ainsworth, Bob *(Cov'try NE)*
Alexander, Douglas
Allan, Richard
Allen, Graham
Anderson, rh Donald *(Swansea E)*
Anderson, Janet *(Rossendale & Darwen)*
Armstrong, rh Ms Hilary
Atherton, Ms Candy
Baird, Vera
Barnes, Harry
Battle, John
Beith, rh A. J.
Bennett, Andrew
Benton, Joe *(Bootle)*
Best, Harold
Blears, Ms Hazel
Blizzard, Bob
Boateng, rh Paul
Bradley, rh Keith *(Withington)*
Bradley, Peter *(The Wrekin)*
Bradshaw, Ben
Brady, Graham
Brennan, Kevin
Brown, rh Gordon *(Dunfermline E)*
Brown, Russell *(Dumfries)*
Browne, Desmond
Bryant, Chris
Buck, Ms Karen
Burnham, Andy
Burns, Simon
Byers, rh Stephen
Caborn, rh Richard
Cairns, David
Cameron, David
Campbell, rh Sir Menzies *(NE Fife)*
Campbell, Ronnie *(Blyth V)*
Caplin, Ivor
Casale, Roger
Caton, Martin
Cawsey, Ian *(Brigg)*
Challen, Colin
Chapman, Ben *(Wirral S)*
Chapman, Sir Sydney *(Chipping Barnet)*
Chope, Christopher
Clark, Paul *(Gillingham)*
Clarke, rh Tom *(Coatbridge & Chryston)*
Clarke, Tony *(Northampton S)*
Clifton-Brown, Geoffrey
Clwyd, Ann *(Cynon V)*
Coffey, Ms Ann
Cook, Frank *(Stockton N)*
Cooper, Yvette
Cormack, Sir Patrick
Corston, Jean
Cousins, Jim
Cran, James *(Beverley)*
Crausby, David
Cryer, Ann *(Keighley)*
Cummings, John
Cunningham, rh Dr. Jack *(Copeland)*
Cunningham, Jim *(Coventry S)*
Cunningham, Tony *(Workington)*
Darling, rh Alistair
David, Wayne
Davidson, Ian
Davies, rh Denzil *(Llanelli)*
Davies, Geraint *(Croydon C)*
Davis, rh David *(Haltemprice & Howden)*
Dean, Mrs Janet
Dhanda, Parmjit
Djanogly, Jonathan
Dobbin, Jim *(Heywood)*
Dobson, rh Frank
Donohoe, Brian H.
Dowd, Jim *(Lewisham W)*
Duncan, Peter *(Galloway)*
Eagle, Angela *(Wallasey)*
Eagle, Maria *(L'pool Garston)*
Edwards, Huw
Efford, Clive
Etherington, Bill
Farrelly, Paul
Field, rh Frank *(Birkenhead)*
Fisher, Mark
Fitzsimons, Mrs Lorna
Flint, Caroline
Foster, rh Derek
Foster, Michael Jabez *(Hastings & Rye)*
Francis, Dr. Hywel
Francois, Mark
Gerrard, Neil
Gibson, Dr. Ian
Gilroy, Linda
Green, Damian *(Ashford)*
Grieve, Dominic
Griffiths, Win *(Bridgend)*
Hain, rh Peter
Hall, Mike *(Weaver Vale)*
Hamilton, David *(Midlothian)*
Hanson, David
Harman, rh Ms Harriet
Harris, Tom *(Glasgow Cathcart)*
Havard, Dai *(Merthyr Tydfil & Rhymney)*
Hayes, John *(S Holland)*
Healey, John
Heath, David
Henderson, Doug *(Newcastle N)*
Hendrick, Mark
Hepburn, Stephen
Heppell, John
Hesford, Stephen
Hewitt, rh Ms Patricia
Heyes, David
Hill, Keith *(Streatham)*
Hinchliffe, David
Hodge, Margaret
Hood, Jimmy *(Clydesdale)*
Hope, Phil *(Corby)*
Howarth, rh Alan *(Newport E)*
Howarth, George *(Knowsley N & Sefton E)*
Howarth, Gerald *(Aldershot)*
Howells, Dr. Kim
Hughes, Beverley *(Stretford & Urmston)*
Hughes, Kevin *(Doncaster N)*
Humble, Mrs Joan
Hutton, rh John
Iddon, Dr. Brian
Illsley, Eric
Ingram, rh Adam
Irranca-Davies, Huw
Jackson, Glenda *(Hampstead & Highgate)*
Jackson, Helen *(Hillsborough)*
Jamieson, David
Jenkins, Brian
Johnson, Miss Melanie *(Welwyn Hatfield)*
Jones, Helen *(Warrington N)*
Jones, Jon Owen *(Cardiff C)*
Jones, Kevan *(N Durham)*
Jones, Martyn *(Clwyd S)*
Jowell, rh Tessa
Joyce, Eric *(Falkirk W)*
Kaufman, rh Sir Gerald
Keen, Alan *(Feltham)*
Keen, Ann *(Brentford)*
Kennedy, Jane *(Wavertree)*
Key, Robert *(Salisbury)*
Khabra, Piara S.
Kidney, David
Kilfoyle, Peter
King, Ms Oona *(Bethnal Green & Bow)*
Knight, rh Greg *(E Yorkshire)*
Knight, Jim *(S Dorset)*
Ladyman, Dr. Stephen
Lammy, David
Lansley, Andrew
Lawrence, Mrs Jackie
Laws, David *(Yeovil)*
Lazarowicz, Mark
Leigh, Edward
Lepper, David
Letwin, rh Oliver
Levitt, Tom *(High Peak)*
Lewis, Ivan *(Bury S)*
Lewis, Dr. Julian *(New Forest E)*
Liddell-Grainger, Ian
Linton, Martin
Lloyd, Tony *(Manchester C)*
Llwyd, Elfyn
Love, Andrew
Lucas, Ian *(Wrexham)*
McAvoy, Thomas
MacDonald, Calum
MacDougall, John
McGuire, Mrs Anne
McIsaac, Shona
McKenna, Rosemary
Mackinlay, Andrew
McLoughlin, Patrick
McNulty, Tony
MacShane, Denis
Mactaggart, Fiona
McWilliam, John
Mahmood, Khalid
Mahon, Mrs Alice
Maples, John
Marris, Rob *(Wolverh'ton SW)*
Marsden, Gordon *(Blackpool S)*
Marshall, David *(Glasgow Shettleston)*
Mawhinney, rh Sir Brian
Meale, Alan *(Mansfield)*
Merron, Gillian
Milburn, rh Alan
Miliband, David
Miller, Andrew
Mitchell, Austin *(Gt Grimsby)*
Moffatt, Laura

Mole, Chris
Moore, Michael
Moran, Margaret
Morgan, Julie
Moss, Malcolm
Mountford, Kali
Mudie, George
Munn, Ms Meg
Murphy, Denis *(Wansbeck)*
Murphy, Jim *(Eastwood)*
Murrison, Dr. Andrew
Naysmith, Dr. Doug
Oaten, Mark *(Winchester)*
O'Brien, Bill *(Normanton)*
O'Brien, Mike *(N Warks)*
O'Brien, Stephen *(Eddisbury)*
O'Hara, Edward
Olner, Bill
Opik, Lembit
Organ, Diana
Osborne, Sandra *(Ayr)*
Paice, James
Picking, Anne
Pickthall, Colin
Plaskitt, James
Pollard, Kerry
Pond, Chris *(Gravesham)*
Pope, Greg *(Hyndburn)*
Prentice, Gordon *(Pendle)*
Prescott, rh John
Primarolo, rh Dawn
Prosser, Gwyn
Purchase, Ken
Purnell, James
Quin, rh Joyce
Randall, John
Rapson, Syd *(Portsmouth N)*
Redwood, rh John
Reid, rh Dr. John *(Hamilton N & Bellshill)*
Robathan, Andrew
Robertson, John *(Glasgow Anniesland)*
Robertson, Laurence *(Tewk'b'ry)*
Robinson, Geoffrey *(Coventry NW)*
Roche, Mrs Barbara
Rooney, Terry
Roy, Frank *(Motherwell)*
Ruane, Chris
Ruffley, David
Russell, Ms Christine *(City of Chester)*
Ryan, Joan *(Enfield N)*
Sarwar, Mohammad
Savidge, Malcolm
Shaw, Jonathan
Sheridan, Jim
Singh, Marsha
Smith, rh Andrew *(Oxford E)*
Smith, Llew *(Blaenau Gwent)*
Smyth, Rev. Martin *(Belfast S)*
Soley, Clive
Southworth, Helen
Spicer, Sir Michael
Spink, Bob *(Castle Point)*
Starkey, Dr. Phyllis
Steinberg, Gerry
Stevenson, George
Stewart, David *(Inverness E & Lochaber)*
Stewart, Ian *(Eccles)*
Stinchcombe, Paul
Stoate, Dr. Howard
Stringer, Graham
Stuart, Ms Gisela
Swire, Hugo *(E Devon)*
Syms, Robert
Tami, Mark *(Alyn)*
Taylor, Dan *(Stockton S)*
Taylor, Sir Teddy
Thomas, Gareth *(Clwyd W)*
Timms, Stephen
Touhig, Don *(Islwyn)*
Truswell, Paul
Turner, Andrew *(Isle of Wight)*
Turner, Dennis *(Wolverh'ton SE)*
Turner, Dr. Desmond *(Brighton Kemptown)*
Turner, Neil *(Wigan)*
Twigg, Derek *(Halton)*
Twigg, Stephen *(Enfield)*
Tynan, Bill *(Hamilton S)*
Tyrie, Andrew
Vaz, Keith *(Leicester E)*
Vis, Dr. Rudi
Walley, Ms Joan
Ward, Claire
Watts, David
Webb, Steve *(Northavon)*
White, Brian
Whitehead, Dr. Alan
Wicks, Malcolm
Widdecombe, rh Miss Ann
Williams, Betty *(Conwy)*
Wilshire, David
Winterton, Ann *(Congleton)*
Winterton, Sir Nicholas *(Macclesfield)*
Winterton, Ms Rosie *(Doncaster C)*
Wood, Mike *(Batley)*
Woolas, Phil
Worthington, Tony
Wright, Anthony D. *(Gt Yarmouth)*
Wright, David *(Telford)*
Wyatt, Derek
Young, rh Sir George

Tellers for the Noes:
Vernon Coaker and Charlotte Atkins

Question accordingly negatived.

Clause 1

AUTHORISATION OF ACTIVITIES FOR SCHEDULED PURPOSES

Ms Rosie Winterton: I beg to move amendment No. 108, in page 2, line 32, at end insert—

'(6A) Subsection (1)(d) does not apply to the storage of relevant material for use for the purpose of research in connection with disorders, or the functioning, of the human body if—

(a) the material has come from the body of a living person, and

(b) the research falls within subsection (6C).

(6B) Subsection (1)(f) does not apply to the use of relevant material for the purpose of research in connection with disorders, or the functioning, of the human body if—

(a) the material has come from the body of a living person, and

(b) the research falls within subsection (6C).

(6C) Research falls within this subsection if—

(a) it is ethically approved in accordance with regulations made by the Secretary of State, and

(b) it is to be, or is, carried out in circumstances such that the person carrying it out is not in possession, and not likely to come into possession, of information from which the person from whose body the material has come can be identified.'.

Madam Deputy Speaker: With this it will be convenient to discuss the following:

Government amendments Nos. 109, 67, 19, 20, 110 to 112, 21.

Amendment No. 17, in page 36, line 8 [schedule 1], after 'training', insert

'to which paragraph 13 does not apply'.

Amendment No. 15, in page 36, line 20, after 'Research', insert

'to which paragraph 13 does not apply'.

Government amendments Nos. 22, 23, 68.

Amendment No. 18, in page 36, line 28, at end insert—

'13 Education, training or research with local research ethical committee approval, carried out using relevant material not otherwise needed after completion of treatment or investigation for which the patient's consent was obtained in writing or by tacit consent for the removal of the sample of relevant material.'.

Government amendments Nos. 69, 24, 70, 113.

Ms Winterton: These three sets of amendments are grouped together because they deal with the use of so-called residual or remnant tissue—that is, tissue removed lawfully from living patients in the course of diagnosis or surgical intervention.

I shall speak first to Government amendments Nos. 108 to 113, which deal with research use of residual tissue. We discussed the matter extensively in Committee. Following the Committee stage, the Government received many direct representations from academic researchers. Hon. Members may also have noticed that there was a campaign in the news media by the same stakeholders. The research community said that obtaining consent to use tissue removed for medical treatment and diagnosis from living patients—so-called residual or remnant tissue—would be so onerous and costly that it would stifle research. I met a number of the stakeholders from the research and academic communities and have considered various options for dealing with the matter.

The Government are clear that they do not wish to impose excessive burdens on those who process the many diagnostic and clinical samples of blood, urine

and tissue taken in the NHS. Obtaining consent in relation to all such samples to make them available for research would be a disproportionate burden. However, there is a need to maintain scrutiny and control over the research use to which such samples are put. We therefore propose to amend the Bill to allow research using material from living patients to go ahead without consent, but with safeguards.

The first safeguard will be that the research must be ethically approved in accordance with regulations made by the Secretary of State, which we expect will provide for approval by a research ethics committee. The second safeguard is that the researcher must not possess information as to the identity of the person from whom the tissue came; in other words, the research must be anonymised. We believe that these safeguards will maintain the essential principles of the Bill and provide appropriate controls, while allowing medical researchers the access to human tissue that they need.

Dr. Evan Harris: I have raised this issue with the Minister before: does she propose that the anonymisation should be irreversible—in other words, that someone could never find out who the tissue belonged to—or does she propose that a third party, but not the researcher, could if necessary find out where the sample came from? In what circumstances does she believe that the anonymity could be broken, if it could be?

Ms Winterton: Anonymisation does not mean that the patient and the tissue would be permanently unlinked. Further information could be sought from the records, but the researcher should not get identifying information, and the ethics committees would be able to consider what arrangements were appropriate in each case.

Dr. Harris: I understand that point and I am satisfied about it. Further information could be obtained, but not identifying information. But what about the circumstance in which something that might be of interest to the person concerned or to their benefit is found in the research, or perhaps something is found that is prognostically significant but to their disbenefit? Would that information be able to flow back, and if so, is that true anonymisation? Should there be consent for that? Some people may not want to know, and if they are never asked for consent to the use of their anonymised tissue, they may be burdened with information that they never wanted to have.

Ms Winterton: That is an issue that I would expect the research ethics committee to consider before any research started. It is likely that the research ethics committee would say that in order to be able to use any information that came from the research, consent would have to be sought from the individual. Research ethics committees would have to consider the matter when granting permission for research in the first place.

I shall now move on to the set of amendments dealing with the use of residual tissue for medical education and training. In Committee the Government were made aware of similar concerns about the provisions on consent to the use of residual human tissue for education and training. The Bill as drafted provides that the use of tissue from living patients for on-the-job training in pathology laboratories, for example, should not require consent, as it is considered part and parcel of the diagnostic and care process. However, use of tissue from living patients for education in more formal settings does require consent.

In Committee hon. Members raised the issue of the practical difficulty for teachers of distinguishing between those two types of education and training. That led us to reconsider the issue. In the second set of amendments we now propose to allow all education and training using tissue from living patients that relates to human health and to disorders and functioning of the human body to be carried out without consent. That means that references to education and training would be moved from part 1 to part 2 of schedule 1. Consequential amendments relate to clause 8 and schedule 5.

Use of residual human tissue for education and training in research techniques, which is a more easily distinguished topic, will remain subject to consent. Members of the academic, teaching and research communities have indicated that they are satisfied that this approach will allow them access to the tissue that they need for research and education.

Dr. Harris: Perhaps I have not understood the architecture of the Bill, as amended. If the education and training in research techniques were done on anonymised tissue, subject to the approval of a research ethics committee, would it be exempt from the requirement for consent, as the research is, or does the wording mean that while doing the research on anonymised tissue, one could not teach post-doctoral or postgraduate students how to do that research, because that would constitute a part 1, schedule 1 purpose?

8 pm

Ms Winterton: Yes, that is the case. There is a clear distinction for education and training on research techniques. They will remain subject to consent, because of the results that may come from them. Members of the academic, teaching and research communities have indicated that they are satisfied that that approach will meet their requirements.

Dr. Harris: The Medical Research Council is still concerned about this matter. The Minister has created three categories: education and training, which do not need consent; research, which does not need consent if the information is anonymised and there is research ethics committee approval; and education and training in research techniques, which always need consent. If research is being conducted on anonymised samples with research ethics committee approval, it should still be possible to carry out education and training on the research techniques involved as long as anonymity remains in place.

Ms Winterton: The carrying out of the research under the Bill as amended is subject to ethics committee

[Ms Winterton]

scrutiny where consent is not in place. Using tissue to train people in a research technique, such as the use of particular equipment, is a different matter, and it is not central to providing services. Training researchers while carrying out approved research would be allowed. The authority will elaborate on that point in guidance, but there is a difference between carrying out research that has not been approved by a research ethics committee and training researchers during research that has been approved by such a committee.

The last set of Government amendments in the group consists of amendments Nos. 67 to 70, which deal with the use of residual tissue in relation to testing in-vitro diagnostic medical devices or test kits. The amendment to clause 1 is a technical amendment removing a potential regulatory overlap. Manufacturers of in-vitro diagnostic test kits such as those for pregnancy or HIV use human tissue in order to comply with their duties to evaluate their products before placing them on the market and before batch release. That is regulated by the EC directive on in-vitro diagnostic medical devices, which is implemented in the UK by the Medical Devices Regulations 2002. The directive has its own requirements concerning consent to such use. To be certain that we do not interfere with that established regulatory regime, we propose to amend the Bill to make it explicit that storage and use of tissue for IVD testing covered by the directive are excluded from the scope of the consent provisions.

Mr. Lansley: The amendments that are designed to achieve that aim insert the words "performance assessment" as one of the purposes in part 2 of schedule 1, and there are consequential changes in schedule 5, but I am not entirely sure that I understand by what mechanism that phrase is defined in a way that limits its application to the directive. Is the Minister confident that performance assessment would not be given a wider construction than simply in-vitro diagnostic equipment?

Ms Winterton: I am quite confident that it would not be.

Subject to the specific exclusion to which I have referred, schedules 1 and 5 are amended to clarify that use of human material in IVD kit testing is otherwise within the purposes regulated by the Bill. As I said, that is achieved by adding performance assessment to the purposes listed in part 2 of schedule 1. That will ensure that storage and use for testing done pursuant to the directive is covered by the regulatory regime in part 2 of the Bill. It will also ensure that other IVD kit testing using tissue from living patients may be carried on without consent for that purpose. That will make it clear, for example, that surplus diagnostic tissue can continue to be used to calibrate and assess the comparative performance of medical devices without specific consent. The Medicines and Healthcare Products Regulatory Agency also routinely undertakes or commissions such performance assessment of devices for NHS use.

We regard that activity as a necessary adjunct to the provision of care and diagnostic services in much the same way as clinical audit and quality assurance. However, the purpose of quality assurance, which is already included in part 2 of schedule 1, was not considered certain to encompass the activities undertaken in testing the devices, so to clarify the position, we are taking the opportunity to add a new purpose to cover the point.

I commend to the House the sensible amendments that I have outlined, which are intended to remove uncertainties and ensure that the points made in Committee are reflected in the Bill.

Mr. Lansley: I think that I had some part in speaking to amendments whose purpose was to raise exactly the points to which the Minister has now responded. I am not sure that I did so exclusively, as other Committee members advanced much the same arguments.

To that extent, I welcome the Government amendments. I do not want to explore them in too much detail, but I want to be clear that there are one or two consequential issues. I mentioned one in an intervention, as I was not entirely sure about it. The Minister's subsequent remarks made it clear that the extent of the medical devices regulations is probably sufficiently wide for us not to have to worry about the point that I raised, but I am not quite sure that performance assessment has been properly or fully defined. Perhaps we could check up on that point at a later stage.

The substantive purposes of the amendments are significant. Let us cast our minds back to when the Bill was being constructed. It was constructed around a range of unhappy and tragic circumstances, but those circumstances often related principally to organs and tissues from people who had died. To that extent, although we had regard to the principle of informed consent throughout our consideration of the Bill, we were conscious that in remedying the many mischiefs that had been exposed after the events at Alder Hey and the Bristol royal infirmary, as well as in other places across the country, we wanted not to damage research and the functioning of the NHS.

It was striking that the research community, pathologists and those representing the families who had lost loved ones and been affected by unauthorised organ and tissue retention tended to take the view that the Bill had gone too far. I am grateful that the Minister has recognised that the Bill has gone too far, but it is important that, as we carefully draw that line again, we do not run the risk of trespassing on the sense that families and patients need to have—the sense that what is done will be done with their consent or will have proper safeguards built around it if it does not require such consent. We need to achieve that in precisely the way that the Minister described.

One of the most important distinctions is built in by Government amendments Nos. 21, 22 and 23, whose purpose is to remove from part 1 of schedule 1, which deals with purposes normally requiring consent, the structure of education and training, as set out in paragraph 3, and to divide it into two parts. There will

now be education and training that relate to human health, which goes beyond the previous reference to

"incidental to medical diagnosis or treatment",

which is distinguished from education and training relating to longer-term research.

The 5.5 million cervical smears were used in Committee as an example to illustrate what is meant by "relating to human health". As I understand it, it is impossible to determine which smears are relevant for the purposes of education and training until beyond the point at which it would be incidental to medical diagnosis or treatment to identify them. Under the Bill as drafted, in order to use smears for education and training, which is vital in establishing what biomedical scientists are looking for, one would automatically have to return to a subset of those 5.5 million women to obtain their specific consent, and, sensibly, no one in Committee regarded that as the right path down which to go. In that example, the need to make the provision wider than

"incidental to medical diagnosis or treatment"

is clear.

Difficulties will inevitably arise in distinguishing between research and education and training, but, if I understand how things work in the NHS, a clear distinction exists on whether one is engaged in education and training or whether one is engaged in research. By definition, if one is engaged in research, one has secured ethical approval for it, and the requirement for consent should flow from that approval, even in relation to education and training.

Unless my hon. Friend the Member for Westbury (Dr. Murrison) pulls me back, we are happy with the changes to schedule 1. We must be careful on schedule 1, because it lies at the heart of the Bill, and if we were to include a provision that goes a step too far, we would undermine the Bill's whole purpose.

Government amendment No. 108 and its related consequential amendments disapply the requirement for appropriate consent for particular purposes, before those purposes become lawful. If ethically approved research is undertaken in accordance with regulations and is carried out in a way in which information is effectively anonymised, Government amendment No. 108 ensures that such research does not require appropriate consent to become lawful. It is important to make it clear that the provision relates to material taken from a living person's body.

Those representing families affected by those issues have made it clear in conversation that they are prepared for such a change, because the legislation's structure clearly distinguishes between organs and tissues taken from living persons, where, as amendment No. 18 tabled by the hon. Member for Wyre Forest (Dr. Taylor) puts it, "tacit consent" has been given for the donation of tissue. Those families take the view that it is reasonable to go down that path. As in the case of the changes to schedule 1, the boundary between education and training for human health and education and training for research is important.

8.15 pm

We must understand what "anonymised" means in those circumstances, and the hon. Member for Oxford, West and Abingdon (Dr. Harris) asked some typically penetrating questions, which are beyond my ken, on that matter. I discussed that issue with staff at the Sir Magdi Yacoub centre at Harefield hospital, who explained that they separate data concerned with research projects conducted by Imperial college from data concerned with the clinical care of the patients from whom the tissues were derived. The dividing line is between data that links tissues to individuals and data that is part of the clinical record.

The answer to the question asked by the hon. Member for Oxford, West and Abingdon is that it is possible for the research team to ask the clinical team questions, and for the clinical team to provide answers. It is possible to ask such questions, but the answers should not allow the research team to identify the patients concerned. The robustness of the approval and the separation of clinical databases and research databases are important in that context.

I did not make any of those points in order to object to the amendments, which remedy what the medical research community feared would be serious adverse consequences arising from the Bill, and I hope that the House accepts them.

Dr. Evan Harris: I concur with much of what has been said. I shall raise three issues with Minister, two of which I have already raised in interventions in order to give her prior notice.

My first point, which the hon. Member for South Cambridgeshire (Mr. Lansley) also raised, concerns the flow of further information, where research is conducted on anonymised samples under ethics committee approval. The Minister explained, quite reasonably, that researchers could ask for further clinical data if it helps their research, and, again, that could be subject to research ethics committee oversight. I served on an ethics committee for a number of years, and we used to consider such requests regularly.

My question concerns research that could impact on a patient, who might have an interest in either knowing or not knowing about it. It is probably best to use an example: let us say that many appendixes are used anonymously for research, and a new technique is developed to enable one to see whether Creutzfeldt-Jakob disease infection is present in those tissues. Some patients might want to know if a bit of their tissue, albeit one researched on anonymously without their consent, contains CJD, if that data were useful to them in prognostic terms, especially if a treatment were available to prevent the onset of symptoms.

Although that example is hypothetical, the ethics committee on which I served considered many similar cases. Alternatively, a patient might not want to know that they had such a condition, because, for example, no treatment were available or because the treatment would not enable them to obtain life insurance. Will that be possible, subject to ethics committee approval, or does the Minister expect those insights to be

[Dr. Evan Harris]

understandable at the outset, in which case the ethics committee would not have allowed the provision of anonymous research samples?

Ms Winterton *indicated assent.*

Dr. Harris: What will happen when such insights come as a surprise and are not forecast? Such occasions will not be rare, because we expect science to move on. Collections of remnant tissue may well become useful in research and new techniques, which is why so much fuss is made about them. I want the Minister to guide me on whether we should be careful about allowing research to be done on anonymised tissues, in order not to get into that situation in the first place. What would we do if 1,500 appendixes were needed quickly to test a CJD detection technique? Those questions are not straightforward, but if we are creating a new legislative framework, we must consider them before the Bill leaves both Houses. Even if the Minister cannot give a definitive answer now, I hope that that point will be considered at a later date.

My second point concerns education and training in research techniques. The Minister suggested that the situation will lie in the extremes: either such education and training will not require consent, irrespective of whether it is beyond the treatment and diagnostic phase—that is the position that we discussed in Committee and from which the Government have retreated—or it can be done only with consent and therefore cannot involve anonymised samples. In fact, a great deal of education and training takes place on the correct preparation of slides and their presentation in respect of cervical smears, on blood testing and on the fixing and analysis of surgical remnant samples of the kind that are likely to be anonymised and therefore not to require consent. I hope that the Minister is not saying that it will not be possible to teach people how to prepare slides and to teach cytology techniques on those sorts of sample, which are the majority. That would mean having to try to identify a sub-group in the community from whom to get consent—from patients who probably do not want to be reminded that they had a blood test or smear. I would be grateful for the Minister's clarification on that, because it is possible that an error is being made.

I raised my third point in a meeting with the Minister in which she explained how she thinks that the regulations will work in relation to not requiring consent for anonymised samples. She said that samples that are anonymised and have ethics committee approval will not require consent. However, I got the impression from earlier conversations that there will still be a question on a consent form for an operation which would be, "Are you happy for your tissue to be used on an anonymised basis?" I question whether that is sensible, because even if the answer was no it would not be unlawful for that tissue to be used. When one gets 60 surgical samples back, and the piece of paper does not go with 10 of them—say, elective tumour resections—an error could be made. However, it would not be an error in law because there is no bar on using anonymised samples for a study that has ethics committee approval. That is misleading to patients and creates an extra burden of bureaucracy in elective cases. In the case of a big lump of tissue such as a heart, which perhaps should not be used for research, even anonymised, because the person undergoing the heart transplant operation might not expect it, the ethics committee would prevent it. We should leave it to the committee to do that instead of requiring the insertion of a question about anonymised tissue on consent forms. The quality of the consent is the same when it is implied by holding one's arm out as it is when one ticks a box for a straightforward operation. The same information should be required; the fact that one consent is in writing does not mean that it is any more of a consent than the other. Does the Minister still think that there will be the extra complication that she envisaged?

Other than that, I welcome the fact that the Government have made changes to this part of the Bill. Some of the amendments are similar to those that the hon. Members for Wyre Forest (Dr. Taylor) and for South Cambridgeshire and I tabled in Committee. At that time, they received rather less than long shrift, and I am glad that the Minister has thought again.

Dr. Richard Taylor: I wish to speak to amendments Nos. 15, 17 and 18, which stand in my name. I tabled them at the beginning of May in the hope of reminding the Minister of the points that she said she would reconsider in Standing Committee. That approach seems to have borne fruit.

I recently received a letter from the chairman of the British Society for Clinical Cytology which emphasised the crucial nature of these amendments. She said:

"During the last few months I have attended two international conferences in South America—at the first one I was too embarrassed to mention the"

Human Tissue Bill,

"but at the second its possible implications were well known around the world. It is quite clear that the latest Department of Health guidelines, without the backing of law, have already put the UK way behind in research and development. Lets hope to goodness that the amended law will allow some ground to be made up."

That is typical of the concern with which people regarded the unamended Bill. I therefore congratulate the Government on their amendments, which will correct the situation and add the protection of anonymity.

I remain puzzled as to what caused that seismic change in Government thinking. In Committee, hon. Members argued long and hard for such changes to the Bill because we had all received letters from pathologists of different sub-specialties and from their professional organisations. The hon. Member for South Cambridgeshire (Mr. Lansley) hit the nail on the head when he said that a Standing Committee is not the best forum to obtain consensus. I realised that when I served on one for the first time and found that there was always a Government Whip there to make absolutely sure that nothing went through against the Government's wishes.

I hope that you will allow me to digress for two minutes, Mr. Deputy Speaker. During our proceedings on the Asylum and Immigration Bill, the hon. Member for Cannock Chase (Tony Wright) said:

"As I see it, there is no way that legislation this fundamental will be accepted by the other place, so the Bill will presumably return to this House in a form that the Government think that they can get through, which will involve its amendment."—[*Official Report*, 1 March 2004; Vol. 418, c. 674.]

In an Opposition Day debate that the Liberal Democrats introduced on young people and democracy, we considered things that put people off politics. I referred to the practice of sending an unamended measure to the House of Lords so that there would be room for amendment when it came back, and I likened the Government to a second-hand car salesman.

I wonder whether such comments made the Government change their mind. Whatever has led to that, I am delighted. I hope that Standing Committees may become better forums for changing views, even when they contradict that of the Government. I am convinced that the Government's amendments do all that is necessary, and I shall therefore not press the amendments that I tabled.

8.30 pm

Ms Rosie Winterton: I thank the hon. Member for Wyre Forest (Dr. Taylor) for not pressing his amendment. I am delighted that he is delighted about what happened in Committee.

The hon. Member for Oxford, West and Abingdon (Dr. Harris) asked about consent forms when tissue is intended for research purposes. The Human Tissue Authority will consider that in guidance but I hope that, if an individual says that they do not want their residual tissue to be used for research, it will not happen. I acknowledge that discussions must take place about the way in which that will work. However, I hope that respect will be shown.

The hon. Gentleman also asked about training in research procedures. I believe that I answered that question previously, but I emphasise that training in diagnostic and care procedures and in medical education must be regarded as part of the package of providing diagnostic and care services. We recognise that training is essential for protecting future services. However, we also acknowledge that research is different from care and we therefore have different specific consent requirements for research.

Training in research techniques should be aligned with the research provisions. Clearly, when a trainee is observing a research procedure, there is no difficulty. If a postgraduate student has a research proposal that a research ethics committee approves, the learning would be part of the research, which would proceed in the usual way. However, it is different if tissue samples—and we could be considering sizeable lumps—are to be used solely to teach someone how to use a piece of equipment. In that case, consent would be needed.

In the case of unexpected information being found during research, I hope that the research ethics committees would generally be able to tell whether such information would be discovered and rule accordingly. By and large, they would ask for consent if they believed that such information was likely to emerge. However, we need to leave such matters to the Human Tissue Authority and the management of the research ethics committees so that they can introduce some flexibility within the general parameters.

Amendment agreed to.

Amendments made: No. 109, in page 2, line 38, after '(4)', insert ', (6A) or (6B)'.

No. 67, in page 2, line 42, at end insert—

'( ) Nothing in this section applies to—

(a) the use of relevant material in connection with a device to which Directive 98/79/EC of the European Parliament and of the Council on in vitro diagnostic medical devices applies, where the use falls within the Directive, or

(b) the storage of relevant material for use falling within paragraph (a).'.—*[Derek Twigg.]*

Clause 2

"APPROPRIATE CONSENT": CHILDREN

Amendments made: No. 48, in page 3, line 16, leave out from 'activity' to end of line 17 and insert

'is one to which subsection (4A) applies,'.

No. 49, in page 3, line 18, at end insert—

'(4A) This subsection applies to an activity involving storage for use, or use, for the purpose of—

(a) public display, or

(b) where the subject-matter of the activity is not excepted material, anatomical examination.'.

No. 50, in page 3, line 24, leave out from 'activity' to end of line 25 and insert

'is not one to which subsection (4A) applies,'.—*[Derek Twigg.]*

Clause 3

"APPROPRIATE CONSENT": ADULTS

Amendments made: No. 51, in page 3, line 41, leave out from 'activity' to end of line 42 and insert

'is one to which subsection (3A) applies,'.

No. 52, in page 3, line 43, at end insert—

'(3A) This subsection applies to an activity involving storage for use, or use, for the purpose of—

(a) public display, or

(b) where the subject-matter of the activity is not excepted material, anatomical examination.'.

No. 53, in page 4, line 10, leave out from 'activity' to end of line 11 and insert

'is not one to which subsection (3A) applies,'.—*[Derek Twigg.]*

Clause 5

PROHIBITION OF ACTIVITIES WITHOUT CONSENT ETC.

Ms Rosie Winterton: I beg to move amendment No. 29, in page 5, line 22, at end insert—

'(1A) A person commits an offence if—

(a) he falsely represents to a person whom he knows or believes is going to, or may, do an activity to which subsection (1), (2) or (3) of section 1 applies—

(i) that there is appropriate co sent to the doing of the activity, or

(ii) that the activity is not one to which the subsection applies, and

[Ms Rosie Winterton]

(b) he knows that the representation is false or does not believe it to be true.'.

Mr. Deputy Speaker (Sir Michael Lord): With this, it will be convenient to discuss Government amendment No. 30.

Ms Winterton: On Second Reading and in Committee, several hon. Members argued that the Bill as drafted fails to deal with a position whereby a person knowingly and deliberately deceives a colleague into believing that consent has been given for the use of tissue or organs for research. That is because the criminal offences in the Bill are directed only at the person who stores and uses the material without consent. I gave an undertaking that we would reconsider that issue, which has been of concern to pathologists. They consider it unreasonable that they will be in the frame for the criminal penalties that relate to consent when they may be acting in good faith, whereas a clinician who knowingly misleads them by saying that consent has been granted when it has not, will not commit an offence under the Bill.

Similarly, a coroner—or a coroner's officer or technician—who claims that consent was not necessary because there was authority from a coroner to perform the activity in question would also be outside the scope of the offences. In a case in which a clinician, technician or coroner deliberately and falsely said that appropriate consent or a coroner's authority was in place, and another person stored or used the tissue believing this to be true, this latter person might be able to use the reasonable belief defence against any charge. But in that case, nobody would be liable under the Bill, which we recognise would defeat the purpose of regulation.

After consideration, we propose that an amendment be made to extend the criminal offence, which currently applies to people who carry out an activity without appropriate consent, so that it also applies to people falsely claiming that the necessary consent has been given or is not needed. Amendment No. 29 sets out the new offence. Amendment No. 30 is consequential on this, removing use of existing holdings of human tissue from the scope of the offence, in keeping with our general approach to existing holdings of issue.

We hope that these offences will merely be a backstop to be put in place to demonstrate the seriousness with which we view the issue of consent. We believe that general standards of good practice will be more than sufficient to ensure that there should be no need to invoke the offences.

Dr. Murrison: I am grateful to the Minister, and her last comment that she hopes that the offences will be hypothetical was important, because I seriously believe that no charges under this provision will ever be brought. Indeed, members of the research community feel slightly threatened by the possibility of being criminalised in this way, and they need reassurance. It is also important, hypothetically, that those who seek redress should have access to the individual who is to blame. It would be wrong to make a law under which a complainant did not have someone to put the finger on, but this provision makes that possible. The Bill previously failed to do so, because there would have been a defence if a researcher had not been correctly informed as to whether consent had been obtained, and nobody would have been able to be "nailed" for the offence, so to speak. The amendment will remedy that. With that in mind, I support the amendment and its consequential amendment.

Amendment agreed to.

Clause 7

EXISTING HOLDINGS

Amendments made: No. 54, in page 7, line 5, leave out ', other than anatomical examination'.

No. 55, in page 7, line 6, leave out ', other than anatomical examination'.

No. 56, in page 7, line 7, at end insert—

'( ) Subsection (1) does not apply where the existing holding is a body, or separated part of a body, in relation to which section 8(3) or (5) has effect.'.

No. 30, in page 7, line 8, after '5(1)', insert 'and (1A)'.

No. 57, in page 7, line 14, leave out ', other than anatomical examination'.—*[Derek Twigg.]*

Clause 8

EXISTING ANATOMICAL SPECIMENS

Amendments made: No. 19, in page 8, line 14, leave out '3 or'.

No. 20, in page 8, line 14, after '7', insert 'or 10'.—*[Derek Twigg.]*

Clause 11

REMIT

Ms Winterton: I beg to move amendment No. 71, in page 9, line 30, leave out from 'if' to end of line 31 and insert—

'(a) it relates to the body of a person who died before the day on which this section comes into force or to material which has come from the body of such a person, and

(b) at least one hundred years have elapsed since the date of the person's death.'.

Mr. Deputy Speaker: With this it will be convenient to discuss Government amendments Nos. 72, 73 and 74.

Ms Winterton: These amendments fall within the policy area of the Department for Culture, Media and Sport. Nevertheless, I am delighted to present them. In the present draft of the Bill, "qualifying museums" are excluded from the remit of the Human Tissue Authority and from the licensing regime, as it is not our policy intention to regulate museums holding human remains in the same way as tissue banks. Since we discussed the Bill in Committee, however, the archaeological community has pointed out that the Bill as drafted might criminalise the examination of excavated remains to discover the cause of death, if this were undertaken without a licence, and not for the purposes of a "qualifying museum".

Determining the cause of death is an activity that archaeologists undertake occasionally, and not all archaeologists' work would necessarily be connected with the purposes of a "qualifying museum". The identification of diseases causing death may help to shed light on past human health, and the examination of fatal wounds sometimes seen on skeletons may be undertaken to shed light on warfare and violence in past societies. Under the Bill as drafted, this activity might fall within the remit of the Human Tissue Authority and the licensing regime, which could result in its coming within the scope of the offence set out in clause 22, which carries a potential prison term of up to three years if the activity is undertaken without a licence.

It was obviously not the Government's intention that the archeological community should be subject to the regulatory regime imposed by the Bill. The Government are therefore proposing amendments that will except human remains from the licensing provisions where those remains come from an individual who dies before the new regime comes into force and where there is a gap of more than 100 years between the date of death and the undertaking of a regulated activity.

For example, public display of a prehistoric skeleton will be unregulated whereas display of remains from a person who died six months after the relevant provisions come into force will be regulated. That includes Gunther von Hagens' plastinates. This will align the remit of the Human Tissue Authority and the licensing system with the consent requirements in part 1 and the DNA provisions in part 3.

In the light of that, the Government are also proposing to remove the qualifying museum exemption. As we said in Committee, the vast majority of remains in museums date from before 1900. That was the basis for the qualifying museum exemption. However, if the licensing regime is restricted to activities in relation to remains of people who have been dead for fewer than 100 years, as the vast majority of the human remains in museums are older than that, the Government see no need for the qualifying museum exemption.

Additionally, the removal of the exemption responds to representations made by hon. Members on Second Reading and in Committee that we should ensure that the display of more modern remains, and other activities undertaken in relation to such remains, should be regulated irrespective of where that takes place.

All those amendments will impose very few extra burdens on the museum sector and will avoid the unintended imposition of regulatory burdens on activities such as archaeology. It is anticipated that the cost to licensed institutions will be proportionate to the number of remains held by them that fall within the remit of the Human Tissue Authority and the licensing regime. As museums hold few remains that are likely to fall into that category, the impact on the museum sector will therefore be very small. Licensing will be imposed only in respect of modern remains, which the Government believe should be licensed.

We therefore propose that amendments to clauses 11, 13 and 33 be made to achieve that effect and that clause 42, which provides the exemption for qualifying museums, be omitted. I commend the amendments to the House.

Dr. Murrison: We broadly welcome the amendments. We have all seen on our television screens the delightful archaeological programmes that deal with, among other things, debate on cause of death, usually related to mediaeval remains. In that context I am a little dubious, I suppose, about the 100 years that the Minister cites. Most remains in which we have an interest relating to cause of death, mortality and morbidity are probably a great deal older. Indeed, 100 years is not a long period in terms of people's knowledge of antecedents and so forth. So, 100 years seems a strange cut-off point and I would be interested in the Minister's explanation of how it came to pass.

Government amendment No. 74 is also welcome, although I do not know whether it is bad form to construct a clause and then delete it entirely at this stage. It seems very strange, but I nevertheless welcome the removal of the special exemption given to so-called qualifying museums. Several of us discussed in Committee our unhappiness with various displays that we have seen recently, in particular those of Professor Gunther von Hagens involving his plastinates. At best, we can say that those offended the sensibilities of a number of our constituents. Had they looked into this matter, many of them would have been rather surprised had such displays been exempted from a measure of this sort. I am glad that that is no longer the case and that qualifying museums will be subject to the rigour of the Human Tissue Authority. That is to be warmly welcomed.

I wonder a bit about the costs of licensing for museums. The Minister says that they will be small, but I can think of museums with reasonably extensive remains of more than 100 years old. I suspect that they are less than reassured by her comments and will be wondering what cost they will have to face, given that in many cases their budgets are not large. It would be good to have a more precise estimation of what sort of financial burden licensing will be for them.

8.45 pm

Ms Rosie Winterton: At this point, I cannot give the hon. Gentleman such an estimate of the cost to museums. Clearly, however, officials in the Department for Culture, Media and Sport have been liaising closely with museums, and have made it clear that there will be very little burden on the museum sector. As I said, the cost to licensed institutions will be proportionate to the number of remains held by them within the remit of the Human Tissue Authority.

With regard to the point about 100 years, the issue is that that is in uniformity with the clauses on DNA and consent, which were designed so that there would be no living memory of patients. I hope that the House will support the amendments.

Amendment agreed to.

Clause 13

LICENCE REQUIREMENT

Amendments made: No. 58, in page 10, line 20, leave out from 'than' to second 'of' in line 21 and insert

'in the course of an activity mentioned in paragraph (a) or (b))'.

[Ms Rosie Winterton]

No. 72, in page 10, line 36, leave out from 'if' to end of line 37 and insert—

'(a) it relates to the body of a person who died before the day on which this section comes into force or to material which has come from the body of such a person, and

(b) at least one hundred years have elapsed since the date of the person's death.'.—*[Derek Twigg.]*

Clause 23

PREPARATION OF CODES

Ms Rosie Winterton: I beg to move amendment No. 75, in page 14, line 13, after 'prepare', insert 'and issue'.

Mr. Deputy Speaker: With this it will be convenient to discuss the following: Government amendment No. 25.

Government amendment No. 26 and the following amendment thereto: (a), in line 2, after '(2)', insert '(e), (g),'.

Government amendments Nos. 76 and 77, 27, 78 to 84 and 28.

Ms Winterton: First, I will deal with Government amendments Nos. 75 to 84 regarding approval of the codes of practice.

Most of the codes of practice required under the Bill are currently subject to the Secretary of State's approval and must be laid before Parliament, but there is no procedure for their scrutiny. In Committee, Members raised the issue of making those important codes subject to a process of parliamentary scrutiny, to allow an opportunity for their contents to be considered.

We have taken note of those representations and, on further reflection, we consider that where the codes may have a significant role in the regulation of licensed activities, parliamentary scrutiny would be appropriate. We now propose amendments to provide that the codes approved by the Secretary of State should be laid before Parliament and subject to approval by the negative resolution procedure before they may be issued by the Human Tissue Authority. To achieve that, amendments are proposed to clause 23, and provision for the negative resolution procedure is introduced in clause 26.

Government amendments Nos. 25 to 27 deal with the need for a code of practice on obtaining consent from living patients. We know from debate on Second Reading and in Committee that pathologists and researchers are anxious about what constitutes consent under the Bill, as a criminal penalty attaches to carrying on many activities without consent. Provision for the Human Tissue Authority to lay down the standards expected in relation to obtaining consent to store or use tissue from deceased persons is explicit in clause 24. The reason for that is that it is necessary to set out in the Bill that those standards must include advice on the hierarchy of qualifying relationships when consent is to be given after a person's death.

Hon. Members may recall that amendments were tabled in Committee and that considerable debate took place about the need to make explicit the fact that the Human Tissue Authority would also provide a code of practice giving guidance on obtaining consent from living patients. As presently drafted, the authority would be able to issue such a code on consent and we would expect it to do so, but we recognise the value of providing reassurance to those who are concerned about consent. We therefore propose that the Bill should make it explicit that the authority will issue a code of practice on obtaining consent from living patients.

The amendments will achieve that, placing a new duty on the Human Tissue Authority to deal with consent in its codes of practice in clause 23, and clause 24 then sets out the particular matters that such a code must deal with in respect of the hierarchy of qualifying relations that are relevant to obtaining consent from those close to a deceased person.

The Government are not persuaded of the need for amendment (a) to Government amendment No. 26, which was proposed by the hon. Member for Oxford, West and Abingdon (Dr. Harris). We believe that it is unnecessary because the authority can—*[Interruption.]* Is the hon. Gentleman not intending to press the amendment?

Dr. Evan Harris: I was saying to the Minister that it was a probing amendment in the hope that she would explain, as she is now, why she removed the reference to clause 23(2)(e) and (g).

Ms Winterton: The authority can issue codes of practice on whatever it thinks fit within its remit, and clause 23 requires it to deal with certain important matters. As we intend to amend that clause, it will spell out that the codes must deal with consent in respect of the removal, storage and use of human tissue from the living and those who have died, and the storage and use of whole bodies. That includes the need to obtain consent from families in order to carry out post-mortems and remove material from the body. To the extent that the matters listed in clause 23(2)(e) and (g) deal with the need to obtain consent from families, they are already covered by the Government amendment and there is no need to repeat the provision.

Dr. Murrison: Broadly speaking, we welcome that. The need for a code of conduct on consent is acknowledged and that has to be right. We debated the matter at some length in Committee, and I am pleased that the Government have brought forward these amendments. The hierarchy of consent deals with the position of grandparents, which I also recall was debated at length in Committee. I am also pleased that Ministers have recognised the importance of grandparents.

Government amendment No. 25 changes "relevant material" effectively to

"the body of a deceased person, or relevant material which has come from a human body".

Will the Minister speak to that and explain in more detail the need for the amendment, because I did not quite catch it in her remarks?

Government amendment No. 26 and the Liberal Democrat amendment (a) thereto are a recognition of concerns expressed in Committee that consent was not a matter to which the Human Tissue Authority had to have regard. The Liberal Democrat amendment rightly

points out that families really do matter in the context of consent. Indeed, we debated that earlier today in respect of different groups of amendments. The point would fall quite neatly in line with Government amendment No. 27, if the Government were minded to accept it, but I understand that amendment (a) is merely a probing amendment designed to underscore the importance of families and to ask why two paragraphs were not specifically mentioned in the Government amendment.

Government amendment No. 78 does not make sense to me, so the Minister might like to reflect a little more on the wording and tell us what the provision means. Perhaps the amendment could be changed again to reflect more closely her meaning. If the amendment to clause 26 were accepted, subsection (1) would read:

"The Authority may not issue a code of practice under section 23 deals with a matter mentioned in any of paragraphs (a) to (c)"

and so forth. That is a bit of a non-sequitur. Unless I am missing something, the wording does not make sense, so I would be grateful if the Minister would explain it.

Dr. Evan Harris: I rise briefly to thank the Minister for explaining why our amendment (a) is not necessary. I also want to beat her assistant to it in pointing out to the hon. Member for Westbury (Dr. Murrison) that amendment No. 79 inserts a "that" to correct the grammar in the clause that he read out. However, I shall leave it to the Minister to say whether she feels that the meaning has been changed rightly or wrongly by the amendments. We also welcome this group of amendments.

Ms Rosie Winterton: There seems to be some nodding from officials about the possible ungrammatical nature of the amendments, but I shall consider the issue further. Inadvertently, I forgot to cover Government amendment No. 28, which relates to a technical point about the use of the word "child" in the Bill. It was mentioned earlier in the debate and it has been drawn to our attention.

The word "child" is variously used to mean a person under 18 years or someone's potentially adult offspring, depending on the context in which it is used. The current definition of "child" in clause 55 is a person under the age of 18, except in the list of "qualifying relationships" at subsection (10) of the clause. It is in the context of "qualifying relationships" that a person could be the adult child of a deceased person, and so able to consent to post-mortem donation. However, the term "child" is also used in the context of qualifying relationships at other points in the Bill, for example at clause 24, so the amendment clarifies that any reference to a child in that context is a reference to a person who is the offspring of another person, whatever their age. Elsewhere in the Bill—for example in the context of consent from a living person to use of their own tissue—a child is a person under 18 years of age. The amendment is simply to clarify the position in either case.

The hon. Member for Westbury (Dr. Murrison) raised a particular point about the deceased person in amendment No. 25. The amendment extends the requirement for consent from material to the body of the deceased person, to make the provision comprehensive and so that the code will cover all situations in which consent may be required.

Amendment agreed to.

Clause 23

PREPARATION OF CODES

Amendments made: No. 59, in page 14, line 19, leave out 'conduct' and insert 'carrying-out'.

No. 60, in page 14, line 25, leave out 'conduct' and insert 'making'.

No. 25, in page 14, line 33, after 'of', insert—

'(i) the body of a deceased person, or'.

No. 26, in page 14, line 44, at end insert—

'(2A) In dealing under subsection (1) with the matters mentioned in subsection (2)(h) and (i), the Authority shall, in particular, deal with consent.'.

No. 76, in page 15, line 9, after 'practice', insert 'issued'.

No. 77, in page 15, line 10, at end insert—

'( ) A code of practice issued under this section shall come into effect on such day as may be appointed by directions.'.—*[Ms Rosie Winterton.]*

Clause 24

PROVISION WITH RESPECT TO CONSENT

Amendment made: No. 27, in page 15, line 14, leave out subsection (1) and insert—

'(1) The duty under section 23(2A) shall have effect, in particular, to require the Authority to lay down the standards expected in relation to the obtaining of consent where consent falls by virtue of section 2(6)(b)(ii) or 3(5)(c) to be obtained from a person in a qualifying relationship.'.—*[Ms Rosie Winterton.]*

Clause 26

APPROVAL OF CODES

Amendments made: No. 78, in page 16, line 15, leave out 'Where a proposed' and insert

'The Authority may not issue a'.

No. 79, in page 16, line 15, after '23', insert 'that'.

No. 80, in page 16, line 17, leave out from 'section' to end of line 18 and insert 'unless—

'(a) a draft of it has been sent to and approved by the Secretary of State and laid by him before both Houses of Parliament, and

(b) the 40-day period has elapsed without either House resolving not to approve the draft.'.

No. 81, in page 16, leave out line 27.

No. 82, in page 16, line 29, at end insert 'and'.

No. 83, in page 16, line 31, leave out from 'department,' to end of line 33.

No. 84, in page 16, line 37, at end insert—

'( ) In subsection (1)(b), "40-day period", in relation to the draft of a code of practice, means—

(a) if the draft is laid before one House on a day later than the day on which it is laid before the other House, the period of 40 days beginning with the later of the two days, and

(b) in any other case, the period of 40 days beginning with the day on which the draft is laid before each House,

no account being taken of any period during which Parliament is dissolved or prorogued or during which both Houses are adjourned for more than 4 days.'.—*[Ms Rosie Winterton.]*

Clause 29

PROHIBITION OF COMMERCIAL DEALINGS IN HUMAN MATERIAL

Ms Rosie Winterton: I beg to move amendment No. 31, in clause 29, page 19, line 2, leave out from beginning to 'material' and insert 'any controlled'.

Mr. Deputy Speaker: With this it will be convenient to discuss the following:Government amendment No. 114.

Government amendments Nos. 32 to 46.

Government amendment No. 65.

Ms Winterton: In Committee, hon. Members tabled several amendments that reflected the concerns of the pharmaceutical industry. The amendments and the correspondence cast doubt on whether clinical research activities, such as indemnity payments to participants in clinical trials and payments to companies that source tissue for research projects that are at present legitimately carried on for profit, would remain lawful following the passage of the Bill as drafted. In Committee, I undertook to review clause 29.

Having examined the issue, we took the view that those concerns are justified. We understand that payments are not made in respect of human tissue itself, but that payments of the kind that I have mentioned would be within the scope of the offence as drafted. However, it was clearly never our intention to interfere with commercial activities that had been lawfully and ethically carried on for many years. We therefore propose to amend the Bill to confine the offences connected with advertising and supply of human tissue for reward to transplantable tissue only. That solution would, as we intended, extend the existing offences of commercial dealings in organs, which are transferred from the Human Organ Transplants Act 1989, to cover supply of any tissue for transplantation.

Other amendments to clause 29 will allow for the possibility of commercial tissue banks by permitting more than just expenses to be recovered in respect of the storage of tissue and for people involved in the chain of supply of transplantable tissue to pass on costs that they have incurred. Grouped with those amendments is Government amendment No. 65, which relates to the Asylum and Immigration (Treatment of Claimants, etc) Bill. The amendment is minor and consequential and is required because that measure is ahead of the Human Tissue Bill in its passage through Parliament.

It being Nine o'clock, MR. DEPUTY SPEAKER *put the Question already proposed from the Chair, pursuant to Order [15 January].*

Amendment agreed to.

MR. DEPUTY SPEAKER *then proceeded to put forthwith the Questions necessary for the disposal of the business to be concluded at that hour.*

Remaining Government amendments agreed to.

Order for Third Reading read.

9 pm

Ms Rosie Winterton: I beg to move, That the Bill be now read the Third time.

In Committee and today during Report, we have given the Bill very detailed consideration, and I hope that hon. Members and others who have shown keen interest in our deliberations will agree that we have been able to refine it in ways that will ensure that it is not only welcome and necessary—as I believe it is—but also workable and pragmatic. I am grateful to Members on both sides of the House, especially to the Members of the Committee, for the warmth with which they received the Bill, and for the unfailingly constructive way in which they have engaged with it.

I am particularly grateful to the Under-Secretary of State for Health, my hon. Friend the Member for South Thanet (Dr. Ladyman), for the help he gave me during Committee. He made several memorable comments that will be written into the Bill's history, because he brought to our discussions his particular expertise. I also thank officials for their help and I hope that Members on both sides of the House felt that that help was extended to them, too, and that we achieved consensus on the Bill and managed to reflect the views of stakeholders and others with a keen personal interest in the measure.

The process of preparing the Bill and of bringing it through the House has involved consultation, consensus and co-operation. We have been able to discuss it—I hope openly—not only with MPs but with family groups, researchers and other key stakeholders. We have had the opportunity to listen and have been able to make improvements, which will, I hope, like the principles of the Bill, receive broad support.

In that respect, the Bill's progress has been a happy experience. But all Members will agree that what never left our minds was the appalling experience, suffered by far too many people, that led us to the awful realisation that practice in post-mortems and in tissue use had become far out of step with the public's expectations. As we said earlier, the former Secretary of State for Health, my right hon. Friend the Member for Darlington (Mr. Milburn), announced in January 2001 publication of the report of the inquiry into the Royal Liverpool children's NHS trust—the Alder Hey report—and of the report by the chief medical officer on the retention and use of tissue and organs. It is now a little over three years since that happened, and the House is ready to send to another place the Bill that has resulted from that review. Many people might say that that has taken a long time, but we have been dealing with complex, sensitive and, sometimes, very fraught issues. We have achieved a lot in drafting the Bill, and I am glad that, in the end, it has enjoyed support from hon. Members on both sides of the House.

Dr. Murrison: The Minister rightly determines that the Bill's provenance lies in the events at Alder Hey. Will she also record that, before those events, the tragic events at the Bristol royal infirmary gave rise to the revelation of what was going on at Alder Hey? It is important to record, especially for those who have been distressed by them in the south-west, that the events at the BRI gave genesis to the Bill.

Ms Winterton: Of course, and as the hon. Gentleman knows, I referred to that fact earlier in my contributions. I should like to refer not only to the Bristol inquiry report in 2000, but, of course, to the Isaacs report, which

gave rise to the realisation that the uncontested retention of tissue from adult post-mortems was also a widespread practice.

What happened as a result of those terrible tragedies was not only a source of enormous distress to the families who were affected by those events, but has produced in recent years a loss of confidence and, for many, a diminution in their trust that science and medicine would respect people's interests and act only for the best. That, too, is a tragedy, as it is only with trust and confidence that we can truly progress with the important research that will support further advances in medicine. That is why it was so important in drafting the Bill that we were able to come up with proposals that will go a long way to restore that trust and confidence. I believe that they will succeed.

I have certainly met—I am sure that other hon. Members have done so—bereaved families who are still shaken by the experience that they went through, but who have been determined to play their part in helping to produce legislation that they accept will not help them but that they know will help others in the future. Their role, quite frankly, has been invaluable, and their generosity should not go unmarked today. Many in the health community have also shown remarkable commitment to and support for this reform.

In Committee, hon. Members expressed reservations about some of our proposals, but I am glad that we have been able to work with them to include some necessary safeguards, so that the research that they were concerned about can be carried on.

The Bill will provide the clarity to enable people to act and the oversight to ensure confidence. It will establish a regulatory framework with a Human Tissue Authority, so that oversight and monitoring of the new arrangements can take place. Moreover, the new authority will also be the source of advice, information and guidance that will enable people—the public and professionals—to understand fully what their rights, responsibilities and options are.

Mr. Lansley: Since we were in Committee, the Secretary of State has announced a further stage of his review of arm's-length bodies and, since the abolition of the Retained Organs Commission, the Human Tissue Authority has been included in his review. What intentions does the Secretary of State have towards the HTA under that review?

Ms Winterton: The HTA comes under the scope of the review, and that fits in with the spirit of the amendments that were proposed in Committee and that we have accepted today. We want to make sure that there is no duplication in any of the work of the arm's-length bodies, and we want to examine where it might be appropriate to put different arm's-length bodies together. However, no decisions have been made and announcements will be made shortly about that. I assure the hon. Gentleman that our vision that the authority will be independent and made up of experts and others who have an interest in the subject will be preserved.

Mr. Lansley: We observed in Committee that the structure of licensing intended for the HTA is very similar to that for the Human Fertilisation and Embryology Authority. Although the Secretary of State may not have framed it as such yet, if it is his intention to combine the work of the HFEA and the HTA, it would be certainly be advisable to say that before asking the other place to consider the matter in detail.

Ms Winterton: I will certainly pass on the hon. Gentleman's advice.

The Bill now provides the clarity to enable people to act and the oversight to ensure confidence but, most of all, it represents a move into the future. That is a future in which the relationship between patients and professionals has been redefined for the good of each and to the benefit of us all. For those reasons, I commend the Bill to the House.

9.12 pm

Mr. Lansley: I am grateful to have the opportunity to say a quick word on Third Reading. I am sure that the House will join me in thanking the Minister and the Under-Secretary of State for Health, the hon. Member for South Thanet (Dr. Ladyman), for the way in which they have conducted proceedings on the Bill. It is not a routine commendation to say that the Bill has been debated in good humour; that is true not least because of the Minister's approach to these matters.

It is not easy for a Minister to navigate from the position that she and the Under-Secretary took in Committee on some of the amendments to the points that they have made on Report. She has managed to do that without the remotest sign of embarrassment, which is commendable and bodes well for her future ministerial career.

Like the Minister, I want to thank others, not least my hon. Friend the Member for Westbury (Dr. Murrison). He has done, as they would say in the trade, the heavy lifting on our side. I am acutely conscious that, whereas the Minister has no medical qualifications but has the benefit of advice, I have no medical qualifications and relied heavily on my hon. Friend's advice. The Committee also benefited from the contributions of the hon. Members for Oxford, West and Abingdon (Dr. Harris) and for Wyre Forest (Dr. Taylor). That is an illustration of how we can bring together in the House a degree of expertise and a degree of ignorance and combine them happily.

A number of the issues that we raised on Second Reading just over six months ago have now been taken on board. I shall not repeat everything that I said when I spoke to the first group of amendments, but as I said to the Minister before Second Reading, the Bill should have been committed to a Special Standing Committee—it was a great pity that that did not happen—so that we could take evidence, even if there had not been full pre-legislative scrutiny.

It was amply illustrated in Committee that hon. Members, including my hon. Friend the Member for Westbury and me, were putting forward well-argued points made by outside organisations such as the Medical Research Council, the Wellcome Trust, the BioIndustry Association, the British Medical Association, organisations representing the family

[Mr. Lansley]

support groups and the National Committee Relating to Organ Retention. Those outside bodies used us as a mechanism to make points in Committee, but although we put their proposals on the table before Ministers we got limited shrift, as the hon. Member for Oxford, West and Abingdon suggested. However, our persistence seems to have paid off, so we can give thanks to those groups and the departmental officials for working together since the Committee to allow us to reach a more satisfactory conclusion today.

Several improvements have been made to the Bill as a result of that process. We debated widening the scope of education and training—I gave an example regarding cervical smears—and the Bill has been amended to reflect our concerns. The situation regarding the tacit consent involved in retaining residual tissue from living persons was mentioned as far back as Second Reading. We talked in Committee about the need to protect clinicians and researchers from risk if they obtained material without consent although they thought that that had been given, and I am glad that the Government have responded to our points. We suggested in Committee the requirement for regulatory best practice to cover the Human Tissue Authority, and the Government have accepted our point. We argued in detail in Committee about the requirement for codes of practice to deal with consent more explicitly, and although the Government resisted our suggestion at the time, they have now accepted it. We talked in Committee about the risk that commercial undertakings engaged in legitimate work connected with research could be criminalised as a consequence of the provisions in clause 29 on commercial trafficking, and the Government have now accepted our arguments. We had one success in Committee when the role of grandparents was recognised, although I suspect that the Minister could not think of an argument against our suggestion then because I dare say that she would have decided to go away to think about that, too.

We have made a lot of progress, so that should give a greater sense of security to those in the medical and research professions. We have tried to minimise the risks that they will face individually due to the creation of the criminal offences and the burdens that they will face collectively when trying to undertake successful research. Although a lot of our discussion in Committee and on Report was geared up to striking such a balance for those people, the Bill still provides the families who suffered from the unauthorised, and sometimes malign, retention of organs and tissues with an expectation that such things will not happen again.

The Minister and my hon. Friend the Member for Westbury mentioned the Redfern report on Alder Hey and the report on the Bristol royal infirmary tragedies. Those reports disclosed several specific incidents that occurred and the clandestine nature of the way in which tissues and organs were retained at Alder Hey. Many of us were disturbed that the reports exposed a culture in the NHS of retaining organs and tissues that often did not comply with the consent requirements in the Human Tissue Act 1961. Sometimes there was a patronising assertion that it would be better not to tell people and that what they did not know would not hurt them. Well, what they did not know did hurt them, and hurt them very deeply. It is absolutely right that, as the Minister said on Second Reading, that must not happen again.

We may be about to complete our consideration of the Bill, but it has to go to another place. Ministers may be tempted to assume that, given the positive reception that all the amendments considered today were given, it is the end of the story. There is one thing that I must raise in addition to the future of the Human Tissue Authority even before it is to be established.

Clause 9 relates to the position of coroners. It will not have escaped the Minister's notice that, in some instances, the tragic circumstances that gave rise to the necessity for this legislation included occasions on which post mortems had been carried out by or on behalf of the coroner. The case of my constituent, to whom I referred on Second Reading and whose circumstances were reported on in detail in the Isaacs report, resulted from a coroner's post mortem. My constituent can hardly feel the security about the future that she wishes to feel if the Bill simply says that anything done by or on behalf of the coroner will not be affected by the legislation and the issue is to be followed up by the Home Office at some future point.

Ms Winterton: The hon. Gentleman is right to raise the issue. As he knows, the Home Office is responsible for the coroners' rules, which set out among other things the duties respectively of coroners and of pathologists undertaking post mortems on their behalf. The Under-Secretary of State for the Home Department, my hon. Friend the Member for Wythenshawe and Sale, East (Paul Goggins), wrote to me on 22 June confirming that the rules will be revised as soon as is practicable and at the latest by the end of the year. They will be revised so that it is clear to coroners and pathologists when the coroners' jurisdiction has expired, who must communicate with families about tissue retention and when they should do so. I assure the hon. Gentleman that Home Office and Department of Health officials are and will remain in close touch on that issue.

Mr. Lansley: I am grateful to the Minister for that intervention, because it adds substantially to the point relating to coroners. I was suggesting that there was a serious deficiency. Although I have not had a chance to look at precisely what the Minister said, I think that my noble Friends will want to explore the point when the Bill reaches another place. I hope that the Minister and her Home Office colleagues will be in a position to expand on that. It was clear in Committee that, although activity carried out ultra vires by coroners or on behalf of coroners will be subject to the Bill, the matter is not confined to coroners' statutory obligations. It includes non-statutory obligations, and therefore, the scope of coroners' rules is the critical issue. I am sure that, in order to be confident that the Bill and the rules fit together to provide the necessary security for patients and families, my noble Friends will want to know more precisely what the rules will look like if they are to be amended later this year.

With those points that I have raised with the Minister, I echo my thanks to my colleagues and others for the way in which our discussion has been conducted. I hope that my noble Friends do not find that we have erred in our consideration in this place.

9.24 pm

Dr. Evan Harris: I want to start by referring to the Alder Hey and Bristol tragedies. They were the genesis of the Bill, and it is right that we remember that. Despite our heated debates about transplantation and presumed consent today, there is no doubt that significant damage was caused to families not only at those two hospitals but, as we discovered, at hospitals throughout the country. I hope that those families will take some comfort from the fact that a good Bill is now leaving this House in a decent state. They were the inspiration and, in some cases, the driving force behind putting the legislation right and recognising the need for a modern approach to the way in which the health professions and the NHS deal with the living, and with the dead and their organs. The key lesson is that although sometimes the professionals' sincere desire was to protect families from too much information, we have to beware the danger of paternalism and of acting against people's interests, their autonomy and their right to make decisions. The medical profession in particular must be wary of that, given the power relationships that arise from technical expertise and knowledge. In that respect, the Redfern report and the Bristol inquiry report were seminal and very useful in getting us to this point. The new framework, in which we have—rightly, I think—avoided putting consent on a statutory footing, but created a new statutory basis for dealing with such issues none the less, will be useful.

There is another side to the issue: the continuing ability of health professionals and medical researchers to do their job. I have always made clear my family connection in that my father was for many years professor of child health at Alder Hey and was, before leaving, involved in the appointment procedure for Professor van Velzen. In that respect, he was mentioned in the Redfern report. I do not think that that report was handled entirely satisfactorily: everyone mentioned in it who bore the title "doctor" was referred to the General Medical Council, including non-medical people for whom GMC was not responsible. My father was found to have no case to answer before the GMC. I hope that the Government recognise that a balance has to be found between the effective conduct of health care and medical research and the prime need of patients and families to have their autonomy respected.

There is an ongoing problem with the number of people who are willing to enter paediatric pathology. We have to deal with that problem. The measured tones of our debates have helped, given that there was an opportunity inadvertently to make the problem worse. The coverage of allegations surrounding child abuse and cot deaths show that paediatricians continue to receive adverse publicity, especially those working in the difficult field of child protection. We have to bear in mind that, whatever the drawbacks and problems we have encountered, the situation would be much worse without health care professionals practising in these difficult and often unrewarded fields. There is little, if any, private practice in paediatrics and in that type of research.

I endorse the observation made by the hon. Member for South Cambridgeshire (Mr. Lansley) that pre-legislative scrutiny of the Bill would have been extremely useful. The Minister of State says that Committee stage is scrutiny and she feels that there is nothing wrong with that, but it is not ideal, because one has to discuss the issues in a confrontational setting—even though we managed to do so politely and graciously—and, if messages are understood, they are taken away to a dark hole and new amendments emerge on Report. In contrast, pre-legislative scrutiny, especially if it had involved some form of Select Committee, would have allowed the representations that the Government heard, and to which they responded, to be made in the open, and our Standing Committee would not have had to dwell on some of the points that have now been corrected. I think that all members of the Committee can take some credit for the improvements to the Bill that were made at that stage. I remember suggesting that the use of anonymisation might be a way forward for research, to varying degrees of shrift, and that education and training might not necessarily be seen as they were originally. Many suggestions were made by the hon. Members for South Cambridgeshire, for Westbury (Dr. Murrison) and for Wyre Forest (Dr. Taylor), which have seen their echoes in Government amendments. I now want to mention two forty-fours.

Clause 44 is important and should not be overlooked. It provides an opportunity for us to set clearly the rules for cold perfusion, and use non heart-beating donation as a way to increase the number of organs that are available from that source. That has not had the attention that it deserves because the issue was not that contentious, but it may be significant. It is one of three sources, including live donations, from where we would hope to get more organs.

Government amendment No. 44 has, as it were, dropped off the Amendment Paper. I think that it read "leave out from 'beginning' to 'and'" in clause 29. By sheer luck, I spotted that it should have read "from 'beginning'" to the second "and". I am sure that when the last group of amendments was moved, when the guillotine fell, the Minister was about to thank the Liberal Democrats for pointing out that new amendment No. 114 was required, to which the Secretary of State put his name, to make the provision robust so that we could send the Bill to the other place—

Ms Winterton: I can confirm to the hon. Gentleman that I was about to thank him. It was helpful.

Dr. Harris: I remember that when I asked my hon. Friend the Member for Southwark, North and Bermondsey (Simon Hughes) during the passage of the Greater London Authority Bill, which contained hundreds of clauses, whether he had had any successes in Committee, he said that he had inserted one comma, and that he felt that that was a great victory.

There is the issue of DNA and RNA. I feel guilty for the lack of attention that I paid to molecular biology when I was at university. I was out campaigning—rather hopelessly in those days—for my party. The Minister said that she would look again at whether the provisions for DNA and RNA need to be re-examined; I hope that I shall be able to wave that as a sign that I was awake at some stage of my training.

[Dr. Harris]

Consideration of the Bill in Committee was enjoyable. The Minister is able to say no so nicely. In contrast, her colleague, the Under-Secretary of State for Health, the hon. Member for South Thanet (Dr. Ladyman), says no rather less nicely but still in an engaging way. I think that we learned in Committee that all parties were in favour of grandparents. I expect that we shall see a commitment to have more grandparents in all our manifestos.

I thank the hon. Member for Wyre Forest, my consultant, for the advice that he gave me, which was in much more moderate terms than my consultants used to give me when I was a junior hospital doctor. I thank also those organisations that took the time to brief us, and my researcher, Laure Thomas, for her sterling efforts.

The hon. Member for South Cambridgeshire said, importantly, that the Government were keen to ensure that the Bill went to the other place with no threads hanging, because the Lords would not be able to resist the temptation to pull them. The Government have done well to cram in so many of their amendments tonight. After all, who knows what the other place would have done on these issues?

We will not all agree, but I think that there is some unfinished business on transplantation. It may be that we shall not be able to make progress on presumed consent with this Bill. However, Ministers should know that the issue will not go away. It is an important Bill and I am glad that it has left the House in its present state and not so much in the state that it came before us in Committee. The Government should be congratulated because broadly the structure is the same. Broadly, the Bill commanded cross-party support throughout, and that is indicated by the fact that none of us anticipates a Division on Third Reading, and rightly not.

Question put and agreed to.

Bill accordingly read the Third time, and passed, with amendments.

EUROPEAN COMMUNITY DOCUMENTS

Motion made, and Question put forthwith, pursuant to Standing Order No. 119(9) (European Standing Committees).

Staff Regulations of Officials of the European Communities

That this House takes note of European Union Document No. 15185/03, draft Council Regulation amending the Staff Regulations of officials and the Conditions of Employment of other servants of the European Communities; supports the Government's view that this is a major step in the Commission's reform programme in establishing a modernised human resources policy for the European Union institutions; and welcomes the adoption of the new Staff Regulations in promoting merit, efficiency, staff development and providing for significant long-term savings in the European Union budget.—*[Mr. Ainger.]*

Question agreed to.

DELEGATED LEGISLATION

Motion made, and Question put forthwith, pursuant to Standing Order No. 118(6) (Standing Committees on Delegated Legislation).

Police

That the draft Police and Criminal Evidence Act 1984 (Codes of Practice) Order 2004, which was laid before this House on 27th May, be approved.—*[Mr. Ainger.]*

Question agreed to.

Planning (Sedgemoor Group)

Motion made, and Question proposed, That this House do now adjourn.—*[Mr. Ainger.]*

9.35 pm

Mr. Stephen O'Brien (Eddisbury): I and my constituents are pleased that through your good offices, Mr. Speaker, I have the opportunity to raise issues that are causing real concern—damage to property, the use of police time and, at times, fear of the threatening and abusive behaviour of a very small number of young teenage boys in the rural and village communities in the Eddisbury constituency.

The full title of the debate—"The Operations of the Sedgemoor Group and the planning system"—indicates why it is important and appropriate to air these matters on the Floor of the House. I have been in touch with the Minister and his office today in advance of the debate, so the right hon. Gentleman is aware of the key planning issue that arises concerning Government and his departmental responsibilities.

Let me give some background. Like many other constituencies, the Eddisbury constituency in south and mid-Cheshire is characterised by a large number of people living in rural and partially rural communities, with one large conurbation—in Eddisbury's case, Winsford. The parliamentary constituency boundary encompasses parts of three local planning authorities, which inevitably leads to disparities. Those authorities are Crewe and Nantwich borough council, Vale Royal borough council and the Chester City district council.

Although the fear of crime has escalated in rural communities in particular over recent years, the actual statistical experience of crime in those communities, from a relatively low base compared with most urban and suburban environments, does not necessarily reflect rising levels of petty crime and antisocial behaviour, as much of that goes unreported. In this context, I am glad that in Cheshire we have a welcome commitment from the chief constable to seek to increase the presence of police constables in our rural communities. Even though that is happening at a slow pace, communications between the police and those communities have been improving.

Against this background, in Eddisbury we have the operations of a private sector provider of homes and educational services for some of the most challenging, difficult, often damaged and vulnerable young people in our society, almost invariably from outside our local area. Sedgemoor College Ltd., based in Somerset, is the parent company of a group of companies that provides these facilities in Cheshire, notably in Eddisbury, and in other parts of the country. Its operations are regulated by the Commission for Social Care Inspection, which replaced the National Care Standards Commission on 1 April this year.

Sedgemoor's business is to buy or, not infrequently, to rent residential dwelling houses and place in them, say, four young people and two adult carers—in any event, no more than six people per home. The demand for this type of business has grown in response to the Government's inclusion policies and the closure and reductions in public sector-provided care homes, such as the closure, under the previous Labour/Lib Dem administration at Cheshire county council, of Brook Farm school in Tarporley in the heart of my constituency. The school catered for both residential and day pupils with emotional and behavioural difficulties. Despite my and many others' long-fought campaign to keep it open, in the end we secured only a stay of execution for a year. It was a facility supported and welcomed by the Tarporley people in their community and it still, sadly, lies empty and unused.

The children with whom we are concerned are typically boys in their early to mid-teens who have been through a series of support channels and processes in or near the original family home. When local options have failed and their behaviour has not improved as a result of these earlier interventions, or where, sadly too often, their own family context is the cause in whole or part of the youngsters' behavioural problems, but where matters have not reached the point of a conviction carrying a custodial sentence or where that has been served, the boys are placed by the social services departments of the local authorities in their original home area in Sedgemoor-type care homes outside their original area, on a contract with a provider such as Sedgemoor. I am informed that that costs the local council tax payer in the original district approximately £2,000 a week, or about £100,000 to £120,000 per pupil per annum. Not surprisingly, such companies are showing successful financial returns.

Before I proceed further, I want to make it crystal clear, given the understandable sensitivity of the subject, that neither I nor anyone I represent in Eddisbury is arguing that we should not all continue to have the interests of children, however difficult and disruptive, as the highest priority. The issue is the appropriate care, security, nurturing and opportunity, including social and educational opportunity, for them. That support and provision should not, of course, be at the expense of the peace and freedom from fear of the law-abiding people in the communities where that care is provided.

Although the quality of care and supervision of those homes is an issue, it is not central to this evening's debate. But let me put it on record that it is not enough just to say that there are qualified carers in the homes. Carers must be of suitable calibre and have the personality, experience and authority that can effectively foster, guide and, yes, control those troubled youngsters in the context, as an experienced and talented social worker said to me last Friday, of a range of provision, only part of which, whatever the merits of the inclusion agenda, can be the sort of open homes that I have described. Where such homes are put into rural communities, it is incumbent on the provider, at all its levels, to generate through prior consultation and local communication licence to operate, just as every other private sector company has to do.

Some assert that revealing the names of the homes could put the children at risk. Frankly, that is unrealistic. Local communities always come to know of such homes rapidly, even where they are established without a public planning process, not least because of increased police attendance or an upsurge in local antisocial behaviour by teenage boys who are not known to anyone locally. In any event, secrecy and lack

[Mr. Stephen O'Brien]

of transparency and accountability raise suspicions in the local community, so they are deeply counterproductive.

Given that the law prevents such youngsters from being locked in their home, wardens can only seek to warn or follow them when they go wandering out into the local community. An inordinate amount of police time is taken up in searching for missing youngsters from the homes. About four hours is taken for every incident. Amazingly, it has been suggested to me that, because these children need care, I should not be raising these issues. If I did not do so, I would be giving in to a form of emotional blackmail and not doing my representative duty.

I believe that Sedgemoor has five current operations in my constituency. Some are residential homes and others are educational facilities that are attended daily. They are at Beeston, near Bunbury, Wrenbury, Newhall, Rushton and Audlem, which are all small rural and village communities. Sedgemoor has informed our local police that, until recently, when so much public attention started coming its way, it was seeking to expand in Cheshire, and especially in Eddisbury. Two or maybe even three applications for new facilities have now been withdrawn following local pressure. I pay tribute to Chester city councillor Neil Ritchie, to Crewe and Nantwich borough councillor Brian Dykes and to the evidence given by local people living near existing Sedgemoor facilities.

I have a burgeoning file of complaints—it is sitting here on the Bench next to me as evidence—and police reports, allegations and evidence about smashed car windows, threatening behaviour, broken house windows, road sign vandalism, damage to gardens and fences and provocative disturbances that often occur late at night and into the early hours, much of which I have passed to the local authorities, the police and the Commission for Social Care Inspection.

In all cases of applications or incidents, I have taken up the issues with the relevant authorities and the police have been concerned and attentive. That includes the personal interest of our chief constable, Peter Fahy, to whom I also pay tribute, not least when he joined me in a meeting with local representatives to discuss these issues on 23 April. Tonight's debate reflects one of the conclusions of that meeting, which was attended by 50 community representatives from across my constituency.

Naturally, I have raised my concerns with Sedgemoor directly, not least with one of its directors when they participated in a lobby of Parliament initiated by the Association of Independent Child Care providers to complain about the eightfold increase in stamp duty land tax, about who inspects the inspectors and about other matters dealt with in the Children Bill. Sedgemoor now says that it has removed one or more of the most recalcitrant children from the homes that have been affecting and blighting local communities in my constituency.

While all those things rightly raise issues as to the appropriate national policy and the most effective way of caring for and rehabilitating these young people, the thrust of the issue for the Minister is the planning system that applies to such homes. If an educational establishment is proposed, an application will be required, unless the building is already permitted under the C2 use class to be used in that way. If the proposal is to establish a residential home for these young people, the precedent is less helpful. The needs of the community can be addressed only providing that there is prior knowledge and scrutiny of any proposal for such a home. That is not available if specific planning permission in a public forum is not required.

The easiest way to highlight the problem is to quote the official responses that I have received from Crewe and Nantwich borough council. On 17 March, in reply to a letter from me, the chief executive, Mr. Alan Wenham, said:

"The Council has recently had to deal with a number of planning applications submitted by Sedgemoor college. They have largely been applications for Certificates of Proposed Lawful Development to use an existing dwelling to house up to 6 people—normally 4 children and 2 carers. The Authority has been powerless to do anything other than grant the certificates, because the Use Classes Order accepts that where up to 6 people live together as a family (whether or not they are related), there is no change of use.

The certificates have been issued in the knowledge that the occupants of some Sedgemoor College properties have caused problems in their local areas, resulting from noise, disturbance, vandalism and general anti-social behaviour. Local residents have naturally been concerned that the establishment of care homes would undermine their quality of life. However successive planning inspectors on appeal have taken the view that whilst the fear of such behaviour is a material consideration, it should not be a determining factor in making the decision.

The homes work within a framework established by the National Care Standards Commission and it is understood that if there is a problem with the operation of a particular home, the Commission has the power to close it."

After receiving that letter, I submitted an extensive bundle of legal precedents compiled by Councillor Ritchie, and received a further clear and helpful reply from Mr. Riddell Graham, executive director of legal services and solicitor to the council of Crewe and Nantwich borough, which encapsulates the planning problem. I shall quote relevant extracts from that letter, in which Mr. Riddell Graham restates his chief executive's comments and examines the precedents in helpful detail:

"First, as of course you will appreciate, there are some situations where planning permission is not required at all. So a planning application is not needed and the grant of a permission or refusal does not arise. Two of these situations are particularly relevant to this issue. One is where a proposed new use falls within the same use class as the existing use. So, for example . . . if a building is used as a dwellinghouse for a family living together and someone wants to use it for up to six residents living together as a single household, then permission is not required, since both uses fall within class C (3) of the Use Classes Order 1987. A second situation where planning permission is not needed is where there is no material change of use. 'Material change' is only defined in a limited way in the planning acts although widely considered in decided appeals and cases. The governing factor is a comparison with the previous use of the land or building and this will always be a question of fact and degree . . . The most relevant case which Councillor Ritchie provided is the North Devon case"—

I can give the Minister the details—

"which illustrates these matters very well. There, the applicant, (an operator of registered children's homes) asked the planning authority for a Certificate of Lawful Development for a three bedroomed semi-detached house in a residential area used as a dwellinghouse (Class C3). The applicant wanted the Authority to

agree that there was no change of use because its proposal still fell within class C3, albeit a different section, namely C3 (b) i.e. a dwelling house used by 'not more than six residents living together as a single household (including a household where care is provided for residents)'. If there was not change of use class, planning permission was not required. The High Court said there was a change of use class. The judge decided that the residents, on the facts, were not living together as a single household. However, he went on to decide that, even though there was a change of class, there was no material change of use, so planning permission was not needed."

Mr. Riddell Graham's long and helpful letter concludes with the following summary:

"while I understand the points Councillor Ritchie is making, I take the view that the cases he mentions tend to support, rather than detract from, this Council's approach. I do not suggest that this is necessarily a satisfactory state of affairs, although it is the case that small group homes, rather than large institutions, play an important role in the Government's community care policy.

Ultimately, I suppose, the acceptability of these changes depends on how well-run the homes are and whether the Use Classes Order, approved by Parliament in 1987, is still relevant in today's circumstances."

That is the nub of the issue.

The report of the planning officers on the application in Tilston in my constituency, which has since been withdrawn, reveals that once an area is found – in that case, by Sedgemoor – a clustering programme is often applied to enhance the geographical proximity of the operations. No doubt that is a commercial driver, but it is hardly likely to enhance community consent, not least because of the shared information that rapidly travels across any constituency.

The planning document states:

"Local concerns have been raised about the location of the application site. It is not disputed that the site is within a rural area. Many local residents have expressed the view that this is unsuitable given the almost complete absence of local services and facilities, particularly relating to social outlets of the kind that are attractive to boys within the proposed occupational age range of 11–16 years. The procedure for selection of such properties is by assessment of geographical proximity to the residential units operated by Sedgemoor College in which the young people reside."

The document goes on to discuss the need for particular types of education:

"The pupils would originate from outside the County, but would reside within Cheshire to attend this proposed education establishment . . . Sedgemoor College operates over 80 residential educational establishments nationally, very many of these being located in similar rural locations."

The real issue however is the apparent intent of Sedgemoor in view of that planning position. I shall quote a letter dated 22 November 2002, from Mr. John Watts of Olorun Planning Partnership Ltd. to Mr. Jon Swift at the Sedgemoor head office. It relates to an application in another area but was used in attached papers in a submission to Crewe and Nantwich borough council concerning an application that we have reason to believe has since been withdrawn in the light of all the public focus in my constituency over recent weeks and months. The letter states:

"I attach a letter dated 19 November 2002, from the Bassetlaw District Council, confirming that the use of this property as a Children's Home falls within Class C3.

This response repeats that of East Northamptonshire Council with S'Amagatai"

the name of the house, I think

"at Rushden. Hopefully, with these two responses 'under our belt' we can conclude that we have achieved what we set out to do. Removing the need for planning applications (including Certificates of Lawful Development), thus removing Sedgemoor's use of dwelling houses as children's homes from the public attention they usually attract. Perseverence does have its rewards!

With the success of these two results, it is probably safe to conclude that I have now established a straightforward 'formula' by way of a relatively standard letter to planning authorities for the use of a dwelling house as a children's home (not exceeding 6 children).

Please let me know if you would like me to repeat this 'formula' with future properties."

I leave that on the record as apparent evidence of concern about the approach to this process and the need for transparency and prior open and public consultation to ensure that communities are encouraged to enhance their understanding and thus their approach, to welcoming, we would hope, such homes into their communities. If that is not undertaken, it is likely than an initial hostility will be created from which it is almost impossible to recover, giving rise to a serious challenge not only to the children's interests, but to the whole inclusion agenda.

There is one final caveat. Where these use classes were last looked at, there was concern that if the sixth person in residence quasi-family rule was changed, that might preclude or diminish a small care home for the elderly. That is a fair concern. I call on the Minister to consider the growth of such facilities for young people, be they by applications or certificates of lawful use. Until he and the Government have had the chance to review the position, with a view, I hope, to redesigning and redefining the Use Classes Order specifically to deal with the accommodation of these young people, a condition and qualification should be made to define that by reference to an age range – say, under 20 or even lower – to ensure that the provision of small care homes for the elderly is not adversely prejudiced, given the crying need for the expansion of that provision.

I am grateful to the Minister for listening carefully to my submissions on behalf of my constituents. In looking forward to his reply, I have to say that I note with some dismay the e-mail that I received today from Councillor Brian Dykes of Bunbury, whom I had e-mailed to tell him that I had, with great gratitude, secured this debate. He says:

"In reply to your e-mail all had being going well until Friday (last) 25 June when here in Bunbury problems arose again these started at around 6.30pm, with damage to motor cars and broken household windows this also happened again on Saturday and Sunday evenings, the police have been informed and have attended"

the particular place near Bunbury, as well as a place at Rushden—

"to speak to the young boys concerned.

It does appear that after all our problems the boys are still having freedom to roam our villages and return when they wish which appears to be after midnight and a night of trouble. With the still added problem that the staff at these homes are not showing any authority with the boys and allow them to 'come and go as and when they wish.'"

[Mr. Stephen O'Brien]

He then wishes me every success in the debate, saying:

"we really do need extra strong support in ensuring these homes are run correctly or, sadly closed as one may say."

Will the Minister give an undertaking to consider the matter urgently and, in particular, to reflect on this aspect of planning law? That would give us an early chance to have the necessary prior consultation and to examine the appropriateness of providing care in such communities.

In considering planning law, the regulations and the guidance, I ask the Minister to consider the following specific issues: the definition of family for the use classes order of 1987; the introduction of a separate, defined use class under the order for children's care homes, with an age stipulation to avoid unintentionally affecting care homes for the elderly, and a moratorium on permitting any more such orders or, when permission is not required, on the issue of certificates of lawful use until the conclusion of the Government's reflections on this evening's debate. I hope that they will make a further determination to recast the definitions to achieve what I have suggested.

Given the arguable absence of a requirement for even the certificates, I hope that the Minister will at least consider favourably giving guidance to local planning authorities, the police and local social services departments, and advice to the Commission for Social Care Inspection, that no more such homes be established until the Minister has had a chance to reflect. That would inject the necessary engagement into the debate about the conditions and context in which such care is offered and made available to local communities.

I emphasise again that there is genuine anxiety among local people where the homes are based about the behaviour and conduct of the children and the planning requirements for opening new homes. Although we all have a deep concern and interest in ensuring that the young people are given proper care, supervision, security and the chance to be rehabilitated, it is the duty of those who run the homes and receive large sums of taxpayers' money through social services departments throughout the country to ensure that they are properly managed and that the understandable anxieties of local people are addressed.

I believe that my proposal provides a constructive way forward for the Government, elected representatives at all levels of our democracy, the people and the communities that we represent, the police, the planning officers and authorities, social services, the care home providers and, above all, the children, who are often the most scarred and vulnerable but none the less threatening in our communities.

9.56 pm

The Minister for Housing and Planning (Keith Hill): I congratulate the hon. Member for Eddisbury (Mr. O'Brien) on securing the debate and providing the opportunity to discuss the Sedgemoor Group and the planning system, especially the operation of the use classes order, Class C3.

I appreciate the concerns of the hon. Gentleman's constituents about the matter. Indeed, as a constituency Member of Parliament I experienced similar issues in the mid-1990s and I raised them in more than one Adjournment debate. I am sure that the hon. Gentleman agrees that it was a positive move by the Government to bring such small children's homes into a regulatory framework.

I understand that the Sedgemoor Group's business centres on providing child care, namely education and residential care, for children and young people. The group currently has an extensive range of satellite houses, each accommodating between two and four young people of the same sex. The satellite staff teams are managed and supported directly by qualified senior care managers.

It goes without saying that our children and young people deserve the best possible start in life. They need a caring and nurturing environment that helps them to value themselves and their community. I hope that that will be provided in caring and loving homes. Unfortunately, some children and young people have complex needs that families are unable to provide. Some need to be looked after because of family breakdown and others need to be looked after for their own safety. We as a society need to help those children and young people. The Sedgemoor Group looks after some of them.

Given the nature of the group's operations, especially its close involvement with young people with various forms of difficulties and complex needs, there is a possibility of problems arising in the integration of children and young people in the local community. That has evidently occurred in the hon. Gentleman's constituency. That is clearly regrettable and creates the need to seek solutions to the problems. However, before I consider planning issues, I want to refer to other possible recourses in dealing with those problems.

The Commission for Social Care Inspection is responsible for registering and regulating residential care providers, including children's homes. The commission issues the certificate of registration and, as part of that process, homes are inspected at least twice a year with one announced and another unscheduled visit. If local people are worried about the operations of the homes, they should contact the Commission for Social Care Inspection, which is required to examine the issues raised. However, it is obvious that the police also have an important role to play and they should be contacted if residents have concerns about the homes and the behaviour of the youths who are resident in them.

It must be clear to everyone that swift and effective action will be taken against unacceptable behaviour, and that rowdy and nuisance behaviour must be stopped immediately. One way of doing that might be to agree an acceptable behaviour contract. That is a voluntary agreement designed to engage an individual in acknowledging his or her antisocial behaviour and its effect on others, with the aim of stopping that behaviour.

It being Ten o'clock the motion for the Adjournment of the House lapsed, without Question put.

Motion made, and Question proposed, That this House do now adjourn.—*[Vernon Coaker.]*

Keith Hill: We also introduced antisocial behaviour orders in 1999, and have recently legislated to improve their effectiveness in the light of the experience of their

operation. ASBOs are civil orders, similar to injunctions. They prohibit individuals from specific antisocial actions and are available for any person aged 10 or over who has acted in an antisocial manner likely to cause harassment, alarm or distress and who is likely to do so again. The local community can contact their antisocial behaviour co-ordinator, who is best placed to give advice on their particular situation and offer possible solutions. Indeed, if there is poor management and bad behaviour, the solutions for these problems seem more likely to be found via the inspectorate and the police than the planning system. Nevertheless, the hon. Gentleman has made it clear that there is a view in some quarters that part, if not all, of the solution to the problems experienced in Eddisbury might be found within the planning system.

The planning system is designed to regulate the development and use of land in the public interest. It is used to direct development to appropriate locations, to ensure that society has the right buildings and infrastructure in the right place at the right time to enable it to function in the interests of all its members. Development control procedures mean that before carrying out some forms of development, including changes of use, planning permission should first be obtained. Such intervention in the development process by the responsible local planning authority is justified on the ground that it is in the public interest.

However, in any one year there are likely to be many hundreds of thousands of developments and changes in the use of properties. Therefore, in order to simplify the process, to reduce bureaucracy, and to make the planning system work effectively, certain powers exist to allow the general requirement for planning permission to be modified. Among these provisions is the use classes order. This works by setting out groups of similar activities, the use classes, and making it clear that changes between different activities within the same group do not require planning permission. This is because development is deemed not to take place.

This deregulation is increased by the general permitted development order, which also removes the need for planning permission for certain changes between activities in different groups or use classes. I might mention at this point that, despite the various deregulation procedures in place to help to reduce the burden, the number of planning applications made to local planning authorities remains high. In the last year, some 674,000 applications were submitted, compared with 634,000 the year before. In other words, without these general permissions and elements of deregulation, the local planning authorities would simply be swamped.

The hon. Gentleman's specific concern is with the operation of the use classes order, particularly class C3. I shall quote from that use class—I dare say that the hon. Gentleman has used the same quotation himself, but I am sure that he will bear with me—which allows:

"Use as a dwellinghouse (whether or not as a sole or main residence)—

by a single person or by people living together as a family; or

by not more than 6 residents living together as a single household (including a household where care is provided for residents)."

In simple terms, when a dwelling is occupied by a traditional family but is in future to be occupied by no more than six sharing the dwelling, such a household would normally fall within class C3 and planning permission would not be required.

This part of the use classes order has remained unchanged since the order was put in place in its present form in 1987. In 2001, we commissioned Baker Associates to carry out a review of the use classes order and aspects of permitted development. On class C3, the review concluded that no change should be made to this part of the order. I announced this conclusion to the House on 27 November 2003, and I can restate that clear position today.

I am certain that this will disappoint the hon. Gentleman, but it is important that we do not overburden the local planning authority with unnecessary bureaucracy. I might also say to him that I shall continue to reflect on the points he has made; that is the purpose of such debates as this. Nevertheless, there would need to be compelling and universal reasons for change.

That said, it is for the local authority to determine case by case to which category a particular premises belongs. Accordingly, if in the view of a local authority there was a material change in strict land use terms that is, movements of traffic, noise, security arrangements and so on in the use of a particular dwelling house to the extent that it could be classified no longer as C3 but as C2, the local authority can so determine. However, I need to point out that such decisions can be subject to later challenge in the courts.

I might also add that the one area where a local authority could intervene is under article 4 of the Town and Country Planning (General Permitted Development) Order 1995. This provides the means by which a local planning authority can issue a direction to control development that would normally go ahead without planning permission. Although, in most cases, article 4 directions require the consent of the Secretary of State before they come into effect, in this case they can come into effect immediately they are served by the council. However, they cannot be imposed where the works have already been completed.

Moreover, local authorities are advised in appendix D of Environment Circular 9/95 entitled "General Development Order Consolidation 1995", that it will rarely be justifiable to withdraw permitted development rights unless there is a real and specific threat to an interest of acknowledged public importance, necessitating tighter planning control in the public interest.

So, I have to advise the hon. Gentleman that he is probably wisest to continue the work he has clearly already undertaken with his local communities, the Sedgemoor Group, the police, the Commission for Social Care Inspection and the local antisocial behaviour co-ordinator to find a different solution. These are primarily management and behaviour issues. Imposing solutions through the planning system seems inappropriate.

Question put and agreed to.

Adjourned accordingly at seven minutes past Ten o'clock.

House of Commons

Tuesday 29 June 2004

The House met at half-past Eleven o'clock

PRAYERS

[MR. SPEAKER *in the Chair*]

PRIVATE BUSINESS

MEDWAY COUNCIL BILL

Considered; to be read the Third time.

Oral Answers to Questions

SCOTLAND

The Secretary of State was asked—

Road Fuel Taxation

1. **Andrew Selous** (South-West Bedfordshire) (Con): When he last met the Chancellor of the Exchequer to discuss the effects of road fuel taxation on business in Scotland. [180229]

The Secretary of State for Scotland (Mr. Alistair Darling): I have regular discussions with my right hon. Friend on a wide range of issues.

Andrew Selous: The respective pre-pump prices, excluding taxes and duties, of unleaded petrol and ultra-low sulphur diesel are 20p and 21p. Last year, the Chancellor said that he would not proceed with fuel duty rate increases if the international oil situation remained volatile. What hope can the Secretary of State give to hauliers and motorists in Scotland and throughout the UK that the Chancellor will keep his word?

Mr. Darling: The hon. Gentleman has picked his day carefully—today, oil prices have fallen to a two-month low following the handover of sovereignty in Iraq. Oil prices are currently volatile and high because of a combination of factors, including not only uncertainty in Iraq and the middle east, but increased demand from the United States, China and other countries. The Chancellor has said that he will examine oil prices and review the situation in August.

Conservative Members should concentrate on why petrol prices have increased, which is because of oil prices rather than sudden increases in duty. We must wait and see what happens in the summer, but the Government's action in encouraging the Organisation of Petroleum Exporting Countries to increase production, coupled with the progress that we have made in Iraq, is helping to exert downward pressure on oil prices, which in turn will help pump prices.

Mr. John McFall (Dumbarton) (Lab/Co-op): The Government have cut the fuel tax escalator that the previous Government imposed. Does the Secretary of State accept that environmental issues such as climate change are important and that a sensitive balance must be reached? Those who fought against protestors in the late 1980s are now inciting people needlessly to riot, which is a sorry sight.

Mr. Darling: My hon. Friend is right that one must take a wide range of issues into account in considering the taxation of fuel. A few weeks ago, the Conservative party showed its opportunism at its worst: instead of joining others in encouraging OPEC to increase oil production, it made opportunistic demands, but Conservative Members know that they would take a completely different view if they were in government.

Mr. Peter Duncan (Galloway and Upper Nithsdale) (Con): The Prime Minister has indicated that the Government will review September's proposed 2p rise in fuel tax in August. Just so that ordinary Scots know how strong their voice is in Cabinet, are there any circumstances in which the Secretary of State would intervene and advocate abandoning that tax hike? Today's press says that desks are being thumped throughout Downing street; are there any circumstances in which the Secretary of State would thump his desk?

Mr. Darling: In our Department, desks are not thumped—they are too valuable. Just as I am determined to bear down on the Scotland Office's hospitality budget, I will not rack up bills by damaging my desk. People, whether they are hauliers or motorists, are, of course, concerned about fuel prices, but it is important to concentrate on the causes of the oil price increase, which, as I said, are increased demand from certain parts of the world and events in Iraq and the middle east. I recognise that we have a long way to go, but the recent fall in oil prices is welcome. Brent crude is currently trading at just more than $33 a barrel, which is much better than a few weeks ago. The Chancellor has said that he will keep the situation under review and, as he indicated earlier this year, he will make a decision in August.

Jim Sheridan (West Renfrewshire) (Lab): My right hon. Friend will be aware of the threatened protests throughout Scotland should fuel tax increase. Will he assure the House that those protestors will face the same level of law enforcement that trade unionists faced when they defended their communities in the 1980s?

Mr. Darling: It is important that anyone who demonstrates abides by the law and does what they are asked to do by the police and other authorities. Of course people have a right to object, but they must do so within the framework of the law.

John Thurso (Caithness, Sutherland and Easter Ross) (LD): In my constituency and in many other remote rural areas where road transport is a necessity, fuel

costs, on average, 10p more than it does in urban areas such as Inverness and Edinburgh. Is the Secretary of State aware that EC directives 92/81 and 92/82 contain derogations to allow for lower tax to cover precisely that situation? Why do not the Government act to end that penalty in remote areas, and what is his Department doing to persuade the Treasury to that end?

Mr. Darling: The Liberals always give the impression that they want fuel prices to go up for environmental reasons—except, of course, in their own constituencies. As for the hon. Gentleman's proposal, it would give rise to difficulties were the Government to decide that fuel tax should be lower in one area than another. There will always be an argument about where the line is drawn. The hon. Gentleman's proposition is not practical, and were we to act on it I suspect that he would be the first to complain about where the line was drawn.

Pete Wishart (North Tayside) (SNP): Despite today's welcome news about oil prices, 77 per cent. of the price of a litre of fuel is still taken up by taxes and duties. Does the Secretary of State think that that figure is too high or too low, and does he think that there could still be a case for a further 2p hike in fuel prices for Scottish motorists?

Mr. Darling: As I said, the Government's position is that we are keeping the situation under review and the Chancellor will make his decision in August. That seems to me to be the right way to approach these matters.

Proceeds of Crime Act

2. **Mr. Russell Brown** (Dumfries) (Lab): What discussions he has had with the First Minister about returning cash seized under the Proceeds of Crime Act 2002 to local communities worst affected by the criminals. [180230]

The Secretary of State for Scotland (Mr. Alistair Darling): As my hon. Friend will know, that is a matter for the Scottish Executive, but I know that they are determined that recovered criminal assets must be used to benefit the communities that suffer from drug dealing.

Mr. Brown: I thank my right hon. Friend for his response. About 50 per cent. of all assets seized in Scotland have been seized through the good work of Dumfries and Galloway constabulary, which also led to the largest ever UK seizure through the civil recovery aspect of the Act. I appreciate that this is a matter for the Scottish Executive; nevertheless, when my right hon. Friend speaks to the First Minister will he impress upon him that some of that money must find its way back to the local communities that have been so badly damaged through criminal activities, and especially drug dealing which is rife in many parts of the country?

Mr. Darling: I am aware of the seizures that have taken place in the south-west of Scotland and my hon. Friend is right to pay tribute to the chief constable and his police force in Dumfries and Galloway. For many years—indeed, ever since he has been the Member for Dumfries—my hon. Friend has expressed his concern about the impact of drug dealing on communities. Of course, I talk to the First Minister about such matters. It is difficult to have an exact correlation between where the money is seized and where it is paid back, because the place where it is seized may not be the scene where so many crimes have been committed and communities have suffered. The Scottish Executive is talking to the Treasury about the exact percentage that is retained and repaid. The general principle of the legislation is absolutely right, and it is a great pity that Opposition Members were so reluctant to support us.

Mr. Ian Davidson (Glasgow, Pollok) (Lab/Co-op): Notwithstanding the fact that many of these responsibilities lie with the Scottish Executive, this House has responsibility for regulating and dealing with professionals. Given that the amount of money that has been seized is lower than might have been expected, what steps is my right hon. Friend taking to deal with professional associations representing accountants, bankers and lawyers, which often act to assist criminals by hiding their assets and preventing their being seized?

Mr. Darling: I am tempted to declare an interest, but it has, sadly, been some years since I practised, although the register shows that I am still a member of the Faculty of Advocates. I am still practising politics, however.

My hon. Friend makes an important point. As he will know, my right hon. Friend the Home Secretary is considering various measures to attempt to deal with some of the problems that he highlights. There is a balance to be struck between maintaining confidentiality between clients and professionals and dealing with situations involving abuse of the system.

Regional Selective Assistance

3. **Mr. Michael Moore** (Tweeddale, Ettrick and Lauderdale) (LD): What discussions he has held with the Department of Trade and Industry on the future of regional selective assistance. [180231]

The Parliamentary Under-Secretary of State for Scotland (Mrs. Anne McGuire): I met ministerial colleagues last week when the European Commission's proposals for amending the guidelines that govern regional state aid from 1 January 2007 were discussed. The Government's approach to responding to the Commission regarding the proposals was set out by the Minister for Industry and the Regions in a written statement on 14 June.

Mr. Moore: In the borders over the past few years, more than £6 million of regional selective assistance has created more than 200 jobs and safeguarded at least another 1,000. Does the Under-Secretary recognise the importance of that funding in the aftermath of the debacles at Biosytems and in the textile industry? Will she ensure that however RSA is to be restructured, the needs of rural manufacturing economies, such as that of the south-east of Scotland, will not be ignored?

Mrs. McGuire: We are well aware of the importance of regional selective assistance to many areas in Scotland. Approximately 48 per cent. of Scotland is covered by RSA. I know that specific issues apply in the borders. In our discussions with the Commission, the

Government hope to identify effective, regional targeting while ensuring that some of the most deprived and disadvantaged areas are given the economic support that they need. I encourage the hon. Gentleman and his party to make their views known in the consultation period that the Minister for Industry and the Regions announced.

David Cairns (Greenock and Inverclyde) (Lab): Has my hon. Friend had a chance to study the report of the West of Scotland European Consortium, which makes a compelling case for continuing assistance to the west of Scotland, due to deprivation and social exclusion that are higher than average? Will she assure me that whatever the future holds for regional assistance, the needs of constituencies such as Inverclyde, which have higher than average unemployment and poverty, will be borne in mind?

Mrs. McGuire: I have had a glance at the document that my hon. Friend mentions. I have not read it in detail, but I endorse his views. As someone who served on the monitoring committee of the former Strathclyde objective 2 partnership, I know the importance of European funding, through structural funds and regional selective assistance, to areas such as my hon. Friend's constituency. It is one of the aspects of European partnership that is clear to people not only in Scotland but throughout the United Kingdom. It is one of the benefits of European partnership and membership of the European Union that the Conservative party often neglects to mention.

Dungavel Centre

4. **John Robertson** (Glasgow, Anniesland) (Lab): What recent discussions he has had with the First Minister on the Dungavel immigration removal centre. [180232]

The Parliamentary Under-Secretary of State for Scotland (Mrs. Anne McGuire): The operation of Dungavel immigration removal centre is a reserved matter and the responsibility of my right hon. Friend the Home Secretary. However, I have regular meetings with Home Office and Scottish Executive Ministers to discuss any specific concerns surrounding asylum seekers and refugees in Scotland.

John Robertson: My hon. Friend knows that the Select Committee on Scottish Affairs, of which I am a member, visited Dungavel last week. We were impressed with the facilities and the commitment of the staff. Will she join me in congratulating the staff on their efforts and assure me that any families in Dungavel will be detained for as short a period as possible?

Mrs. McGuire: I welcome my hon. Friend's comments and I am sure that the staff in Dungavel will also welcome them. Some of the pictures that the media paint of Dungavel in no way reflect the high quality of service that good people provide there to refugees and asylum seekers who need support.

Of course, the Government continue to pay the greatest possible attention to the detention of families. I assure hon. Members that families are detained only as a last possible resort. In Dungavel, we try to turn families around quickly, although there have been one or two exceptional circumstances. It is important to acknowledge that, in any immigration structure, there eventually needs to be a place in which to hold people in the system. However, the facilities in Dungavel are first class and superb.

Annabelle Ewing (Perth) (SNP): At Scottish questions recently, the Under-Secretary welcomed the fact that the new Children's Commissioner for Scotland intended to visit Dungavel. She knows that the commissioner has visited and that she said at the weekend that she wholeheartedly agreed with the conclusion of the chief inspector of prisons that detention compromises children's welfare and development. What does the Under-Secretary say in response to the commissioner's comments?

Mrs. McGuire: The commissioner also said that the facilities inside Dungavel were good. She was there at the express invitation of the Home Secretary, as I said at the last Scottish questions. Yes, the commissioner is on record as saying that she does not believe in principle that children should be detained, and that is a difference that we have with some groups in Scotland about the detention of children. The reality is that if the hon. Lady's party were in charge of immigration in Scotland, it, too, would have to put in place a structure to deal with those who were unwilling to accept the outcome of the immigration or asylum process. I am due to meet the commissioner quite soon and I shall be interested to hear her views first hand, rather than through the media.

Mr. John Lyons (Strathkelvin and Bearsden) (Lab): May I suggest to my hon. Friend that a joint meeting between the Scottish Executive, the Scotland Office and the Children's Commissioner, Kathleen Marshall, might be constructive in developing a way forward for dealing with the question of children at Dungavel?

Mrs. McGuire: I reiterate that the management of Dungavel is a matter for the Home Office, although we obviously link very closely with the Scottish Executive and Home Office Ministers over some of the issues that I have already identified. I have had correspondence with the Children's Commissioner and, as a courtesy, we are meeting to discuss some of the issues that are causing her concern. I want to reassure my hon. Friend and other hon. Members that the Scottish Executive, Home Office Ministers and I meet regularly to discuss these issues, which are important not only to this House but in Scotland generally.

Mr. Peter Duncan (Galloway and Upper Nithsdale) (Con): Having visited the centre recently, may I say to the Minister that one of its strengths is the separation between the centre's detention staff and the Home Office officials dealing with the legal process? However much those detained endeavour to destabilise the process, they are in my view still treated with the same concern. May

I seek the Minister's reassurance that there are no plans to change that two-pronged relationship, as has been reported?

Mrs. McGuire: There was a report in a national daily newspaper that the Home Office intended to extend Dungavel to provide a further 150 places for families, and it is totally untrue.

Mr. Duncan: Does the Minister agree that she and her Department would be under considerably less pressure over Dungavel if the wider asylum issue were not in such widespread chaos? Is not the real scandal the fact that so many of those awaiting removal have had to wait so long for the legal process to be concluded, in the knowledge that so many others have evaded the process entirely?

Mrs. McGuire: The real scandal is that when the Conservative party was in power, it allowed our immigration and asylum policy to descend into chaos. We have had to sort it out. The reality is that immigration and asylum cases are now being dealt with in a far more effective and efficient manner than they ever were under the Conservative Government.

Health and Safety Executive

5. **Ann McKechin** (Glasgow, Maryhill) (Lab): When he last had discussions with the Health and Safety Executive on its work in Scotland. [180233]

The Secretary of State for Scotland (Mr. Alistair Darling): Ministers have had discussions with a number of organisations in relation to their work in Scotland.

Ann McKechin: Does my right hon. Friend share my concern that while the number of fatalities and major accidents at work in the rest of the United Kingdom has decreased, the number in Scotland has increased in recent years, and that the rate of deaths in the workplace in Scotland is 95 per cent. higher than the average for Great Britain? What discussions has he had with the Health and Safety Executive in Scotland about the resources that it requires to tackle that issue, and to ensure that accidents in the workplace decrease significantly in Scotland?

Mr. Darling: My hon. Friend is right to raise this issue. There is no intrinsic reason why the number of accidents in the workplace in Scotland should be greater. In particular, the number of people injured on construction sites in Scotland is much higher than on sites in England. The Health and Safety Executive is investigating the issue and carrying out research into why this is happening. It has also been agreed that the HSE, in conjunction with the Scottish Executive, will set up a joint piece of work to examine how the situation can be improved. In addition to what the Government can do, there must be a reminder to everyone involved in a workplace—a construction site or elsewhere—that safety can and must be improved. There are still too many people being killed and seriously injured at work in Scotland, and that should not be happening.

Scottish Index of Multiple Deprivation

6. **Mr. David Marshall** (Glasgow, Shettleston) (Lab): What plans he has to meet the Scottish Executive to discuss the Scottish Index of Multiple Deprivation; and if he will make a statement. [180234]

The Parliamentary Under-Secretary of State for Scotland (Mrs. Anne McGuire): My right hon. Friend and I meet regularly with Scottish Executive Ministers to discuss a wide range of issues. We welcome publication of the index as a valuable tool in tackling poverty for both reserved and devolved areas of responsibility.

Mr. Marshall: May I say to my hon. Friend that I am 63 years old and live in the Shettleston constituency—*[Laughter.]* Adult male life expectancy there is just that—63. Tragically, because this is no laughing matter, that is 14 years fewer than the UK national average, and it is partly due to poverty in the area. Six of the 10 most deprived areas in Scotland are in Glasgow's east end, where 20,000 people are unemployed. Does she therefore agree that the No. 1 priority must be the education and training of the unemployed, and will she assure the House that she and the Government will do all that they can to help the Scottish Executive to deal with and tackle this very serious situation?

Mrs. McGuire: In spite of the raucous response to my hon. Friend's question, by drawing attention to his age he makes a serious point about the difficulties in some parts of the United Kingdom, including his constituency. I hope that he will take confidence from the fact that we are tackling some of the major issues, which are mainly related to unemployment and poverty, not only in his constituency but across Scotland. More children have dropped out of poverty over the past seven years of a Labour Government, following the dramatic increases that had occurred in children and their families dropping into low income. I hope that that will give him reassurance for the future. I wish him many future happy returns.

ADVOCATE-GENERAL FOR SCOTLAND

The Advocate-General was asked—

Devolution

15. **Ann McKechin** (Glasgow, Maryhill) (Lab): What devolution issues she has considered since 25 May. [180244]

16. **Miss Anne McIntosh** (Vale of York) (Con): What devolution issues she has considered since 25 May. [180245]

The Advocate-General for Scotland (Dr. Lynda Clark): Since 25 May, 48 devolution issues have been intimated to me. Thirty-six of those related to criminal matters, including pre-trial delay, self-incrimination under the Road Traffic Act 1988, regulatory fisheries offences and evidential issues. In the civil sphere, 12 issues were intimated, 11 of which related to actions for

damages or judicial review in respect of prison conditions, while the last concerned a challenge to the discretion of the procurator fiscal.

Ann McKechin: May I ask my hon. and learned Friend whether she has had any discussions with the new Children's Commissioner for Scotland, Dr. Kathleen Marshall, who was referred to earlier today, in connection with the concerns that she has expressed about human rights issues arising from the new antisocial behaviour legislation that has recently passed through the Scottish Parliament? If she has not had any such discussions, does she intend to meet her later this summer?

The Advocate-General for Scotland: To date, I have had no discussions with the commissioner. The matters that my hon. Friend raises relate to policy, which would usually be discussed with policy Ministers, not with me. Obviously, were there any legal issues to be addressed, that might be a different matter.

Miss McIntosh: Has the hon. and learned Lady's advice been sought, however, on the positioning and the legal situation as regards the construction of wind farms in international shipping lanes in Scotland? In the event of a wind farm being built and a fisherman colliding with it, who would be responsible for that collision?

The Advocate-General for Scotland: The hon. Lady knows full well that I cannot tell the House whether my advice has been sought.

Mr. Eric Forth (Bromley and Chislehurst) (Con): Not again.

The Advocate-General for Scotland: I am afraid so. I am happy to discuss privately with the hon. Lady general issues relating to the statutory structure, if that would be of assistance to her.

Mr. George Foulkes (Carrick, Cumnock and Doon Valley) (Lab/Co-op): May I congratulate the Advocate-General on the splendid job that she is doing? She will be a very difficult act to follow. Will she also pass on my congratulations to the Lord Advocate on the great improvement that there has been in the Scottish Procurator Fiscal Service? Can she also tell him that if he needs any heavyweight support, I will be free after the next election?

The Advocate-General for Scotland: I can only say that those kind words were entirely unsolicited. I shall be more than happy to pass on my right hon. Friend's good wishes and thanks to the Lord Advocate.

Human Rights

17. **Mr. Tam Dalyell** (Linlithgow) (Lab): What human rights issues she has considered since 25 May. [180248]

The Advocate-General for Scotland (Dr. Lynda Clark): In addition to the human rights issues raised in the devolution issue minutes to which I referred some moments ago, as a matter of routine such matters were considered by me in my role under section 33 of the Scotland Act 1998 and in my capacity as a United Kingdom Law Officer.

Mr. Dalyell: Given that Mr. Eddie McKechnie, acting in furtherance of the human rights of Mr. Megrahi, is hopeful that the Scottish Criminal Cases Review Commission is giving the most serious and painstaking consideration to that complex case, does my hon. and learned Friend think that the House of Commons will have a role when the commission reports? I do not criticise Members of the Scottish Parliament, but it is clear that none of them have bothered to become immersed in what is a very complex issue.

The Advocate-General for Scotland: I am sure that many Members of this Parliament, as individuals, will read the commission's report with great interest when it is available. I think that these matters will generally be regarded as devolved, but I am sure that, with his great experience, my hon. Friend will find a way of raising the issues that concern him in the House.

Mr. Patrick McLoughlin (West Derbyshire) (Con): Will the Advocate-General review the answers that she has given in the House over the past six months? Does she believe that her Question Time has added anything to parliamentary accountability?

The Advocate-General for Scotland: I think that Question Time has resulted in a most interesting and stimulating debate. I have certainly enjoyed it. I am particularly grateful to Opposition Members, who have raised so many questions with me. I shall be delighted to review the answers, but I remind Members that the conventions which prohibit me from giving details of opinions are not created by me—they are long-standing conventions, which Members have also supported.

DEPARTMENT FOR CONSTITUTIONAL AFFAIRS

The Parliamentary Under-Secretary of State was asked—

Postal Voting

18. **Ann Winterton** (Congleton (Con.): What assessment the Department has made of the efficacy of the recent trials for postal voting in the north-west of England. [180752]

The Parliamentary Under-Secretary of State for Constitutional Affairs (Mr. Christopher Leslie): The recent trials of postal voting in four regions of England proved worth while. Turnouts increased throughout the country, but were appreciably higher in the all-postal areas, where they doubled in comparison with those for the previous European elections. The Electoral Commission is statutorily obliged to evaluate the pilots. No doubt lessons will be learned from its report, which is due in mid-September.

Ann Winterton: Experience has shown that turnouts increase initially after all-postal ballots, but then fall back. Turnout increased on this occasion because there were two elections on the same day, the European and the local elections. Will the Minister acknowledge the incidence of costly administrative chaos, postal delays in some areas and alleged fraud? Will he ensure that while opportunities for postal voting will continue to be provided, the traditional democratic right to vote in person at a polling station will always be maintained in the future?

Mr. Leslie: Of course the right to cast a vote in the polling booth was maintained in the all-postal ballots, via the assistance and delivery points. There was an issue over whether there were enough of those, and we could think about that for the future.

Part of the reason for the increased turnout was our decision to combine the European and local elections, but comparison of pilot with non-pilot regions shows an appreciably higher turnout than under the conventional arrangements. We organise pilots because we want to learn lessons. We are trying out these arrangements because we want to find ways of dealing with the historic lower turnouts that have occurred in recent elections. I think that that is the right thing to do, and it has certainly proved worth while.

Keith Vaz (Leicester, East) (Lab): The trials were very successful in Leicester. Turnout increased in all three Leicester constituencies—*[Interruption.]*

Mr. Speaker: Order. Members must let the hon. Gentleman put his question. When the Minister replies, he too should be heard.

Keith Vaz: Turnout was up in all three Leicester constituencies, especially Leicester, South, where a lot of people turned out to vote against the cuts instituted by the Liberal Democrat administration. However, will my hon. Friend look at the guidance in respect of making ballot boxes available on the day for those who missed the postal deadline? Only one ballot box was provided by the returning officer, which was at the town hall in the city centre. Parking was extremely difficult, so many people could not return their ballot papers. Could we not have, at the very minimum, a ballot box in each parliamentary constituency to make them more accessible to those who cannot vote except on polling day?

Mr. Leslie: The point of having an all-postal pilot was to test the extent to which the dispatch of ballot papers to the electorate through the post helped to make it easier and more convenient for them to vote. If we had provided the same number of polling stations as before, it would have negated slightly the effect of testing the efficacy of all-postal balloting. I accept that many hon. Members have noted that they would have preferred more assistance and delivery points, and that is obviously something that will come out in the Electoral Commission's evaluation.

I also heard my hon. Friend's comments about the cuts that the Liberal Democrats have proposed in Leicester, but that is a debate for another day.

Mr. David Heath (Somerton and Frome) (LD): It is extraordinary that the Government are yet again disregarding the views of the Electoral Commission in respect of the referendums.

May I take the Minister back to the statement that he made on 27 May? He said:

"I am confident that the deadlines to hand over packs to the Royal Mail will be met."—[*Official Report*, 27 May 2004; Vol. 421, c. 1735.]

Will he confirm that the contracts let with Royal Mail required those packs to be in its hands on 25 May, two days before he made that statement? Will he apologise to the House for clearly misleading it in that respect? Will he tell us whether any penalty clauses are attached to the Royal Mail contracts, and if so, who will be responsible: the printers, the Government, whose fault this whole debacle was, or the hard-pressed council tax payers of the north of England?

Mr. Leslie: What a shame that, in attempting to perpetuate the story about the supposed chaos and shambles of all-postal voting that both Opposition parties have tried to peddle, the hon. Gentleman seeks to accuse me of somehow misleading the House, which I certainly did not. I underlined the fact that in law, the ballot papers needed to be dispatched to the deliverers from the returning officers by midnight on 1 June. That is in fact what happened to all intents and purposes, and within a few hours of that deadline, the papers were issued. There may well have been different contractual arrangements from area to area and from returning officer to returning officer, but the legal position and legal requirements that I set out were absolutely clear. I am glad that that was a success and that we were able to ensure that those papers were issued, to all intents and purposes, by that deadline.

Mr. Peter Pike (Burnley) (Lab): Will my hon. Friend confirm that the Government's two main priorities in using postal voting are to ensure that a larger number of people use their vote, which is good for democracy, and to ensure the integrity of the vote? Later in the year, when we have the report showing the advantages, the disadvantages and where we can improve on what was done in June, may we have a full debate on it? There is merit in taking this matter forward and we can learn from what happened this month.

Mr. Leslie: My hon. Friend makes some reasonable points and I am sure that we will debate the Electoral Commission's report and evaluation in due course. From some of the comments from Opposition parties, one would have thought that we were criminal in trying to address the problems of lower turnout, engagement and participation by the electorate. We have come up with the solution of trying out new techniques to engage the public, while the Opposition parties have developed no ideas or proposals whatever to engage the public more in the electoral system. That is a great pity.

Mr. Jonathan Djanogly (Huntingdon) (Con): With allegations of corruption, vote tampering and voter manipulation now growing, with 26,000 spoiled ballot papers in the north-west region alone, and with concerns about the huge confusion emanating from postal voting, is the Minister really going to maintain that a short-term, marginal, 5 per cent. improvement in turnout is worth the collapse of confidence in our voting system that postal voting could entail?

Mr. Leslie: The issues about spoiled ballot papers are separate from the constant repetition of claims of fraud and malpractice. I note that, again, the hon. Gentleman has produced no evidence, but is simply perpetuating rumour, story and things that have been heard on the grapevine. If that is good enough for the Opposition, it is certainly not good enough for the police, who need to see the evidence immediately—if the hon. Gentleman has those reports. I trust that he will now produce such evidence immediately to the police, if he has it. There have been no charges yet in respect of any electoral offences in the pilot regions and no legal proceedings, despite the scare stories and the doom and gloom that we heard from Opposition Members.

I accept that the Electoral Commission will need to look at the question of spoiled ballot papers; the witness statement requirement that was foisted on the Bill by Opposition Members may well be responsible for some of that.

Mr. Gordon Prentice (Pendle) (Lab): We all want to boost turnout, but why can we not pilot weekend voting? Why can we not pilot Thursday voting, but make Thursday a public holiday? There are alternative ways of approaching this issue, without jeopardising the secrecy of the ballot.

Mr. Leslie: Nobody has jeopardised the secrecy of the ballot, but I accept that my hon. Friend has other suggestions that he would like to try out. In fact, we trialled weekend voting in Watford in 2003, but no appreciable effect was proven there. The right approach is to test new arrangements that make it easier and more convenient for people to participate in elections, while always maintaining the security and safety of the electoral process.

House of Lords

19. **Mr. Simon Burns** (West Chelmsford) (Con): If he will make a statement on the future of reform of the House of Lords. [180753]

The Parliamentary Under-Secretary of State for Constitutional Affairs (Mr. Christopher Leslie): The Government remain committed to reform of the House of Lords, but to proceed now in the face of current opposition in the Lords could jeopardise the wider legislative programme. However, the Government are determined to take this matter forward and to find a consensus that defends the Commons supremacy and the proper revising role of the second Chamber.

Mr. Burns: Does the Minister accept that, just as no one has been able to find a solution to the West Lothian problem, there is growing concern that a similar problem will arise with reform of the House of Lords, because no one can come up with a credible solution to altering the balance of power between the two Chambers, and to the consequent problems? In order to provide a solution once and for all, why do the Government not support the Prime Minister in his preferred option and just continue appointing Members of the House of Lords?

Mr. Leslie: I am not quite sure that that is the Prime Minister's total view, but I always support him in all eventualities, as all Members are well aware by now. However, the hon. Gentleman makes a reasonable point in part, in that it is possible to square the issues of improved legitimacy for the second Chamber and maintaining Commons supremacy. There is a consensus that we want this House of Commons to be the final decision maker. At the same time, it is important that we find a way to improve connection with the public so far as the second Chamber's composition is concerned, while ensuring that it continues in its revising role.

Tony Wright (Cannock Chase) (Lab): There is a view in some quarters that it would be better to have a half-baked scheme than no scheme at all. Will my hon. Friend resist that view and remember that it has taken us nearly a century to come up with House of Lords reform that has some chance of working? It would be better to get it right in a form that can command widespread support.

Mr. Leslie: That was a cryptic question from my hon. Friend, but I shall not demur from answering it. He is correct to say that it is better to get a solution that works well. As I said earlier, it is possible to square Commons supremacy with improved legitimacy for the second Chamber, and we will continue to press ahead in looking for a consensus on that point.

Mr. Douglas Hogg (Sleaford and North Hykeham) (Con): Does the hon. Gentleman understand that many of us are very concerned about the influence and power of the Whips in this House and therefore want to extend the powers of the second Chamber? Does he also understand that in order to do that, he has to give greater political legitimacy to the second Chamber? That would involve either a complete or very substantial election process by a direct franchise from the people.

Mr. Leslie: Of course, the whipping system already exists in the second Chamber. The right hon. and learned Gentleman comments on the situation whereby those who are elected might be more prone to the persuasions of the whipping system than others, but I am not convinced. Each individual takes a decision according to their own conscience—just as the right hon. and learned Gentleman did not always necessarily obey the Whip when it was waved under his nose.

Mr. Graham Allen (Nottingham, North) (Lab): May I urge my hon. Friend to continue his search for a consensus and a scheme for the reform of the second Chamber? It would be unacceptable to go into the next

election without a clear manifesto commitment from our party on that question. I therefore urge him to meet, if he has not already met, Mr. Billy Bragg, who proposes one form of a scheme that may command a consensus. Will he undertake to meet Billy Bragg and many others who have views on how best to take a step forward with this knotty problem?

Mr. Leslie: I have already met Mr. Billy Bragg and hon. Members who advocate the secondary mandate scheme, as they term it. That proposal is designed to improve the legitimacy of the second Chamber without direct election. My hon. Friend's point about our manifesto is correct. I believe that we should develop proposals and he should wait and see what appears in the manifesto.

Freedom of Information Act

20. **Norman Baker** (Lewes) (LD): What progress is being made in implementing the Freedom of Information Act 2000. [180754]

The Parliamentary Under-Secretary of State for Constitutional Affairs (Mr. David Lammy): The Government are making good progress on implementation of the Freedom of Information Act 2000. An extensive programme of work is taking place in Whitehall and beyond, and we are confident of full and effective implementation by 1 January 2005.

Norman Baker: Has the Minister had a chance to consider early-day motion 1269, tabled by the hon. Member for Cannock Chase (Tony Wright), which has secured the support of 151 MPs? It expresses grave concern about the massive increase in projected costs for accessing information under the Freedom of Information Act. Does the Minister recognise that charging £575 for a piece of information is likely to deter people from using the Act? Is it simply a matter of petty Treasury money-grabbing policy, or is it something more sinister – an attempt to ensure that people do not exercise their rights under the Act so that it is not effective in its operation?

Mr. Lammy: The hon. Gentleman will know that we will bring forward our plans for the fee regime later in the autumn. He will also know that the Government are aware of their previous commitment that the fees should reflect appropriately on the public purse.

Electoral Roll

21. **Mr. Desmond Swayne** (New Forest, West) (Con): What assessment the Department has made of the integrity of the electoral roll following the postal ballots in the recent elections. [180755]

The Parliamentary Under-Secretary of State for Constitutional Affairs (Mr. Christopher Leslie): The new powers given to electoral registration officers in 2001 have helped to safeguard the accuracy of the electoral register. Further security improvements, including individual rather than household registration, are being actively considered as part of an ongoing review, but not specifically related to one election.

Mr. Swayne: Does the Minister accept that the robustness of the register is vital to minimising fraud? Does he agree that confidence in our electoral system is not so much determined by a relatively low number of proven cases of fraud as by the perception that our systems largely exclude the possibility for it?

Mr. Leslie: I agree with the hon. Gentleman in respect of the electoral roll. The accuracy of the register is vital as the foundation of our democratic system. We have made improvements by giving new powers to electoral registration officers to demand information and to be able to ask for specified evidence of age, nationality and so forth. Of course, they also have the power not to include people on the electoral roll. In this country, we largely operate on the basis of trust and believe that citizens will fill in their forms correctly, but we have to ensure that we always improve security whenever possible.

Mr. Alan Duncan (Rutland and Melton) (Con): As the Minister said, the electoral roll is the foundation of any smoothly functioning democratic process. If that is distorted, everything that follows risks becoming polluted as well. Suggestions have been made that some electoral rolls are overstated with ineligible names, particularly in urban areas, to the tune of 10 or even 15 per cent. That has serious implications for all-postal voting and for the setting of boundaries for seats in the House. Will the Minister confirm that he will accelerate the introduction of individual voter registration and that, when it is introduced, it will require the person's name, address, date of birth, national insurance number and signature to authenticate genuine voters and remove the ineligible ones?

Mr. Leslie: That is something that we are discussing, not least with the Electoral Commission, which has proposed individual registration for some time. One problem that needs to be overcome is the extra burden that individual registration would place on citizens. Instead of each household filling in a form, each individual would have to fill in an extra form. That may be necessary and it may have merit, but a possible consequence is that people might fall off the electoral roll, and we would not want that to happen. We must make sure that individual registration is accurate, and that it legitimately enfranchises as many people as possible. I think that we can get that balance right. We are trying to solve the problem and we will bring forward proposals in due course.

Tesco (Legal Products)

22. **David Taylor** (North-West Leicestershire) (Lab/Co-op): What representations the Department has received from the legal profession on the legal products the Tesco supermarket chain plans to put on sale. [180757]

The Parliamentary Under-Secretary of State for Constitutional Affairs (Mr. David Lammy): My Department has received no such representations, but it looks favourably on initiatives that offer people wider access to straightforward information about legal

issues. My Department has been in discussion for some time with retailers about the role that they might play in that process.

David Taylor: Even experienced purchasers of professional services find it difficult to assess the quality and integrity of their lawyers. The Clementi review of the regulatory framework of legal services might sanction a supermarket approach to justice. If so, does my hon. Friend agree that although a pile-it-high, sell-it-cheap ethos might appear to offer choice and value, in reality it could lead to costly mistakes? That would be not unlike the bogus consumerism promoted by both Front-Bench teams in education and health.

Mr. Lammy: Clearly, I cannot comment on David Clementi's report, which the Government asked him to produce but which will not be ready until later in the year. Of course I welcome the provision by Tesco, or any supermarket retailer, of information to consumers. That information concerns matters such as tenancy agreements, the writing of wills—something that we all want—and, for people whose family circumstances have broken down, divorce. We should wait and see what David Clementi comes up with, but also recognise that the current arrangements—which mean that the Law Society and the Bar Council are the regulator, the disciplinary body and the representative trade union—are a privilege. At the turn of the 21st century, it is a privilege that we should look into.

LEADER OF THE HOUSE

The Leader of the House was asked—

Modernisation

29. **Ms Karen Buck** (Regent's Park and Kensington, North) (Lab): What plans he has to propose the removal of the term "stranger" from the Standing Orders. [180767]

33. **Ann Coffey** (Stockport) (Lab): What action he is taking on the recommendation of the Select Committee on the Modernisation of the House of Commons to end the use of the term "stranger". [180772]

The Leader of the House of Commons (Mr. Peter Hain): I intend in due course to table for the consideration of the House a motion to amend the Standing Orders to remove the references to "strangers". I intend to discuss with you, Mr. Speaker, whether that change might also be reflected in the names used for parts of the Palace and in other usage in the House.

Ms Buck: When my constituents come to Parliament as my guests, they are treated like royalty and fed lavishly at my expense—at least, some of them are. However, when they make their own arrangements to attend Parliament, all too often they are left queueing in the rain and labelled as "strangers". Although House staff display exceptional courtesy and efficiency, my constituents are treated as the institutional equivalent of the Ebola virus. Is not it time that the House abolished the concept of "strangers"? Will my right hon. Friend assure me that he will make the speediest possible moves to bring this House into the 21st century?

Mr. Hain: I agree with my hon. Friend, in every respect. The prospect of being treated like royalty makes me wish that I was one of her constituents. Interestingly, the "Oxford English Dictionary" states that the parliamentary use of the term "stranger" refers to

"one who is not a member or an official of the House and is present at its debates only on sufferance".

That is entirely the wrong message to give to our voters and citizens. This is their House of Commons and we are here at their permission. They are not strangers. They are citizens and voters who are entitled to be here and to be treated properly.

Ms Coffey: I welcome my right hon. Friend's reply in relation to the use of the word "stranger", but does he agree that other strange words are used in this place, such as the term "honourable Member"? Is there any support for a change that would allow MPs to be addressed by their names, without the use of that archaic and unmodernised term?

Mr. Hain: That is a revolutionary suggestion, but we should take matters one at a time. Let us get "strangers" consigned to the history books. I understand that the issue of right hon. and hon. Members has been considered in the past by the Modernisation Committee and the House, but it was not taken forward. My hon. Friend is free to continue to campaign for change.

Mr. Eric Forth (Bromley and Chislehurst) (Con): How many complaints has the Leader of the House had from visitors to this House about use of the term "stranger"?

Mr. Hain: In the evidence that the Modernisation Committee took, it was deeply resented by virtually everybody—especially younger people—who came to give evidence to us. It emerged as an issue in our inquiries. People queue up to enter the Palace sometimes in the rain, as my hon. Friend the Member for Regent's Park and Kensington, North (Ms Buck) said, although that problem will be overcome by the new visitor reception facility. When they get in, they feel, in the words of one person who spoke to us, like aliens rather than citizens who are entitled to be here as of right. It is their Parliament as much as it is our Parliament. If the right hon. Gentleman wants to stay in mediaeval times, that is a matter for him: we are going forward into the modern era.

Mrs. Gwyneth Dunwoody (Crewe and Nantwich) (Lab): Is my right hon. Friend aware that there is a vital difference between gesture politics and genuine change? Are we not in danger of mistaking the two? Perhaps it would be simpler to stop applying the word "stranger" to members of the general public—who are now corralled in unacceptable conditions in this place—and apply it to Members of Parliament who increasingly find the Chamber a place of great strangeness.

Mr. Hain: In the sense that too many Members find it strange being in the Chamber because they spend too much time in their offices, I understand the point that my hon. Friend makes. However, I am sure that she will agree that the reforms recommended by the Modernisation Committee will be a huge advance in reconnecting Westminster with the voters.

30. **Mr. Mark Lazarowicz** (Edinburgh, North and Leith) (Lab): What steps he will take in response to the report by the Select Committee on the Modernisation of the House of Commons on "Connecting Parliament with the Public". [180769]

The Leader of the House of Commons (Mr. Peter Hain): I intend to discuss with you, Mr. Speaker, with my colleagues on the House of Commons Commission, and with other parliamentary colleagues, how best to approach the Committee's recommendations.

Mr. Lazarowicz: I urge my right hon. Friend to give enthusiastic backing to the implementation of the recommendations in the report in their entirety as soon as possible. He must know that the combined forces of bureaucratic inertia, backwoodsmen, backwoodswomen, and old and young fogeys could delay the changes for years and years. I suggest that he give Members an early chance to debate and vote on the proposals, so that they can be implemented before the next general election. Taking issues one at a time as he suggested in an earlier answer could result in the 35 recommendations in the report taking several decades to implement.

Mr. Hain: I am with my hon. Friend on the need to move as quickly as I can, but many of the decisions are for other bodies in the House, including the House of Commons Commission and other Committees. However, his essential point was that we should no longer give the impression that we are a private club for Members of Parliament. The House of Commons should be open and inclusive, and connect as much as possible. The Committee has made a series of recommendations, including having staff on hand to welcome visitors and encourage them to take the opportunities available to them in Parliament, a new visitors' centre, sending a new voter guide to every 18-year-old, modernising our websites and using the education unit for outreach work, as the National Assembly for Wales has done far more effectively than we have so far. The report has far-reaching implications for connecting Parliament with the electorate in a modern way.

Mr. Paul Tyler (North Cornwall) (LD): On our electors witnessing what we are doing here on their behalf, I endorse what the Leader of the House has just said. Given that the number of occasions that they may do so may decrease—for example, it may not be possible in future for them to observe the Prime Minister appearing before the Liaison Committee—will the Leader of the House pay particular attention to those elements of the package from the Modernisation Committee that improve access online? That can be introduced relatively quickly and cheaply and is already probably much more useful to hundreds of thousands of our electors than attempting to come here, which is more difficult.

I also ask the Leader of the House to consider improving the press facilities in the House, which are also covered in the report. If and when there is a visitor centre, can we please get rid of the—

Mr. Speaker: Order. One supplementary is enough for the Leader of the House to reply to.

Mr. Hain: I very much agree with the hon. Member for North Cornwall (Mr. Tyler) on his point that millions of people who may never have the chance physically to visit the Chamber could do so through the internet, through online consultation and a much better website. One of the criticisms made by the Modernisation Committee was of the existing parliamentary website. The Committee suggested that it needed upgrading in various respects. That would enable many more people to make a virtual tour of Parliament, which I know the hon. Gentleman strongly supports, thereby gaining a much greater understanding of our parliamentary democracy.

On press facilities, if the hon. Gentleman is referring to a more co-ordinated media operation for Select Committees, Standing Committees and the other work of the House that goes unreported, we recommend that.

Broadcasting

31. **Mr. Graham Allen** (Nottingham, North) (Lab): What discussions he has had with the BBC regarding its coverage of online pre-legislative scrutiny by the House. [180770]

The Deputy Leader of the House of Commons (Mr. Phil Woolas): My right hon. Friend has had no discussions with the BBC on that subject. However, I have had informal discussions with the BBC about widening access to parliamentary proceedings.

Mr. Allen: I would like to welcome the fact that the Government have put to online legislative scrutiny almost every appropriate Bill that has come before the House, but unfortunately I cannot do so at present as it would be a little premature. I hope that my hon. Friend will enter serious discussions with the BBC, because its website obviously has an even greater attraction than our parliamentary website and would for the first time open up real law-making to the general public as well as to Members of Parliament.

Mr. Woolas: I commend my hon. Friend's persistence in pursuing that point. I believe that he realises that we are sympathetic to his point of view; online consultation is opening the scrutiny of law to a much wider public. The website www.tellparliament.net, which is managed for us by the Hansard Society, is becoming widely known. That is not contradictory, and would not exclude the BBC from taking such opportunities further, but I caution that such matters are also for Committees of the House as well as for my hon. Friend.

Mr. Oliver Heald (North-East Hertfordshire) (Con): As the BBC receives public money and has a public service obligation, should not it provide active links from its news and current affairs output, and from BBC Online, to our online parliamentary forums? What do the hon. Gentleman and the Leader of the House plan to do to ensure that we make the most of online forums, given their success when they have been used?

Mr. Woolas: I thank the hon. Gentleman for that question. I agree that the opportunities that such technology opens for us to allow the public much greater access to scrutiny are to be welcomed. That is why we have made developments. As he knows, Select Committees and Standing Committees are available live on the webcast and the BBC follows those events. He will know through the PARBUL—Parliamentary Broadcasting Unit Ltd.—Committee that those things have been discussed, and I look forward to a situation in the none-too-distant future where such facilities will be widely available. However, I emphasise that the matter is not just for my right hon. Friend the Leader of the House, but for the House as well.

Points of Order

12.33 pm

Mr. Tam Dalyell (Linlithgow) (Lab): On a point of order, Mr. Speaker.

This is a gentle and 90 per cent. genuine point of order. In the very courteous and helpful answer from the Advocate-General to Question 17, she said, in relation to the Lockerbie trial and the Scottish Criminal Cases Review Commission, that it was up to my ingenuity to find a way of raising the issue in the House and that on the whole it was a question for the Scottish Parliament. I put it to you, Mr. Speaker, that it is rather more than that. It is not a question of my ingenuity or lack of it, but of the rules of the House and the delicate grey area in such matters of the relationship between the House and the Scottish Parliament. May I ask you to ask the Clerks to think carefully about the issues raised, in the event of some very interesting and perhaps important conclusions from the Scottish Criminal Cases Review Commission?

Mr. Speaker: I think that the Minister was really saying that the Father of the House always shows great ingenuity anyway. The best course of action is for the Father of the House to go to the Table Office and perhaps discuss this matter. He is quite right to suggest that, usually, his points of order are 90 per cent. genuine—it is the 10 per cent. that always worries me.

Miss Anne McIntosh (Vale of York) (Con): Further to that point of order, Mr. Speaker. Would it be open to the Father of the House or any other right hon. or hon. Member to pursue this point by requesting an Adjournment debate to be answered by the Advocate-General? Would that be in order?

Mr. Speaker: It is in order to try, and then I can come to a reasoned decision.

Mr. Oliver Heald (North-East Hertfordshire) (Con): On a point of order, Mr. Speaker. During Advocate-General's questions, the Advocate-General admitted that it is almost impossible for her to answer any question that is put to her because of parliamentary convention. Would it therefore be possible for perhaps you, Mr. Speaker, but certainly the Government to consider what the purpose of that short Question Time is and how necessary it is?

Mr. Speaker: The question rota is matter for negotiation between the usual channels.

Mr. Dalyell: Further to that point of order, Mr. Speaker. How could I raise Lockerbie?

Mr. Speaker: If I needed advice on how to raise Lockerbie, I would go to the Father of the House.

Antisocial Behaviour

12.36 pm

Mr. Wayne David (Caerphilly) (Lab): I beg to move,

That leave be given to bring in a Bill to make provision about antisocial behaviour.

Antisocial behaviour is, unfortunately, the single biggest concern of my constituents. Over the past 12 months, I have received numerous reports of unacceptable behaviour in different parts of my constituency. I shall give a few examples. In Ystrad Mynach, there have been complaints about young people drinking in the town centre and about rowdy and abusive behaviour. Recently, it was even reported that an elderly person's front window was smashed and that numerous gardens have been vandalised and garden sheds demolished in the area.

In Senghennydd, a group of young men have been intimidating local shopkeepers and residents, and elderly people find it almost impossible to leave their homes on occasion. Recently, a lorry was even set on fire in the middle of the village. In Caerphilly, parts of the Lansbury Park estate are virtually no-go areas for the local residents. Unfortunately, there has been at least one very serious example of racial abuse. I am pleased that antisocial behaviour orders are at least being introduced, but nevertheless there is ongoing cause for concern in that area.

In Nelson, residents of the Maes Mabon estate have been abused by youngsters from outside the area. Fires have been lit in the streets. Cars have been burned out. Mud and eggs have been thrown at houses. Youngsters have even ridden bicycles on the roofs of senior citizens' bungalows. In the village itself, drunken youths have occasionally blocked the main road. All those are examples of unacceptable behaviour. Of course, what I have cited is not peculiar to my constituency alone. Hon. Members tell me that similar problems are witnessed throughout the length and breadth of this country.

It is wrong to exaggerate the scale of the problem. We are always talking about a small minority of people, particularly young people. It is true that young people simply congregating on street corners can be seen as a problem, and sometimes the perception is that more trouble takes place than actually does. We have also seen good examples of communities pulling together to tackle those problems. Indeed, there is clear evidence that the Government's policies are working and that police action is succeeding.

One of the most successful measures that we have seen over recent years is the introduction of police community support officers, who are uniformed civilians employed by the police. They have been introduced gradually over the past couple of years. By the end of January 2004, we had some 3,219 CSOs in 38 police authorities, and that figure has now increased to 3,300. The number of CSOs engaged throughout the country varies. In West Yorkshire, for example, there are 206 CSOs. There are five each in Dyfed-Powys and Staffordshire. There are some 50 CSOs operating in my area of Gwent, and it is expected that some 4,000 CSOs will be in place by the end of this year.

We were told about the role of community support officers in the Government White Paper "Policing a New Century: A Blueprint for Reform". It was said that

they would empower local communities and individuals so that the police would be able to carry out their functions effectively. We were told that CSOs would provide

"a visible presence in the community with powers sufficient to deal with anti-social behaviour and minor disorder."

From my experience, there can be no doubt that CSOs have a good visible presence. Mr. Neville Davies is a CSO in Caerphilly, and he frequently pops into my constituency office for a chat about how things are going in the area. I recently spoke to a senior citizens' group in the centre of Caerphilly and was reassured to note that all its members knew Neville Davies, saw him frequently and were aware of the good work that he was doing. He relates well to young people, too, and has been instrumental in furthering several antisocial behaviour orders.

Similar feedback has come from other parts of the United Kingdom. Only today, a press release issued by the chief constable of Essex police said:

"The evidence so far suggests we have an effective team of appropriately-trained, well motivated, fully-integrated police community support officers who have made a valuable contribution to the provision of policing within the county ... They have been warmly welcomed, not only by the communities they serve, but by police officers and police staff colleagues."

That is all extremely encouraging, but the work of CSOs in Essex and elsewhere could be even more effective if they had more powers.

The powers of community support officers are set out in the Police Reform Act 2002 and subsequent legislation, and we could extend their powers in certain areas. For example, I believe that CSOs should have the power to confiscate alcohol not only when cans are open, but when they are closed. They should be able to confiscate not only from young people, but from misbehaving adults. Fixed penalty notices have been introduced successfully in several pilot areas, so CSOs in all parts of the country should be able to perform the essential function of issuing them.

It is important to consider carefully whether CSOs should have the power of detention. In six trial areas, including Gwent, CSOs have the authority to detain individuals for up to 30 minutes, until such time as a police officer arrives on the scene or an individual agrees to be accompanied to the police station. That important pilot initiative should be extended to all police authorities. I also suggest that CSOs should have the power of arrest in specific clearly defined circumstances relating to antisocial behaviour. If the Government go down that road, as I hope they will, it is clear that CSOs will require more training. They receive only three weeks' training at the moment, so that period would have to be extended significantly. CSOs require far more resources if they are to do their jobs effectively, especially if their powers are to be increased.

At present, there is no financial commitment for CSOs beyond 2006. I think that there should be. It would be wrong if, in 2006, police forces across the country had to choose whether police resources should be allocated to the continued employment of CSOs. There should be sufficient resources for police and for CSOs in all parts of the country, which is the first proposal in my Bill. The second proposal is that CSOs' powers should be extended, particularly regarding the confiscation of alcohol, which is the cause of much antisocial behaviour. Thirdly, the Bill provides for CSOs to be given the power of arrest in clearly defined circumstances, initially in pilot areas.

Antisocial behaviour is a scourge of today's society, and there is no easy to solution to the problem. We need an array of complementary policies, but CSOs should play a permanent part in our policing, and will be more effective if they are given reasonable powers, enabling them to make an even bigger contribution to the ending of antisocial behaviour.

Question put and agreed to.

Bill ordered to be brought in by Mr. Wayne David, Mark Tami, Siobhain McDonagh, Mr. Tony Lloyd, David Wright, Mr. Jon Owen Jones, Mr. Peter Kilfoyle, Mr. Parmjit Dhanda, Ian Lucas, Diana Organ, Mrs. Jackie Lawrence and Chris Ruane.

ANTISOCIAL BEHAVIOUR

Mr. Wayne David accordingly presented a Bill to make provision about antisocial behaviour: And the same was read the First time; and ordered to be read a Second time on Friday 15 October, and to be printed [Bill 128].

London Schools

Motion made, and Question proposed, That this House do now adjourn.—*[Mr. Stephen Twigg.]*

12.47 pm

The Parliamentary Under-Secretary of State for Education and Skills (Mr. Stephen Twigg): I am delighted to have the opportunity to open a debate on London schools and set out the work of the London challenge. London's future will depend to a large part on the success of its education system. Our task is to make London the world's leading learning and creative capital city, striving for excellence for all, and using all the world-class resources in the city to achieve that objective. There is a clear moral imperative to ensure equality of opportunity for all London students; to provide a chance for each one to reach their potential; and to extend their horizons through education. In a London context, we must demonstrate that the long-standing link between social and economic deprivation and poor educational performance can be broken once and for all.

When the Prime Minister launched the London challenge strategy a year ago, he talked about an education system in London that is

"not merely good, but world class."

We are starting from a strong base in London, underpinned by the enthusiasm and commitment of everyone involved in our schools. The London challenge works on two broad levels. First, it seeks to take up issues that are common to schools across the capital that affect staff, pupils and parents throughout greater London. Secondly, it seeks to recognise that individual schools in particular localities face challenging circumstances, so need extra support, encouragement and challenge.

London is unique because it faces the challenges that face other metropolitan areas as well as those that face other parts of the high-cost south-east of England. Two hundred of the 1,000 most deprived wards in the country are here in London, concentrated in the east of the city, but with pockets of significant deprivation across the capital. In inner London, free school meal eligibility is 43 per cent., compared with 17 per cent. nation wide in England. In London, great extremes of wealth and deprivation exist side by side. London's population is polarised: disproportionately many with incomes in the top 20 per cent. of national incomes, disproportionately many with incomes in the bottom 20 per cent., and relatively few in the middle, where most of our key workers would typically be.

That places great pressure on all our key public services, including education, in the form of problems recruiting and retaining essential workers. Annual teacher turnover in London is around 15 per cent., compared with an England average of 11 per cent. Just when many teachers are looking to move into middle leadership positions such as heads of year and heads of department in schools, the cost of family homes so often drives them out of London or out of teaching.

London replicates many of the divides of other parts of the country in terms of social background, ethnicity and gender, but the greater diversity of the capital city makes that especially crucial in London. Thirty-eight per cent. of the school population in London has English as an additional language, compared with 8 per cent. in England as a whole. London has not one, but 33 local education authorities, some of them very small, with high pupil mobility across LEA boundaries.

It is this unique combination of challenges that made the case for focusing attention and resources here in London, which is why the London challenge was launched a year ago. In many respects, London's schools are as good as or better than schools in the rest of the country. In recent years London's schools have improved one and a half times faster than the national average at GCSE, with just over 50 per cent. of students achieving five or more A* to C grades in London secondary schools. If we compare London schools with schools in the rest of the country in the free school meal band, London schools do better than schools in other parts of the country in every single free school meal band.

In an international context, educational achievement in this country is high, but not in every section of the community. The groups that are left behind are typically those from some of the most deprived backgrounds, especially black Caribbean and white working-class boys. As London is home to such a diverse population, the task is pressing for London schools. The data show unequivocally the great task that we face.

On average, as I said, about half of London pupils get five A* to C grades at GCSE, but for those on free school meals, that figure falls to 30 per cent., and for those from a black Caribbean background it falls to one in three. These effects are cumulative. For a pupil who is poor, black and a boy, the chance of getting five A* to C grades at GCSE is 15 per cent. For a pupil who is wealthy, Chinese and a girl, it is more than 80 per cent. The diversity of London is critical if we are to meet the challenge set out in the strategy.

In recent years we have seen significant improvements in attendance at London schools. The average attendance figures for London schools are now better than the average attendance figures for schools elsewhere in the country, but we know that behaviour remains a massive factor for London schools in the context of the local community, impacting directly on the school. We know the effect that that has on the reputation of the school and its ability to recruit and retain good quality staff, and the impact on children and young people. That is why 20 London authorities are part of the behaviour improvement programme, covering 380 schools across our capital city.

School leadership in London is better now than the national average. According to Ofsted, the percentage of inner London secondary schools rated good or excellent for leadership and management is 84 per cent., compared with 79 per cent. nationally, yet we also know that we have a shortage of middle leaders, and the age profile of heads means that we will lose a significant number of head teachers. We need to replenish the pool from which we draw head teachers.

A striking feature of London is the perceptions of parents and the wider public. Perception of education in London lags behind the reality. We conducted a survey of parents. Parents in London are more satisfied with their child's school than the national average

figure: 51 per cent. of parents of secondary-age pupils in London are very satisfied with their own child's school, compared with 39 per cent. nationally.

Mr. Eric Forth (Bromley and Chislehurst) (Con): I am very interested in this part of the Minister's remarks, as that finding runs counter to the general perception. Does he have any figures for the percentage of pupils in London who are sent by their parents to independent sector schools, as opposed to state schools? Anecdotally, one is always led to believe that parents in London are so much more dissatisfied with the state sector that they tend disproportionately to send their children to the independent sector.

Mr. Twigg: I do have figures. The figures are collected according to the location of the school, rather than the location of the family home—that is a note of caution—but the indications are that the anecdotal evidence that the right hon. Gentleman mentions is correct. The percentage of pupils attending private schools in London is higher than the national average. It may be as much as twice the national average figure.

Ms Karen Buck (Regent's Park and Kensington, North) (Lab): May I advise my hon. Friend that in the boroughs of Westminster and Kensington, where my constituency is situated, around 50 per cent. of all children are educated in the independent sector? As both of those authorities are Conservative-controlled, it would be unwise to read too much into that figure in terms of satisfaction with the Government's management of the education system.

Mr. Twigg: I thank my hon. Friend for that. I will come on to some of the broader figures, but the right hon. Member for Bromley and Chislehurst (Mr. Forth) raises a legitimate point. *[Interruption.]* I am asked what the figures are. The national figure is about 7 per cent. The London figure is 13 or 14 per cent. I reiterate my word of caution: that is based on where the school is, rather than where the home is. If the figure were based on the location of the home, it might be a little lower. Part of the challenge that we face is to restore confidence in the system as a whole.

I cited the figure for parents' satisfaction with their own child's school. If we move on and ask people's views of schools in their borough, in the local area, the picture is quite different. Nationally, 71 per cent. are satisfied. In London the figure is much lower: 53 per cent. That suggests that parents think their own school, generally speaking, is good, but that the schools in their borough are not so good and that schools in London as a whole are often a lot worse. That is a significant part of the challenge that we face.

Geraint Davies (Croydon, Central) (Lab): Does my hon. Friend accept that school funding should reflect the difficulty of teaching those particular pupils? In a borough such as Croydon, about a third of the pupils are educated outside the borough, some in private schools and some in grammar schools in Bromley and Sutton, and a third of the pupils come in from Lambeth, Southwark and so on. The profile of funding reflects the profile of the pupils being taught in the borough, rather than the profile of those who live there, which should be reflected in the funding formula.

Mr. Twigg: I tread with caution into the area of funding, particularly in a borough such as my hon. Friend's, which has had a number of difficulties over the past 12 to 18 months. We have sought to ensure that the funding system treats identical pupils in different parts of the country identically. Per pupil funding generally in London is, rightly, considerably higher than in other parts of the country.

We now have in London more full-time teachers than we have had for about 20 years. There has been a rise in full-time teacher numbers of almost 5,000 since 1997, and a rise in the number of support staff from 19,000 to 32,000 over the same period. The number of teacher vacancies has fallen, but it is still significantly higher than the national figure.

The average per pupil funding in London has increased by more than £1,000 in real terms since 1997, and capital funding has increased considerably, from £80 million in 1997 to about £500 million in the last financial year. Real progress has been made—progress that matters to London's young people and the chances that they will have. The progress is accelerating, but we need to build on it.

Simon Hughes (Southwark, North and Bermondsey) (LD): I do not want to be unfairly critical, but will the Minister confirm that the number of qualified teachers in primary schools has recently decreased, and that the student-teacher ratio has worsened in the past few years? Although the general movement may be in the right direction, two worrying elements remain, namely the pupil-teacher ratio and the smaller number of qualified teachers in our primary schools.

Mr. Twigg: The hon. Gentleman raises a number of issues. The latest figures show an overall national increase in the number of teachers in schools, but the number of teachers in primary schools has fallen. The main explanation is a significant fall in rolls—the number of children in primary schools has fallen. The picture on ratios is mixed: the average class size for key stage 1 in infant schools has decreased, but the average class size for key stage 2 is more stable. If we take into account other adults who work in our schools, however, the adult staff to pupil ratio is better than ever. The picture is mixed, and I do not underestimate the challenge in recruiting and retaining the best quality staff.

Some schools in London have achieved great success, and I shall mention one in particular. The Sir John Cass Foundation and Redcoat Church of England school in Stepney specialises in languages, and it serves a deprived community, where the majority of children—56 per cent.—are eligible for free school meals, and where three quarters of the children, 78 per cent., speak English as an additional language. Seven years ago, 8 per cent. of children at that school achieved five GCSEs at grades between A* and C; the latest figure is almost 80 per cent, which is a remarkable testament to what can be done with able leadership and effective teaching and learning in a school that serves a deprived community. That is one example, and I could cite a number of others, although there is no cause for complacency.

[Mr. Twigg]

The London challenge is about recognising that the issues are serious. We have identified two areas of London—the north London boroughs of Hackney, Haringey and Islington, and the south London boroughs of Lambeth and Southwark—where parental dissatisfaction is especially high when pupils transfer from primary schools to secondary schools, and we are working with schools and local authorities to transform the schools in those areas. We have published joint plans with schools and local authorities on investment, new schools, academies, improved sixth-form provision, the use of specialist schools and other diversity programmes and the creation of a more collegiate approach to improving schools.

Good signs are already emerging from those boroughs. Last year, for example, Hackney's GCSE results were up by 8.1 per cent., which was among the best performances in the country, and the other boroughs have also experienced significant improvements that have exceeded the national averages.

Mr. Forth: I do not want to interrupt the Minister's self-congratulatory flow too much, but will he give us his thoughts on the so-called Greenwich judgment? In boroughs such as Bromley, which is rightly proud of the excellence of its schools, parents complain bitterly about the influx of pupils from neighbouring boroughs, who, as the parents see it, displace Bromley children from our excellent schools. What is the Government's view on the Greenwich judgment?

Mr. Twigg: I do not want to be self-congratulatory or to take any great credit for the remarkable achievements of schools, pupils and teachers in the authorities about which I am talking. The Greenwich judgment occurred just before the right hon. Gentleman became an Education Minister, and he did not take the opportunity to overturn it. It creates winners and losers, and, like the right hon. Gentleman, I represent an outer-London constituency, where I meet both parents whose children lose out because of the Greenwich judgment and parents whose children benefit from it.

It makes a lot of sense to encourage effective and successful neighbourhood schools that parents want to opt for, and borough boundaries in London are often irrelevant to that process. The policy that the right hon. and learned Member for Folkestone and Hythe (Mr. Howard) launched today would allow schools to change their catchment areas, which means that pupils who live near a school would lose their advantage over pupils who live much further away.

The Greenwich judgment makes a lot of sense, because it enables young people to go to their nearest school. It recognises that the existence of 33 LEAs in London means that a child's local school will not necessarily be in the same borough as that in which they are resident, and it plays a positive part in our strategy to improve London's schools.

I shall proceed with the self-congratulation, or rather the congratulation of the achievements in London, although I recognise that we still have a long way to go. We have identified the schools that face the biggest challenges, which we have described as the "keys to success". The measure of success London-wide will be whether the most challenged schools with the poorest results can achieve performance levels exceeding those achieved by themselves in the past or by schools in similar circumstances. The early indications suggest that many of those schools are making progress, and we are working closely with them to ensure that that progress is built upon.

Some pan-London issues apply to north, south, east and west London and to inner and outer London, and ensuring that London's schools employ the best teachers is one such issue. The high cost of housing in London is one of the biggest challenges, and being able to afford a home is a crucial issue in keeping teachers in London, which is why we have launched a major new housing offer for teachers. The offer is based on the knowledge that many teachers, who have the potential to be future leaders in London's schools, leave London as they enter leadership positions because they cannot afford family homes. We are offering 1,000 of those teachers the chance to take an interest-free loan of up to £100,000 to allow them to afford a family home.

The second part of our package helps teachers who come to London early in their careers, but who leave after a short time because of the high cost of housing. Such teachers will be eligible for interest-free loans of up to £50,000, and they will not repay such loans until and unless they leave London or leave teaching in London. The programme has just begun—the early take-up is high—and will last for at least two years. It will play a critical role in recruiting and retaining the highest quality teachers in London.

Sir Sydney Chapman (Chipping Barnet) (Con): I applaud the Minister on the initiatives that he describes, especially given the soaring cost of housing in our capital city. Will he comment on an equally important matter, namely the relationship between London weighting and the high cost of living in London? The approach to inner-London and outer-London weighting must be more sophisticated, because inner-London weighting is resulting in a shortage of applications in some outer-London boroughs.

Mr. Twigg: My constituency borders the hon. Gentleman's constituency, so I am familiar with the issue, which has been raised with me by schools in both his constituency and mine. We must continue to address pay and allowances for teachers and other staff, because although outer-London weighting has improved in recent years, the improvement in inner-London weighting has been more significant. The School Teachers Review Body says that it wants to keep the matter under review, and that it wants to address the concern in some outer-London boroughs that staff are being lost to nearby boroughs that pay inner-London weighting. I imagine that that issue will arise again in the debate, and, if I have the opportunity to do so, I may say more in my closing remarks.

Mr. Andrew Love (Edmonton) (Lab/Co-op): My hon. Friend knows the impact that the four rigid pay bands have on schools in my constituency and, indeed, in his constituency. He mentioned the School Teachers Review Body, which has made some recommendations that are currently being consulted on. Those

recommendations would introduce greater flexibility in allowing schools to respond to teacher shortages. What is the Government view on those recommendations, and will they take them up when the School Teachers Review Body reports in September?

Mr. Twigg: I thank my hon. Friend for making that point, which it would be most sensible for me to take up in my closing remarks. At this stage, I want to emphasise that it is important to ensure stability of funding in our schools. That has been a priority for the Department over the past year following the difficulties of 12 months ago. For the medium and longer term, we need to consider how schools can be in a position to recruit and retain the best possible teachers and other staff.

I am conscious of the time and will draw my remarks towards a close. In doing so, I want to refer to some of the programmes that are making a real difference in London. I particularly commend Teach First, which is not a DFES programme, although we partly funded it. That is a business-led programme that recruits some of the best graduates from universities across the country. It has cross-party support and support from all the head teacher associations and teacher unions. It seeks out graduates who would not normally go into teaching. They commit themselves to at least two years teaching in London, usually in the most challenging schools, and acquire qualified teacher status at the end of year one. Last September, the first cohort of Teach First graduates—179 of them—started in London schools, and the aim is to recruit 230 for September this year, prioritising challenging schools. That is the kind of exciting and innovative programme that I am pleased to support for the schools of London and that I believe to be very much in the spirit of the London challenge.

Finally, I want to focus on the need to ensure that we have a range of secondary schools in London that meet the real needs of the children and young people of our capital city. London now has 196 specialist schools—nearly half of its secondary schools—with a further 50 applying in the current round, the outcome of which is due to be announced later this week.

Joan Ruddock (Lewisham, Deptford) (Lab): Does my hon. Friend recognise the huge success of Deptford Green school in my constituency? When I first became an MP, parents begged me to get their child out of Deptford Green school; today, they beg me to get their child into it. That is a measure of its success. The school has done groundbreaking work on citizenship, and we very much hope for a favourable decision on its specialist school application, which will be largely centred on citizenship.

Mr. Twigg: I am grateful to my hon. Friend. I am not in a position to anticipate announcements scheduled for later in the week. As she knows, however, I have visited Deptford Green school, which is hugely impressive and has done groundbreaking work on citizenship. It was very much the influence of that school and one or two others that led to our creation of the new specialism of humanities including citizenship. I have every confidence that Deptford Green is a school that will continue to go from strength to strength.

Another school that has done very well, partly as a consequence of specialism, is Elizabeth Garrett Anderson school in Islington. Just five years ago, 23 per cent. of its students achieved five A* to C grades at GCSE; last summer, that figure topped 50 per cent. That is a school in the heart of north London. The majority of its students are eligible for free school meals, and they are from a wide range of ethnic backgrounds; two thirds have English as an additional language.

The academies programme is critical to our chances of success in London. We are working with sponsors and local education authorities to broker academy projects across London. Six academies are already open, a further four will open in September, and we aim to have 30 by 2008. The academies have huge value in three respects: first, they break the link between deprivation and underachievement for students and families in the most challenging schools; secondly, they raise standards for the whole area by working with local schools and local government to share resources, facilities and professional development opportunities for teachers; and thirdly, they use the levers of innovation and diversity to bring new ways of working driven by the partnership of professional teachers and sponsors for the benefit of the whole school population.

We have begun to look across London to establish the demand for new schools and places. Our projections suggest that some 20 additional secondary schools will be needed over the next four years. We will achieve that through a mixture of traditional routes, academies, and the "Building Schools for the Future" programme. More widely, "Building Schools for the Future" will lead to the rebuilding or refurbishment of the country's entire secondary school estate over the next 10 to 15 years, and I expect many of the most challenging and deprived parts of London to be involved in the early part of that programme.

The improvements that we need to make cannot simply be left to the schools themselves. London has all sorts of other resources that we can tap into, including cultural, sporting, and business and employer resources. Last year, we launched the business challenge to offer every secondary school the opportunity to forge a high-quality partnership with leading London businesses. More than 100 businesses are currently involved in working with and getting behind the efforts of schools in the capital city. For many areas, notably Tower Hamlets, forging those links has already made a difference, and I am confident that it has the potential to make much more of a difference in the future.

There is a genuine sense of optimism. I recognise that there is an enormous amount to do if we are to recruit and retain the highest quality teachers. I also recognise that some schools that are key to success need to improve, and that we must work with them to ensure that they do. I do not underestimate the challenges that we face, but things are moving in the right direction. I am impressed by the broad support across London for the work of the London challenge. I am grateful to Tim Brighouse, who acts as our chief adviser, and to the London challenge team in the Department for Education and Skills. I invite the House's support for this important work, because that will show that Members on both sides of the House want to ensure that every London child has the chance of a world-class education.

1.17 pm

Angela Watkinson (Upminster) (Con): Having heard the Minister's comments, I am surprised at how much consensus there will be in most, if not all, areas. I suspect, however, that we may have sourced our statistics differently.

In terms of local environment and socio-economic profile, there are widely differing circumstances in the 2,300 maintained schools that serve 1 million pupils in the 33 London boroughs, which range from leafy suburbs in outer London to densely populated inner London. London has the highest levels of child poverty in the country, and its schools have an unequalled ethnic diversity, with 275 languages spoken. The map of London is like a patchwork quilt of affluence and poverty, which are never far away from one another. Not surprisingly, the schools in those areas produce widely differing results, and widely differing challenges face London schools to ensure that each one is the best that it can possibly be. Those challenges do not respond well to centrally imposed policies.

It is important to start by acknowledging the many highly successful schools in London. We should then look closely at why they are so successful and why others are failing their pupils. We need to examine best practice and the factors that lead to success in a school, and to use that information to raise the standard of failing or less successful schools to the same high standard. Levelling must always be up, not down. There is no merit in equality of achievement and opportunity if it is based on the lowest common denominator. The sky should be the limit for the educational aspirations of our school children. The different aptitudes, needs and interests of each individual child should be developed so that they are able to reach their full potential.

The picture across London schools is very patchy. Only one of the nine local authorities in London to be rated as excellent on education by the Audit Commission is Labour controlled, as is one of the lowest rated for comprehensive performance assessment. After seven years of "education, education, education", the performance of some of the capital's schools represents one of the Government's greatest failures. Some have the lowest results in the country.

One in three of London's 14-year-olds cannot read, write or count properly. That is a shocking statistic. Only half the pupils in London's schools pass five or more GCSEs by the age of 16. That means that the other half does not. What of their future career prospects? They must either go on to a further education college if they have the motivation and parental support to catch up on what they did not achieve at school or try to find a job that requires no entry qualifications.

To get secondary education right, we must start at the beginning and get early-years education right. Early-years education plays an essential foundation role in developing children's interpersonal skills in preparation for primary school. Those skills bring long-term benefits to pre-school children that are far greater than any early formal learning. If children arrive in their reception class reasonably self-confident, co-operative, already knowing how to communicate, play, give and take, share and simply get on with other children, their teachers have an ideal base on which to start their formal education. So often, teachers have to teach those essential basic life skills as well as the standard curriculum.

Inner London in particular has many children for whom English is a second language. Children in the same class often have a range of different first languages. My statistic for that was 42 per cent. and the Minister's was 38 per cent., so can we agree that 40 per cent. of children in inner London speak English as a second language compared with a national average of only 8 per cent.? Teaching those children a good command of English as early as possible to enable them to live and learn successfully alongside their peers is essential if they are to realise their full potential.

Seventy per cent. of all African-Caribbean pupils in the country attend London schools. They are concentrated in the boroughs of Hackney, Haringey, Lambeth, Southwark and Islington. They enter compulsory schooling as one of the highest achieving groups but, by the age of 11, their achievement begins to drop and when they leave at 16, they form the group least likely to have attained five high grade GCSEs. The "Aiming High" pilot project is working on the problem in 18 schools in London. Smaller projects, such as that in Winchmore school in Enfield, ease the transition from primary to secondary school. Developing interpersonal skills is an important part of those schemes. School life would be so much easier for those pupils, as well as their peers and teachers, if they acquired such essential life skills in their early years.

Recent examination results show that African, African-Caribbean, Pakistani and Bangladeshi students perform noticeably less well than Chinese and Indian students. That suggests that more individually tailored solutions might work better to raise achievement levels among black students, who also have the highest exclusion and truancy rates. Various other mentoring schemes have been introduced to tackle disaffection, substance abuse, social exclusion, truancy and discipline and, essentially, to involve parents so that one set of standards applies at home and at school.

Mentoring is usually for a defined period and there appears to be a dearth of evaluation of the effectiveness of the schemes in the short and long term and of the accountability of the mentors. However, the Dalston youth project in the London borough of Hackney and the Islington-based "Chance" were found to have achieved some success. Early anecdotal evidence suggests that other projects have had a measure of success in broadening horizons, raising achievement and self-esteem. However, there is a danger that it will be difficult to collate the results of so many concurrent schemes.

It is essential that the 10 new schools—seven of them city academies—that are being built in the five boroughs with the worst secondary schools have the freedom of management to succeed. In Hackney, Haringey, Islington, Lambeth and Southwark, new purpose-built schools alone will not lead to the improvements in standards that everyone wants for the pupils in those boroughs.

Choosing a school is an emotive task for parents. It is important to them that they get a place at the school of their choice because their child's future is at stake. Apart from the acknowledged reputation of the school, one of

the biggest influences on that choice is the appearance and behaviour of the pupils outside school. Pupils are a school's best or worst advert as they wait for buses or use local shops when they travel to and from school. Responsible parents will not want to send their children to a school whose pupils look scruffy and are noisy and badly behaved in public. Enforceable home-to-school contracts will be beneficial in that regard.

The Government intend to introduce a joint admissions register in 2005 for 41 local education authorities in London and the surrounding areas. They say that that will "simplify and reduce confusion" in the allocation of secondary school places. Well, it might, but for whose benefit? The priority for a schools' admission system should be ensuring that as many parents as possible can send their children to the school of their choice, not making it simple to administer. Far from reducing parents' anxiety, the proposal has increased it.

Are all parents to be punished because some held multiple offers in the past? Parents will be able to express six prioritised choices, but what about those who are offered a place at school No. 6—the school that everyone is trying desperately to avoid; the one with the undisciplined children who could be a bad influence on theirs? The new system might be easy and convenient to administer, but will it leave parents with one take-it-or-leave-it offer from a command-and-control, nanny-knows-best state? That is the opposite of parental choice. I predict that many parents will not approve of the place that they are allocated and that admissions appeal panels will burn the midnight oil to resolve the muddle.

Simon Hughes: We all appreciate that the hon. Lady is considering a hugely important and controversial issue. However, does she accept that it must be fairer to have one system that everybody uses—such as that for university admissions—rather than different systems, whereby those who know more and are quicker off the mark can do better for their children?

Angela Watkinson: I do not believe that we shall ever have a system that is scrupulously fair to everybody. Life is simply not like that. The old system would have worked well had not some parents held multiple offers. We know that some parents held three and even four offers of secondary school places and that that made it difficult for other parents who were waiting for a place to be allocated. However, I should like more rather than less parental choice, and not merely one place being offered to everybody. On the rule of averages, that place will not be in the school that most parents have requested.

Geraint Davies: Does the hon. Lady accept that the problem with the old system was that many people held many choices for a long time so that many others had no choice? The point of the co-ordinated approach is that those with many choices must take one so that the other places become available to other people. It will therefore lead to more, not fewer choices.

Angela Watkinson: The new system will mean that parents will be offered only one school and it may not be the one that they want. Parents will be happy if they get their first or even second choice, but if they get a school that is lower down the list of their six nominated schools, they will be unhappy.

Mr. Love: The Greenwich judgment has stood the test of time under Conservative Governments and this Government. What is the hon. Lady's attitude to it?

Angela Watkinson: I should like schools to take complete control of their admissions so that they decide whom to admit. Popular schools will naturally be over-subscribed and they have to find some method of deciding which children to admit. Selection should be undertaken by the schools, not centrally by providing that parents have to nominate six schools and simply take pot luck. Most people want to send their children to local schools if they are good. They apply elsewhere only when they deem their local school to be unsatisfactory.

One good example of best practice is the Robert Clack school in Barking and Dagenham. This secondary school had a fairly undistinguished past but, with a committed and inspiring head teacher, has raised its standards to the extent that it has just received eight one ratings in its recent Ofsted report. When the inspectors asked the teachers what the school's failing group was, they were surprised to hear that there was not one. So positive is the attitude in that school that it simply would not be acceptable to allow any group to fail. Had there been such a group, however, its problems would have been tackled and the pupils involved would have been helped to improve. Improvements such as these do not come without a huge amount of sustained effort on the part of the head teacher to establish an ethos of high expectations, achievement, good manners and discipline, to which everyone in the school subscribes and which has the backing of the parents. That is the recipe for such success.

Recently, a group of children from the Clore Tikva primary school in Ilford came to visit the House of Commons, and I went down to meet them at what should have been the end of their tour. The tour guide told me that it was the longest tour that he had ever done, and they were only just beginning. The children were asking so many questions that they had not even reached the Chamber. This was another example of a successful school. The children were interested, inquisitive, assertive, polite and well-behaved. The reasons do not require much analysis. That, too, was a school with a dynamic head teacher, high expectations, involved parents and a shared ethos—that same recipe for success.

Pivotal to the success of all schools is the leadership of an especially talented head teacher who can inspire teaching staff, governors, pupils and parents alike to be proud of their school and to aim high. To succeed, however, head teachers must also be given the freedom to set standards of discipline and behaviour in legally enforceable contracts. They must have the right to exclude disruptive pupils who compromise the education of other pupils and breach the bounds of tolerable working conditions for teachers, and their authority should not be undermined by well-meaning appeals panels who overrule their exclusion decisions and force schools to readmit.

GREAT BRITAIN HOUSE OF COMMONS PARLIAMENTARY DEBATES (HANSARD) 2003/2004

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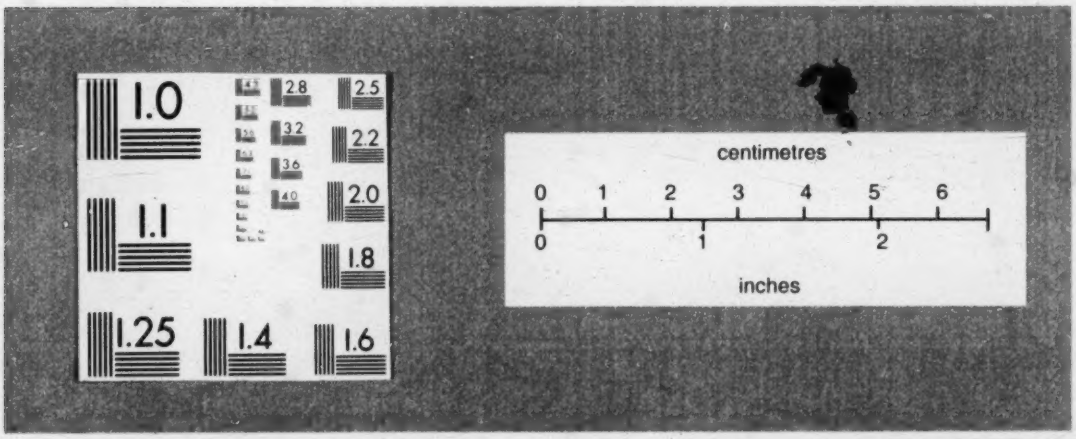

[Angela Watkinson]

I am sure that many hon. Members have sat on exclusion appeals panels, and will understand that exclusion is used as an absolute last resort after all other available disciplinary measures have been tried, often on many occasions, and failed. Head teachers need to be freed from the stultifying, centralised top-down control of Whitehall, and from the plethora of inspections, performance targets, testing, and standardised teaching that currently sap energy and morale. They should also be free to allocate their budgets to suit the particular circumstances of their school as distinct from other London schools.

Last year's funding crisis was caused by the extra costs of inflation, the teachers' pay award, national insurance and pension contributions, and the additional administrative duties taken over by classroom assistants. Many London schools faced deficits of up to £250,000 and, of the 3,400 posts lost in English comprehensives, many were in London. Many London schools also spend more on staff than the assumed rate of 60 per cent. on teachers' salaries and 19 per cent. on support staff. Westminster schools' spending, for example, averages 84 to 85 per cent. of their budgets, with eight primaries spending more than 90 per cent.; one, Soho Parish school, spent 110 per cent. last year.

The difficulties of recruitment in the capital have had to be met by offering enhanced salaries, which has had a serious impact on schools budgets. The extended schools scheme—whereby schools open earlier in the morning and provide breakfast and, at the end of the day, homework facilities, among many other things—can be provided only at a higher staffing cost. In some areas of London, there are pockets of falling rolls. Future funding for the pupil-related part of the budgets in those schools will suffer from the decline in the local population, and they will find it increasingly difficult to maintain staffing levels and all these additional services, however popular and successful they may be. Indeed, breakfast at school is growing in popularity, and pupils from homes where breakfast is freely available now prefer to have it at school with their friends. It is becoming a social gathering.

Teacher vacancies across London have soared from 751 in 1997 to 1,020 in 2003, with some authorities, such as Bexley, experiencing a tenfold increase. The outer-London LEAs are feeling the effects of recruitment and retention problems badly. Head teachers from Havering have had to travel the world in search of teachers after repeated unsuccessful advertising, and this is also the case in other outer-London LEAs. Newly qualified teachers often accept posts in an outer-London school, only to find that they are unable to find affordable accommodation. Just a few miles down the road, however, the inner-London allowance is payable and accommodation is cheaper, and those teachers often have to change their plans and accept a job there instead. This is inner London's gain, of course.

There are other pressures on newly qualified teachers' working conditions if standards of discipline and behaviour in a school have broken down. It takes a very resilient NQT to withstand constant challenges to their authority, refusals to conform, or even assaults by disaffected pupils, and many of them change careers and are lost to the teaching profession. Add to this the incessant record keeping and form filling that has escalated beyond all reasonable bounds in the last seven years, and the future does not bode well for teachers. They must be allowed to concentrate on teaching their pupils, rather than writing about them, in safe and acceptable conditions. Even allowances for additional responsibility have little appeal if they lift a teacher's salary into the 40 per cent. tax bracket. After deductions, even the one-off reward of £1,000 for gaining chartered London teacher status will not make a very big impression on the net amount on a teacher's salary slip.

For schools to be able to enforce their disciplinary rules, all London LEAs need to have enough pupil referral units, located separately, to which excluded and disruptive pupils may be transferred and in which they can be taught, full-time, to behave in an acceptable way and to learn, with the aim of returning to mainstream schooling. The inner-London LEAs in which the problems are most pronounced need extensive PRU provision and exceptionally talented teachers to bring about the necessary changes to the behaviour of these pupils. But removing them to a different setting will enable those schools to raise the achievement levels of the rest of their pupils, who will benefit and thereby improve the reputation of the schools themselves and help to reverse their decline.

Truancy in London is above the national average for both the primary and secondary sectors, and it is highest in inner London at 1.11 per cent. and 1.73 per cent. respectively. That might sound insignificant until it is measured against the total of 1 million children being educated in London. Quite apart from the missed education of each individual child involved, the dangers to children wandering about unsupervised in London are boundless, as is the temptation of falling into the company of drug users and criminals. Chronic truants are obvious candidates to be helped back to regular school attendance through a PRU, and schools must have an enforceable home-to-school contract with parents, to enable them to deal effectively with truanting children.

Geraint Davies: Does the hon. Lady accept that it is this Government who have required all excluded pupils to have a full five days' education a week through a pupil referral unit? Under the previous Conservative Administration, such pupils were taught for only one day a week, and spent the other four days wandering around stealing people's mobile phones, getting into all sorts of trouble and missing out on their education, which would lead to a life of criminality.

Angela Watkinson: I wholeheartedly support full-time education for excluded pupils; they almost need it more than the others.

Like most hon. Members, I spend much of my time visiting the schools in my constituency. That is one of the most enjoyable parts of being an MP, and I am hugely encouraged about the future when I make those visits. The head teachers in my schools are providing dynamic, effective leadership that inspires and motivates teachers, governors and pupils alike. They are entitled to take much of the credit, but even in those advantageous circumstances, a school cannot achieve its aims without the essential ingredient of parental support and involvement.

The presence of parents in a school, helping in a variety of ways in addition to the parent-teacher association, and their involvement at home, ensuring that homework is completed on time and simply taking an interest in what has happened during the school day, give children a sense of security that enables them to make the very best of the opportunities that their school is offering. Of course, we all know that some children do not have such benefits, and parents whose personal experience of school was not positive are the least likely to be able to help their own children or to seek contact with their children's school. In schools with a large percentage of pupils who do not enjoy that support and encouragement, enabling those children to fulfil their potential is an additional challenge in terms of pastoral care.

I want to pay tribute to the splendid special schools in London, where pastoral care is especially important. I have three excellent special schools in my constituency, one of which I visited last night, to meet a group of parents of autistic children. The word "inclusion" strikes fear into the hearts of such parents, who rarely, if ever, enjoy an uninterrupted night's sleep, and for whom everyday activities such as having visitors to their home or going shopping are impossible. For such parents, and many others, special schools are an essential lifeline, and inclusion would be impossible. The inclusion of children with special needs in mainstream school needs to be very selective, and is only for those who can cope and for whom it would be a positive experience. Separate provision for many special needs children will always be necessary, and total inclusion would be damaging to them and to the interests of pupils and staff in the receiving mainstream school. I seek the Minister's assurance as to the secure future of London's special schools.

The test of a successful school has less to do with league tables and more to do with the difference between what goes in at one end and what comes out the other. The measure of real success is how much progress those individual children have made during their time in the school and under what circumstances. Nationally, of the 29 LEAs scoring 100 points or more with value added results, 22 were London boroughs, 12 of them in inner London. The head teachers of those schools have best practice to share with weaker schools. They know what works and what does not through practical experience. They must be given control over policies, budget, staffing and how their schools are run.

We have seen a plethora of initiatives in recent times, including the London leadership strategy, London business challenge, "Aiming High", the London Development Agency's education commission, "Presentation", Race on the Agenda—ROTA—excellence in cities, the youth inclusion programme, the national mentoring network, peer mentoring, "Chance", "Talented and Gifted", and the active community unit. But despite all this spending and frenetic activity, teacher vacancies have soared, one in three of London's 14-year-olds and one in four of London's 11-year-olds are still unable to read, write and count properly, and the extra costs facing schools this year put many budgets into crisis.

The Government have spent millions of pounds of taxpayers' money on initiatives. They need to stop their centralising, command and control style because it has only limited success. The freedom needs to be passed to individual schools, where the professional expertise is based. It is the role of Government to create the most favourable conditions possible in which London schools may flourish, and then to take a step backwards, allow the professionals to get on with the job that they are qualified to do, and provide parents with a range of good schools from which to choose for their children. That way lies real progress.

1.43 pm

Martin Linton (Battersea) (Lab): I want to start by thanking my hon. Friend the Minister and Tim Brighouse for the fantastic resources that they have put into London schools. I listened with amazement to the hon. Member for Upminster (Angela Watkinson) talking about her visits to schools in her constituency. When she is there, I bet that she claims some of the credit for the improvements in London schools, but when she comes here, she tells us what a dismal picture it is. I cannot believe that she gets that message from her local teachers.

I would like to pay a similar compliment to Wandsworth, my local authority, for trying hard to improve schools in its area. I am afraid, however, that the report on Wandsworth would have to say, "Could do better." It has done little more than pass on to schools in Wandsworth the money that the Government have given them. On many occasions, it has failed even to do that, as my hon. Friend the Minister knows only too well from talking to Wandsworth. It failed to passport the full income to its schools this year, leaving them £460,000 short. It failed last year, leaving them £1.7 million short of the money that the Government were putting into Wandsworth education, which was not being matched by Wandsworth council. Actually, it held back some of that money for no other reason than to keep the council tax low. Of course, if we consider formula spending share, last year it was £7 million below that. The council has the lowest spending per secondary pupil in inner London.

I urge the Minister and the Secretary of State, in January next year, to use their powers under the Education Act 2002 to force Wandsworth council to spend the money that the Government are investing in Wandsworth education, and to pass on to the schoolchildren of Wandsworth the benefits of a Labour Government, rather than holding them back for its own reasons.

Although Wandsworth does not do as well as it should in terms of secondary education, there is no disputing the fact that the success of secondary schools in Wandsworth has increased impressively over the last few years, by some 12 or 13 per cent. The bulk of the credit must go to the staff, who prepare the pupils, and the pupils who sit the exams. They will be the first to say, as they say to me, that none of that could have happened without the resources that the Government have invested in education. Just in the borough of Wandsworth, the number of teachers is up by 120, and the number of classroom assistants is up by nearly 200, which is an increase of about 59 per cent. That has made such a difference to the effectiveness of schools.

Only last week, I held a small reception out on the Terrace for a dozen members of the staff of Salesian college, a Catholic boys school in my constituency,

[Martin Linton]

which has in the short space of five years nearly trebled the proportion of pupils gaining 5 good GCSEs from 18 per cent. to 51 per cent. I would be the first to say that 5 GCSEs is a very crude measure of a school's achievements and does not take account of half the things that a school does for its pupils. But I am sure that that statistic tells the truth about this school and thousands like it that struggled under the previous Government to maintain standards but have blossomed and been able to increase standards dramatically under a Labour Government.

There is only one other secondary school in my constituency. It has also more than trebled its GCSE score over the last five years, but from a much lower base. It started only five years ago at 4 per cent., one of the lowest in the country, and is now up to 14 per cent. That is in no way a lesser achievement, and may be an even greater one—it has burnt out one head teacher, and a superhuman effort has been required from the present head and his staff to get this far. Another superhuman effort will be required to achieve the target of 25 per cent. of pupils with five A to C grades this summer. The school is confident that it can achieve that, and I shall be the first to congratulate it if it can.

But what worries me, and what I want to draw to my hon. Friend the Minister's attention, is the range between different schools in the same borough. That school—let us call it school A, as I do not want the schools themselves to be the issue—has achieved 14 per cent. Another school in the same borough—school B—has achieved 84 per cent. While school A has improved—it has trebled its proportion—school B has improved even more. That is not because school A is in a low-income area and school B is in a high-income area. School A is next to an estate on one side, but on the other side, it is little more than 100 yd from Prince of Wales drive, which is one of the smartest addresses in south London, while school B is in a part of Tooting that, with all due respect to people who live in Tooting, is nowhere near as smart. It is not a question purely of income or area.

What worries me is that we have what educational researchers have identified as the star-school sink-school syndrome: one school on an upward cycle, and the other school painstakingly achieving progress, like pushing a boulder up a hill, but knowing that it is always precarious and unstable, and could so easily roll back down and get stuck in a downward cycle from which there is no escape. Of course, selection plays a role in that. School B was selecting 50 per cent. of its pupils only a couple of years ago. The adjudicator reduced that to 30 per cent., and then to 25 per cent. I want to return to the role of selection.

I think we should consider at a more fundamental level the way in which choice of school works in the inner city. We almost need to consult a philosopher on some of the basic questions, but even without one to hand—my hon. Friend the Member for Hemel Hempstead (Mr. McWalter) is not here—I think we can say that choice is only real when it is a matter of personal preference. A choice between an arts-based and a sports-based school is a real choice, as is a choice between a technical and a musical school; but a choice between a good school and a bad school is no choice at all. By definition, people will choose a good school over a bad one: the definition of a school that people consider good is a school that they would choose for their own children.

Most parents in my area use the league tables as a crude good schools guide. Asking parents whether they want a school with an 84 per cent. or a 14 per cent. success rate is not really asking them a question. That is not the definition of a good school that I would use; I would say that good schools are those that achieve the best results in the light of the pupils that they have, not those that achieve good results by recruiting high-achieving pupils. We should look at the value-added tables rather than the crude league tables.

That, however, does not alter the basic point about educational choice and geography. In a small country town with only one secondary school there is no choice, but the very absence of choice guarantees that the school will have a good ability mix. In a larger town with two, three or four secondary schools there will be a choice, and if one school specialises in art and another in science there will be a real choice.

In London we have some areas where the policy of diversity seems to work, but in other areas diversity has rapidly turned into hierarchy. Despite all the progress it has made, school A is still the last choice for parents in the borough, even—indeed, especially—those who live nearby. Because it is under-subscribed, it is forced to take a higher proportion of hard-to-teach pupils from across the area, which reinforces parents' reluctance to choose it. The adjudicator's recent findings emphasise that over time the current admission rules have created a hierarchy of schools, and school A is perceived to be at the bottom of that hierarchy.

That has created a situation with which I am sure we are all familiar. Better-off parents can buy their way out of the dilemma through selective schools, aptitude, religion or train fares. In one way or another, they have a wider choice. Lower-income people are forced into the wrong school, which ends up reinforcing the problems of that school.

The challenge from London schools is for the Government to establish a system that encourages the fair distribution among secondary schools of the pool of children available each year, so that no London school need take more than its fair share of disadvantaged pupils, and so that every school in London benefits from a critical mass of high-achieving pupils whose high aspirations will set standards and, in the process, raise the aspirations of the whole school. Only then will parents be able to choose between different styles of school according to their specialism or ethos—all those schools being of equal worth in the eyes of both parents and teachers.

This year in Wandsworth we piloted the new admission system, which will operate throughout London next year. However, while it may be efficient, the new system will not tackle the issue of fair distribution. Secondary school places will still be allocated on the basis of the various existing admission criteria, which are often divisive and tend to be applied in terms of competition between schools for the brightest pupils rather than collaboration to share out those who are harder to teach.

We have seen the new co-ordinated admission system in action. The divisive admission policies promoted by Wandsworth over the years have continued to contribute to the polarisation of secondary schools in the borough. At one end are schools that no one wants to go to; at the other end are schools that parents fight to get their children into. At the beginning of April, 194 parents of year 6 children in my constituency were told that Wandsworth could not offer them any of the schools that they had requested, having been asked to offer at least four and up to six. Obviously offers will be made over the coming months, but Wandsworth's initial response was zero. Meanwhile, 670 places in Wandsworth had already been offered to out-of-borough applicants.

If we are serious about raising standards in London secondary schools, which I know we are, we need a system that financially rewards secondary schools with more inclusive admission policies. I believe that the technical term is "weighted capitation". Such a system would send all schools the clear message that adopting admission policies geared towards maximising the social mix is not just socially desirable, but financially beneficial to them.

Geraint Davies: Is my hon. Friend suggesting that much greater weight should be given to requiring schools to take at least a proportion of pupils from their immediate vicinity, and that in the case of voluntary aided and foundation schools with a wider catchment mobility should be limited? Is he saying that there should be more local choice?

Martin Linton: I am not really saying that more weight should be given to how far people live from a school. We have a problem with that in Battersea, which I will explain shortly. I am, however, suggesting that we should consider banding systems to ensure that schools take a certain number of pupils from each ability range and do not end up with a preponderance of more able pupils, which by definition would create schools elsewhere in the system with a preponderance of less able pupils.

I want to say something about the powers of the adjudicator, which are critical to the Government's attempts to allow parents to reduce the level of selection. We have had two or three adjudicator reports on secondary education in Wandsworth, supported by many north Battersea parents who feel that their choices have been artificially restricted by selective schools in other parts of the borough. That has led the adjudicator to force schools to reduce their proportion of selected children on three occasions.

Last year three schools were forced to reduce the proportion. One appealed through Wandsworth council, which took the Government to court and won. The adjudicator approached the position cautiously and conservatively, reducing the proportion incrementally from 50 per cent. to 30 per cent. and then from 30 per cent. to 25 per cent., but, extraordinarily, the few powers possessed by the adjudicator have effectively been overturned by the court. I think the Minister and his colleagues should look seriously at the Education Act 2002 to establish whether it can be strengthened to ensure that the few weapons we have enabling us to create a fairer education system in London are preserved. Otherwise there is the possibility of an appeal from parents to the adjudicator for an increase in the amount of selection in Wandsworth, as well as the possibility of the court's overruling the adjudicator in favour of a more selective approach. After all, that has happened twice already.

My hon. Friend mentioned the distance between people's homes and schools. The situation in north Battersea is anomalous: we have only two secondary schools, one of which is for Catholic boys. The other, which I have described, is still at a low level compared with some, despite its heroic efforts. The adjudicator found in his last report that

> "parents and children living in the Battersea area have a much lower likelihood of gaining a place for their child at schools with the highest levels of pupil attainment".

In other words, people who live in north Battersea are in the worst possible position to get their children into high-achieving schools. I would certainly recommend them to consider the schools that are there, because they will often educate their children far better than is realised, but I understand the feeling of many parents that they are in a black hole because there are no high-achieving secondary schools in their area.

Those are the people who lose out on distance grounds. A map in my office shows the radius from which the different secondary schools in Wandsworth will take pupils, and very few of those concentric circles, all based in Putney and Tooting, reach as far as anywhere in my constituency. On distance grounds, people living in north Battersea have no chance of qualifying for any secondary schools in the area except for the one or two that are so undersubscribed that they have no alternative but to accept any child who applies.

That means that parents have very little choice. We have to understand the special way in which school selection operates in a city such as London. Every child probably has 15 or 20 schools to choose from within an easy travel area. Many of those schools will rule them out on distance grounds, but there is still that possibility. The statistics suggest that on average, middle-class children in London travel 3 miles to school whereas children from lower-income families travel 1 mile. What prevents school choice from being a reality for many people in my constituency is not only that they do not have any high-achieving secondary schools near them but that they could not afford to pay the fares if they applied for a school in another borough or a long way away. My constituents are caught in a double bind, and it is very difficult for them to have the options that we want all children to have at their disposal: a choice of schools, a diversity of schools, well-resourced schools and high-achieving schools. I look forward to hearing the reply of my hon. Friend the Minister.

2.2 pm

Simon Hughes (Southwark, North and Bermondsey) (LD): This is a welcome and timely debate for London Members. I pay tribute to the way in which the Minister and the hon. Member for Upminster (Angela Watkinson) made their contributions, and I shall seek to follow in their positive, constructive style and manner.

I declare my interest: beyond being a local Member of Parliament, I chair the governing body of St. James's primary school, a Church of England primary school,

[Simon Hughes]

and I am a trustee of Bacon's city technology college. Just so no one picks me up on this, I opposed the setting up of Bacon's city technology college, but I now think that I was wrong. However, I was not wrong about the fact that it should have an appeals system against refusal to admit a pupil. The Government still have not conceded that, and if I could have one small wish granted it would be that there should be an independent appeals system for all non-fee-paying secondary schools in London, including city technology colleges. That has been bouncing around on the Government's agenda for a while, and it is really disgraceful that it has not yet happened. I hope that it will happen soon for every London secondary school, whatever its name, title or status.

I join the Minister and others in paying tribute to all those who work in schools and for schools: the teaching staff and all the other staff making up the increasing numbers in the school family. We all agree that we have in London the biggest challenges of anywhere in the country, not just because of the diversity of our population and our language mix but because of the fantastic mobility of the teacher and pupil population. My constituency has about 25 per cent. mobility, so about one in four families move home every year. In looking at a school's success, that means that teachers there do much less well in adding value, because they have each year a huge churn of pupils with whom to work, than those in stable communities in rural England. When looking at relative performance, we have to be honest about the differential factors that apply, of which that is a crucial one. Informed people know about it, but it is easy to be ignorant of it.

I pay tribute to the Government, who since taking office in 1997 have clearly identified a need to examine and sort out London education. They have given great commitment to that, and I express my unqualified gratitude. The London challenge programme is very welcome, and local education authorities and local authorities of all political colours have sought to respond positively and constructively to it. I say that, too, without qualification. However, I will list, because it is my team duty to do so, those boroughs that are led by my colleagues, although they are doing the same as Conservative and Labour boroughs. They include two different types of borough. Kingston and Sutton have very different academic profiles and issues from Lambeth, Islington and my borough, Southwark, but all those boroughs are seeking to get much better education for all their pupils.

Some separate groups of people deserve to be applauded. The Minister rightly applauded the Teach First initiative. I have seen the initiative at work, and I second that. However, I shall list another four groups which make a huge difference in all our schools, certainly in my experience, and shall signal one example of good practice in each category. The first is the business community, which often comes into schools. At London Bridge in my constituency there is a large PricewaterhouseCoopers office, which has contributed phenomenally to the education system by bringing in business people to assist in mentoring and other ways. It has made an excellent contribution. The second group is the cultural community. An English National Opera production is being put on today at the Coliseum, involving lots of London schools who have been working on it for months. ENO has done brilliant work in schools all over London for many months, raising the sights and aspirations of people who would never even have thought about opera, let alone considered going to or taking part in one. They have realised that that can give them great added value.

The third group is those at the other end of the cultural spectrum. Millwall football club has been brilliant at going into schools in the community, with community programmes in and after school. Other football and sports clubs have also done that. Fourthly, there are faith groups. A Christian group which received the Queen's Jubilee Award in the voluntary sector, XLP, based in Peckham, goes to schools in lunch hours and undertakes assemblies and out-of-school activity. It has done brilliant things in getting youngsters to take part in all kinds of music and arts, and helping them to do so with a pride and quality that they might not otherwise have had. There are all sorts of people who make up the community of energy in our schools, to whom we must pay tribute.

We are obviously discussing at all types of school, including nursery, primary and secondary schools, sixth forms and pupil referral units, but, following the hon. Member for Upminster, I want to mention special schools as well. Throughout my career, I have always said that there is a good place for special schools and a good case for them to remain. A brilliant school in my constituency, Spa school, deals with children and young people with autism, and is excellent—a high-quality, caring school. A school for children with severe learning and other disabilities, including physical needs, Cherry Garden school, does work of huge quality in all sorts of ways. I would defend to the last ditch the right for special schools to exist and the right for parents to choose them, rather than have every special school pupil integrated where that is inappropriate.

We need to assess how we are doing, and I want to reinforce the plea that we should not just look crudely at league tables. They are an unfair, inappropriate way of making assessments. It is value added that counts: assessing children as they arrive and as they leave. Only that can be the measure of a school's success, and even that must be qualified by the variations in the school community when people move in and out of the school.

What has been happening? The Government have been going down the road of having different types of school, and I do not dissent from that. We are in the middle of a period of debate about choice. More different types of school, with more names and characteristics, are going to be proposed by different parties. In itself, that is not a bad thing. A city technology college that does its job well and enhances technology learning is a good thing, and the Minister knows that I supported the city academy idea before many of his colleagues in Southwark. I visited Ministers and people in Downing street about that, and the City of London academy, which happens to have been built in my road, although not by my choice, is a hugely welcome initiative. It started on a temporary site in Peckham and is moving to Bermondsey later this year. That is a brilliant development, involving nearly 700 new places, of which all but a few go to Southwark children, with a few going to the City of London.

Other schools have changed their status, including Warwick Park, which has become a city academy. I pay tribute to Lord Harris of Peckham, a Conservative peer who has put money into schools in his borough and into schools elsewhere in London. In doing so, he has begun to transform them into schools which people want to go to, rather than the opposite.

On recognising value, there are more such schools in the pipeline. Notre Dame Roman Catholic girls school near the Elephant and Castle has twinned with Sacred Heart school in Camberwell. Notre Dame and Sacred heart have language status, which is really important, because its community consists of people from all over the world. There is a huge Latin American community, for example. Archbishop Michael Ramsey school draws people from all over Southwark, and Aylwin Girls school is seeking new status. I should also mention St. Michael's Roman Catholic school in Bermondsey. Such developments give schools status and recognition, which is welcome.

I want to pick up on a hugely important point made by the hon. Member for Battersea (Martin Linton). Every year, I go through the trauma and grief of having many families come to see me about their choice of London secondary schools. Such choice is often a tragic delusion. To say to London parents, "You have a choice" is just not true. At this time of year, there are thousands of families in this capital city who have made their choice of secondary school, but have not been given a place in any of the schools that they have chosen. Having more independent schools with a greater number of independent admissions policies does not produce a fair choice of schools for the pupils and families who are applying. It does not necessarily produce greater equality of opportunity for the people whom we seek to represent.

I am absolutely clear, therefore, that Londoners need a diverse variety of schools—so that they can choose one that specialises in sport, languages, technology, arts, science or whatever—but they must also have a common admissions system. Nobody would seek to argue that there should not be a common university admissions system; indeed, it would be bizarre to argue that there should not be equality of process. London schools must also have such equality, but all must take part. It would be completely unacceptable—I say this as a member of the Church of England—for Church schools not to take a full part. Church of England schools, Roman Catholic schools and all other faith schools must take part; indeed, it would be selfish and immoral of them not to do so.

I sincerely hope that such schools do play a full part, because it would be quite wrong for them to seek a status that separates them from the rest. The city academies and the city technology colleges must also take part, and all secondary schools in London must be part of that process; otherwise, it will not be fair, and the intended outcome will not be achieved. Our university admissions process does not take the view that, because Selwyn college, Cambridge had an Anglican foundation, or because University college London had a secular foundation, they should not be part of the Universities and Colleges Admissions Service. The reality is that one has to go through the system, and all London schools should do so as well.

Of course London needs to build new schools and to re-start failing schools, but success in this city will have arrived only when every parent and youngster is happy to go to every single school. We will know that we have arrived when every parent says of every school in Battersea, Bermondsey, Southwark, Upminster, Chipping Barnet or anywhere else, "It may not be exactly where I wanted, but I am very happy that my child goes there."

If we are going to have a common admissions system for all non-fee-paying schools, I hope that it will apply to all schools, process applications quickly and prevent people from holding on to more than one place, as currently happens. However, a second step is needed: to ensure greater reconciliation of admissions policies in each borough. As the hon. Member for Battersea rightly said, at the moment, if one conducts admissions by distance, the anomaly arises whereby places in certain boroughs do not get nearly as many opportunities as others, because they do not have as many schools near to them. In a borough such as mine, which has a lot of Church schools, one has a much better chance of getting into a secondary school if one is a Roman Catholic or an Anglican. Other boroughs have almost no Church schools.

Kate Hoey (Vauxhall) (Lab): I am very interested in the hon. Gentleman's line of argument. Would he also argue that schools should not be able to select on the basis of sex?

Simon Hughes: No. There needs to be choice: we need boys schools, girls schools and mixed schools. As we know, the issue is that more parents of girls want their children to go to single-sex schools than do parents of boys. In Southwark, we have ended up with a shortage of boys schools, because the former Inner London education authority closed some of them. Now, we have suddenly realised that there is an imbalance. The issue is difficult. In my judgment, it is better to go to a mixed school because such schools are more like society in the real world; however, people should be able to choose.

Geraint Davies: Is the hon. Gentleman saying that all Church schools should be part of a co-ordinated scheme, or that the current common admissions policy should apply, whereby they cannot use religious criteria to filter out certain people? Is it by definition fair if they simply join the co-ordinated scheme?

Simon Hughes: The hon. Gentleman is right, and there are two issues. First, all schools in London should be in the system. People should not be able to get into a secondary school unless they apply through the common admissions policy. Secondly, as the hon. Gentleman and I well know, we are long way from having a common set of admissions criteria. My personal view—I say this a Christian, a member of the Church of England and the chairman of governors of a school—is that no faith school or non-community school should be allowed to have more than 25 per cent. of pupils from the faith or denomination in question. Otherwise, there is disproportion, and problems can arise if one sets up Buddhist schools, Muslim schools

[Simon Hughes]

and so on, because they can lead to racially divided schools. That is not my party's view, but it happens to be mine.

Angela Watkinson: I was dwelling on what the hon. Gentleman said about admissions to faith schools. Does he agree that one main reason for the success of denominational schools is that everybody—pupils and parents—subscribes to their ethos? If a significant proportion did not, the whole nature of such schools would change.

Simon Hughes: I understand that argument, but I do not accept it. I visited a Muslim school in Brent the other day and I have visited many other such schools. In my view, many people buy into a school's ethos even if it is not their own personal ethos. Many people who do not go to church want their children to go to a Church school because they like the ethos, and because they want their children to be brought up in a school that is run according to Christian principles. It is a matter of judgment as to whether 50 per cent. of pupils need to be practising Christians. In my judgment, one can sustain the ethos of any school—be it a Jewish, Buddhist or Muslim school—provided that a quarter or more of pupils come from the background in question. That said, the issue is of course open to debate.

I am clearly against the Greenwich judgment, which is wrong. It is sad that the Tories and Labour did not repeal it—*[Interruption.]* If I might have the Minister's attention for a second, I encourage him to repeal that judgment and I shall tell him why. Of course, there are schools that are near boundaries, but one builds up communities by allowing people to go to a school that is in their borough. A school must be able to say, "You live in this borough, so we are going to give you priority." At the moment there is flight all over London, as we all know, which does nothing to enhance community.

Of course people must be expected to travel to school; indeed, in rural areas there is often only one school and people have to travel for miles. But the Greenwich judgment is bad for communities and for community building, and I ask the Government to look at it again seriously. To do so would be of equal benefit to the much more prosperous boroughs such as Richmond, for which my hon. Friend the Member for Twickenham (Dr. Cable) is the Member of Parliament, and to boroughs such as Lambeth and Southwark. It is not going to be more disadvantageous to inner London.

Kate Hoey: I agree wholeheartedly with that. Does the hon. Gentleman realise that the effect can be seen in the new academy in Lambeth, which was fought for and campaigned for so strongly by Lambeth parents, who were so short of secondary places, only for them to discover that nearly half the pupils would come from Wandsworth, making it no longer feel like a Lambeth school?

Simon Hughes: As so often, the hon. Member for Vauxhall (Kate Hoey) and her neighbour agree across the borough divide.

During the year, people also arrive in London and seek school admission. We need the ability to tell a school that it must up its numbers to accept pupils who are without a school in the middle of the year. Only small numbers are involved, but taking a rigid view that no child can ever be admitted because the school is full is not right. In fact, the school may be full in notional number terms but not physically full and I hope that attitudes can be changed in that respect.

On pupil and staff numbers, recruitment and retention, I want to reinforce the point that I made earlier: we must look seriously into the falling number of qualified primary school teachers. I have the Government figures from parliamentary answers and it is clear that the pupil-teacher ratios are worsening in primary schools. Yes, school assistants and others are available, but at the end of the day we need enough teachers to do the job. How do we recruit more of them, and what are the priorities?

There is a real need to recruit more men to teach, particularly in primary schools. There is a real need in London to recruit primary school teachers from the minority ethnic communities and from the black community so that we have an ethnic mix with appropriate role models. There is also clearly a need to do something about senior management. The Government are alert to the view that some school principals, heads and senior staff are brilliant, but some, bluntly, are not. My view is that there should be a five-year contract, which would allow us to get rid of senior staff after five years if they were not up to scratch. We have to be ruthless about that. Unless there is a good person leading the school, the school will not do well. I hope that we will look further into that problem. Finally, we need to provide more housing in London. The Government have made a good start, but we are not nearly there yet.

I now have time only for a shopping list in respect of what further needs to be done. Please will the Government pick up on the point that one of the Minister's predecessors acknowledged was important some years ago—starting mentoring in the last year of primary school so that it follows through into the secondary school when, for all sorts of reasons, initiative may drop off?

Secondly, let us go on encouraging play and sport, recreation and swimming. The old political correctness of the 1980s—that competitive sport is no good—has left a sad legacy. Schools desperately need things for energetic young people to do. To be honest, the more swimming and other sports that schools can offer, the better.

Thirdly, the Minister is right—and the hon. Member for Hackney, North and Stoke Newington (Ms Abbott) has been brilliant on the issue—that unless we improve the performance of black teenagers and white working-class teenagers, London is in big trouble. In that context, we have to bring down the number of exclusions, particularly of black teenagers, because otherwise we will create an enormous social problem. I disagree fundamentally with what appears to be the new Tory policy. There should always be the possibility of appeal against a decision to exclude. Occasionally, schools can get into a mindset against a particular pupil without very good reason. In those circumstances, there must be an independent appeals system.

We must remember that, at 14, a non-academic pupil may want to go out and do some work. Sitting at the back of a boring class is not much use for such pupils and the more chance they have of gaining work experience from 14, the better.

New buildings are great and we should support the Government in replacing the poor buildings, but we need the buildings and facilities to be open throughout the week, not just in school hours. We also need genuine community facilities.

Finally, my colleagues in Southwark would never forgive me if I failed to mention the need for more money. We are waiting for the comprehensive spending review and I gather that the building schools for the future programme has not sorted out the funding gap between the resources provided by the Office of the Deputy Prime Minister and those provided by the Department for Education and Skills. My colleagues are awaiting the reconciliation that will allow the schools to be built.

I finish with the point that the best investment is not in the buildings, but in the people—the heads, the staff, the teachers and then the pupils. We can make do with a relatively ropey building if the right people are in it. We are moving in the right direction. I salute the Government, but I hope that they get admissions and appeals right and that we get the Greenwich judgment repealed. We will then be moving even further in the right direction than we are now.

2.24 pm

Roger Casale (Wimbledon) (Lab): I welcome the Minister's remarks and his invitation to rise to the London challenge. Some people visiting my Wimbledon constituency today may believe that the only person facing a serious challenge is a certain tennis player called Tim Henman. However, not just Tim Henman, but every single child in our schools is important.

I hope that the people entering my constituency this week will take the opportunity to look around it. If they did, they would see a great deal of energy, adrenalin and excitement being expended in a range of activities in our primary schools. They would see the Priory Church of England school, which recently was awarded a gold arts mark for promoting arts activities for young children. A silver award was won by Merton Park school. They would see, as I have seen, citizenship classes taking place in primary schools to further citizenship education for young children. That is happening in Wimbledon Park school, Wimbledon Chase school, Dundonald primary school and many others. They would see AFC Wimbledon, the football club owned and managed by the fans, helping to promote sporting activities in schools such as Poplar first school, Joseph Hood primary and Hillcross primary.

Many activities are taking place that are enriching the curriculum and promoting a more rounded education. They are all taking place in an environment in which school buildings have been rebuilt, the infrastructure has been refurbished, class sizes reduced and much more care and attention have been given to the needs and aspirations of individual pupils. All that is a direct result of seven years of Labour Government providing the necessary investment and reforms—and long may that continue. I hope that all those who come to Wimbledon this week to see the tennis will see the improvements that I am describing in my constituency's schools and will also understand that the Labour Government are responsible for them.

The London challenge, as I understand it, is an invitation to take all that on to the next stage. Many hon. Members have been able to point to success and achievement in their constituencies and we celebrate the contribution of parents, children, teachers, governors and the local education authorities. The challenge now is to ensure that that achievement, that success and those new opportunities are available to all children from every community in London.

We need to tackle the barriers that are holding back certain parts of our community, not least the ethnic minorities. We know that Asian children, of which there are many in my constituency's schools, are performing well and above average, not least thanks to the great value that the Asian community itself places on education, parental assistance and back-up at school. Sadly, though, we know that in other areas, not least in respect of the Afro-Caribbean community, those rates of achievement have not yet been attained.

One of the most exciting aspects of the London challenge is that we learn to look at London as a whole. There has been a tendency to think of my borough of Merton, for example, as being a relatively affluent outer London suburb. Of course some parts of my constituency are affluent. Those looking down on St. Mary's church on people eating strawberries and cream at Wimbledon tennis and seeing the green around the area could not fail to think that it is affluent. However, one needs only to visit different parts of the borough to see some of the most deprived wards in London. The formula by which money is distributed in London, and the way in which we look at educational challenges from a strategic point of view, does not always properly reflect the special needs of pockets of deprivation within certain areas of London in the best possible way. I hope that the London challenge will give a new strategic focus to the Merton challenge—the challenge that my borough of Merton faces as we work to take forward improvements in our schools. It is the key to ensuring the life chances of the next generation of people in our communities, but it is also a very important political challenge. That is because there is a relationship between the decisions that Government take about funding and the reform of public services, for instance, and the results that are achieved.

In my constituency, many people voted Labour for the first time in 1997. They told me then, and afterwards, that they did so because they wanted improvements in our primary and secondary schools, and in the whole range of educational services. There are independent private schools in my constituency, and people continue to send their children to them. In my experience, they do so not for some sort of snob value, but because they feel that that is the only way to get the best possible education for their children. Our aim in government in the longer term must be to make sure that the best education is provided in state schools. That is why we must invest and make sure that we do not settle for average or second best. We must keep going, with new challenges being set year after year and Government after Government. It does not matter too much to me what the challenges are called, but we must keep finding

[Roger Casale]

a peg and a focus for the investment of more money. We must renew our determination to improve education standards, so that people want to send their children to state schools because they are the best.

We need to make a concerted effort, and there is no room for complacency, despite the many achievements that have been seen already. We can start by looking at the schools where there have been great successes and drawing lessons from them. I was pleased to be able to attend a special evening in honour of the outgoing head teacher of Wimbledon college, a voluntary-aided Catholic school for boys in my constituency. Father Michael Holman is retiring after 10 years of service, and the evening was truly inspirational. It showed how one man, through the care and attention that he devoted to each boy in the school, was able to achieve so much in such a short time. However, Father Holman openly acknowledged that those 10 years had included periods of both Conservative and Labour Governments. He knew that, under a Conservative Government, he did not have the resources that he needed to underpin the changes and improvements that he was making to the school. That has not been the case under a Labour Government.

The investment made by the Government has been important, but I also want to highlight the leadership shown by Father Holman as head teacher. During his incumbency, the number of students at the school has doubled, and there have been dramatic improvements in standards. Also, the facilities for all-round education—including for music, sport and the arts—have been expanded. We should acknowledge, of course, that there has been help from the Catholic Church, but that has been underpinned by the Government's commitment to education. That must continue.

Many other schools in my constituency have achieved dramatic improvements. Ricards Lodge girls school has achieved beacon status, Rutlish school is improving strongly and both it and Raynes Park high school are applying for specialist school status. In addition, the Ursuline convent high school had outstanding results in the most recent school year.

I want to pay tribute to all the head teachers of those schools, and to their governors and staff, for the results that have been achieved. Although those results have been underpinned by the substantial new investment that the Government have put in, they have been achieved at a time of great transition and change in Merton.

In contrast to other boroughs in the London area, in the past few years Merton has undergone a once-in-a-generation upheaval in the organisation of its school system. We used to have a three-tier system, made up of first, middle and high schools, but now we have primary and secondary schools, with the age of transfer at 11.

In 1998, the Merton local education authority finally decided to enter into the period of transition, and we are still feeling the effects. The final modifications and improvements to school buildings and infrastructure are still being made, and the new secondary school buildings will not be handed over until 6 August.

I shall devote my remaining remarks to the lessons that can be drawn from Merton's experience of providing new school buildings and taking forward the transition by means of the private finance initiative process. There is much discussion about how best to lever-in new resources and invest in new school infrastructure, but Merton has hard-won experience of having done that the PFI way. I want to share some of that experience with the House, and I hope that the Minister will respond—either when he winds up the debate or at a later meeting—to some of the concerns that have arisen about how the PFI scheme was put together.

My hon. Friend the Member for Mitcham and Morden (Siobhain McDonagh) and I sent a letter to head teachers and chairs of governors of all the secondary schools in Merton, and their responses provided much information for us about the PFI process—how it came about, how it has worked in practice, and how it looks for the future. The Catholic schools were not part of the PFI project but they also responded, and their experience means that, in a sense, we have a useful controlled experiment. If similar infrastructure renewal schemes are proposed in other parts of the country, Merton's experience offers important lessons.

My letter received very detailed responses. I shall not go into them now but, if I may, I shall forward them to my hon. Friend the Minister for his comments. I stress that although I say that lessons can be drawn from the Merton experience, I do not mean that I—or anyone who responded to the survey—think that the PFI is either good or bad in itself, from a philosophical or ideological point of view. My aim was to determine how it has worked out in Merton in practice. We have discussed PFI-funded public projects in the past, and all hon. Members who have an open mind can see the potential benefits. However, what are the real benefits of the initiative for an organisational change on the scale that we have experienced in Merton?

The benefits have included the radical redevelopments that I have described. We have upgraded a school infrastructure that in some cases was 40 or 50 years out of date, and we have prepared it for the 21st century. The sums of money involved have been extraordinarily large, and have included amounts of public money that have risen throughout the life of the contract. However, one head teacher—Ian Newman of Raynes Park high school—told me this morning that he considers it hard to avoid the impression that it might have been possible to do better with the amount of money that was involved.

One particular concern is the total cost of servicing the capital expenditure on the PFI project. It is now taking up 11 per cent. of delegated budgets from schools, whereas before only 8 per cent. of budgets was spent on maintenance. A further 3 per cent. of the schools budget is paid by the LEA. All that money comes out of the overall pot available to the LEA to fund improvements and changes in our schools. Another concern that has been put to me is that when the various funding streams are consolidated, will the proportion of 11 per cent. remain the same or will it fall? If it remains the same, the actual amount schools pay from their budgets will increase. Those moneys are badly needed in schools, but they would go to finance the PFI contract.

The head teachers who have written to me also said that the administrative savings that they thought would accrue to their schools as a result of outsourcing the management of their facilities have not yet materialised. On the contrary, several frustrations have occurred in the building and design phase and with the running of the facilities. That has resulted in increased administration costs in terms of the time that teachers and head teachers have had to spend writing to the facilities management company—in this case, Atkins—to try to resolve the problems.

The point has also been made that the PFI partners lack a community vision. For example, small changes could have been made to a sports hall that would have allowed wider community use of the facility, but they were not allowed by the PFI partner. Ricards school, which had another new sporting facility built, was forced into having girl-only changing rooms, which again means that it will not be available for wider community use. While we appreciate the extra investment and improvements, we are concerned about how they are financed and the way in which contracts have been put together. Those factors need to be examined, so that if the exercise is repeated elsewhere, the same problems do not recur.

I have described the problems of the management of the PFI contract, and I am grateful to Ricards school, Rutlish school and all the schools who responded to my inquiry. The problems were compounded by the age of transfer changes and perhaps one of the key lessons to be learned is not to attempt a huge PFI project—I do not know whether any others are planned in London to improve school infrastructure—at the same time as undertaking a large reorganisation project, as has happened in Merton. Despite those concerns, we are now on the other side of the changes. The buildings are in place and we are starting to see the desired improvements, including better results at key stage 3 last year. The borough is now working strongly with Kingston LEA within the context of the London challenge, and has hosted the key stage 2–3 transition collaborative working group for several London boroughs. I believe that we can overcome the difficulties and see further improvements in the future.

The latest census figures demonstrate that my constituency has one of the highest birth rates in the country. I declare an interest as I have two young daughters, so my wife and I are partially to blame. Alongside the increase in the number of children in the borough, we need an increase in the provision of primary school places. Several hon. Members have referred to similar problems, but it is especially acute in my constituency—and has been so for several years, as my hon. Friend the Minister is aware.

Such difficulties can be exacerbated by building developments. New houses are built to encourage families to move into the area, but corresponding provision—such as primary school places—is not made. We have had acute shortages of places in Pelham primary school for exactly that reason. Hollymount primary school has suffered similar problems as a neighbouring site was sold off by the council to fund school expansion in other parts of the borough. The numbers were wrong, and the council had to strip primary school classes out of a different area and continued to face pressure on places at Hollymount.

As we work to improve education provision and standards, and to encourage people back into the state school sector by giving them more confidence in it, we need to take a long-sighted view of where and how expansion can take place. In particular, we must have more joined-up thinking by local authorities and in London as a whole to ensure that services—especially school provision—expand in line with new housing developments. I am sure that other hon. Members can point to examples where that unfortunately has not been the case.

As my constituency rises to the challenge that my hon. Friend has set forth, I can point to several exciting and positive developments. We are just leaving a difficult period of transition that was made more difficult by the way in which it was funded, including the way in which the PFI was put together. However, it was the only option on offer at the time. We are pleased to have the new investment, but we had no choice about how it would be funded. The way in which it has worked out has created some unforeseen difficulties and it remains to be seen whether they can be ironed out. It has also created extra costs that exacerbate the perennial problems of outer-London boroughs, such as the funding of teachers' salaries. As my hon. Friend the Minister is aware, we pay inner-London weighting to teachers in Merton, but no account is taken of that in the funding formula. All those cost issues will worsen with the passage of time.

My hon. Friend the Minister is familiar with many of those issues because we have corresponded and had several meetings about them. The problems are difficult to resolve, and many need London-wide solutions. We need a strategy for and a focus on London as a whole, not individual campaigns for each area. The schools in my constituency continue to face very real problems, including funding problems, some of which are getting worse.

I hope that my hon. Friend the Minister will look carefully at the experience of PFI in Merton and some of the lessons that can be learned from our experience. I hope that he will also look again at the overall London formula in the light of the representations that have been made to see what can be done to improve the situation not only in Merton but across London.

I finish on my first point: the exciting achievements and gains that we have already seen in our schools and rightly celebrate will not be sustained, or made for everybody in our community, unless we find new ways to tackle the problems that still exist and unless we convince everyone that we have the right focus to provide the best education for children throughout the capital, from Merton to north London and from east to west.

2.50 pm

Sir Sydney Chapman (Chipping Barnet) (Con): It is a great pleasure to follow the hon. Member for Wimbledon (Roger Casale). I am told that London's population is rising again; it has certainly gone up by about 400,000 over the past 25 years and the hon. Gentleman is clearly playing his part in that happy event.

I should be interested to learn whether the school population is rising, too. I have not been able to find statistics on that so it would be helpful if the Minister

[Sir Sydney Chapman]

could tell us, as I understand that people are having fewer children, and at a later age. We used to think of the typical British family as a couple with 2.4 children, but the number is now nearer 1.6.

I come from a family of teachers, at least on my late mother's side. She was the head teacher of a state primary school, as was each of her two sisters and two brothers. It is with great pride that I tell the House that my daughter, too, has recently become a teacher and teaches in the state system in Puckeridge in Hertfordshire. It will thus come as no surprise to the House to hear that I believe that teaching is the most underpaid and undervalued of our professions and that that is a bad thing. I am also tempted to observe that my family has changed George Bernard Shaw's untrue, outdated and overworn adage; in my family, those who can, teach and those who cannot are sent into politics, although I must admit that I was for six years a teacher in a technical college.

We were almost assaulted by statistics from the two Front-Bench speakers, but one or two of those figures are worth repeating because, to put it neutrally, great challenges face the education system in London. The population is rising. There are 2,300 maintained schools, of which more than 400 are secondary schools, catering for 1 million pupils—a fair number.

I want to pick up on a point on which I have heard the hon. Member for Regent's Park and Kensington, North (Ms Buck) wax eloquent—the extremes of wealth and poverty in our capital city. In some cases, a ward of immense wealth is cheek by jowl with a poverty-stricken area. Again, I shall rehearse one or two statistics to indicate the wealth of parts of London. Nearly a quarter—24 per cent.—of all households in London have a weekly income of more than £750, whereas the national average is 16 per cent. To take the obverse face of that coin, parts of London have the country's highest levels of child poverty and, as we have heard from both sides of the House, 43 per cent. of secondary school pupils in London are entitled to free meals, while the national average is well under 20 per cent.

Another important point is the unequalled ethnic diversity of our capital. I understand that 42 per cent. of children in inner London speak English as a second or additional language and I am told—although I cannot believe it—that 275 languages are spoken in London's schools. To be perfectly honest, I did not know that there were 275 languages in the whole world. Those points underline the immense challenges facing our capital city in the education of its children and the special need for extra consideration and extra financial resources.

One tends to get one's information and experience, and to draw one's conclusions, from one's own community and there is nothing wrong in that. We have teacher shortages and vacancies, although in fairness the situation has improved and the problem has lessened over the past year. However, the number of vacancies went up by 36 per cent. between 1997 and 2003, although I think the Minister will confirm that the problem has eased off. However, teacher turnover is well above the national average and in some schools it can be more than 50 per cent. a year, which brings particular problems.

Truancy remains a problem. The Minister said that there had been a slight improvement over the past year and I am glad to hear it but, on average, 50,000 London children are not going to school every day. Sadly, the Government have failed to meet the target for reducing truancy that they set a few years ago.

There are literacy problems. I am told that one in three of London's 14-year-olds is unable to read, write or count properly. That is an appalling statistic and it demands urgent action. Furthermore, one in four of London's 11-year-olds leaves primary school unable to read, write and count. However we look at those figures, even allowing for the ethnic diversity of London schoolchildren, they are appalling.

London has an extremely mobile population, which is reflected in the fact that the number of children changing from one school to another, whether in the primary or secondary sector, is double the national average. The Liberal Democrat spokesman, the hon. Member for Southwark, North and Bermondsey (Simon Hughes), said that he was very much against the Greenwich judgment and made representations to the Government to overturn it.

My current view of the Greenwich judgment is equivocal. I certainly was against it and thought that action should be taken to legislate, because in my constituency it seemed that a high proportion of secondary schools were close to the borough boundary. As the Minister knows, Ashmole school is literally on the border; his constituency encloses two sides of the school's curtilage, while my constituency encloses the other two sides. More than half the pupils are from Enfield, with slightly less from Barnet. I can understand the argument that it is better for pupils to go to a school in their own community, which is peopled from their community, but sometimes London borough boundaries cut across communities. If the Greenwich judgment was got rid of and Barnetonians were given priority to attend schools such as Ashmole, which is essentially in Southgate, although its address is Barnet, there is a strong argument that the community would be split. So it is horses for courses, and I continue to remain ambivalent about the issue.

I am not here to score petty political points—education is a very serious issue, and we want to find out how far we can achieve consensus—and I very much welcome what the Government have called the London business challenge to ensure that every secondary school has a link with a leading London business. For far too long in my political career, I have felt that our country's education system has been totally divorced from what children do when they grow up and, I hope, go into employment. I do not think that the linkage started with the London business challenge, but I very much welcome the greater social intercourse—I think that that is the unhappy phrase to use—between schools, business and, indeed, the rest of the community in which they exist.

I feel very deeply, and I am somewhat critical about this, that my borough has had a very bad deal in education funding from the Government, if not this year, particularly last year, but the problems remain this year. I want to rehearse the crisis that we faced at the beginning of the 2003–04 financial year, and I honestly do not believe that the Government realised the bad

impact it would have on our schools in Barnet. Just to use the simplest statistics that I can, Barnet received from the Government an additional £8.1 million in revenue support grant for all services last year. That £8.1 million may be a meaningless figure, but it represents an increase of 3.5 per cent.—slightly above the then rate of inflation.

Although we received £8.1 million extra, we were required to pass an additional £14.5 million to the schools—equivalent to a 7.6 per cent. increase in funding. We did so because we value education very highly, but much of the huge, 24 per cent. increase in council tax was caused by the need to ensure that Barnet's schools received that extra £14.5 million. However, even that was not enough. The schools told me in no uncertain terms that they needed not a 7.6 per cent. increase, but at least an 8.1 per cent. increase to stand still. In other words, Barnet had to cover not just inflation and the above-inflation increase in teachers' pay, but find another £4.4 million for the increase in their contribution to teachers' pensions, and it had to find another £1 million on top of that in employer's national insurance contributions. All that happened when the previous year's specific grants were withdrawn and when the Government, rightly or wrongly, decided to change the schools revenue formula. So whatever happened in Barnet, some schools were less worse off, but other schools were even more worse off. Frankly, it was very difficult to find a solution to the problem.

When Barnet was criticised by Ministers, the local education authority called in independent experts who confirmed the state of play and that Barnet was in no way to be blamed. Of course, Ministers will also recall that the Audit Commission considered the problem and discovered that places such as Barnet—I do not know how many other London boroughs were affected—had a bad deal because of the policy to transfer funds from London and the south-east to the midlands and the north. So that was a very great problem indeed, and it resulted in the schools finding in April last year that they had a budget shortfall totalling £3.7 million, even though Barnet passed on the £14.5 million extra.

Twenty schools were forced to set deficit budgets, and the consequences were threefold. There had to be staff reductions. Although 34 redundancies are 34 too many, fortunately in one sense, 32 of them involved support staff, rather than teachers, but the tremors reverberated for many months. The schools had to resort to using so-called devolved capital, with the Secretary of State's permission. In other words, they spent less or nothing on capital development to pay for running and maintenance costs. Of course, there were reductions in school repairs and the training programme to prevent more redundancies. All that was very unfortunate. Things have improved slightly this year. The shortfall is only £1.9 million this year, but even so, 15 schools have set deficit budgets. The local education authority is working closely and carefully with those schools to discover whether those deficits can be got rid of over the next three years, but I shall return to that point shortly.

The Minister kindly let me intervene on his speech to mention this, but the staffing problem in Barnet relates to London weighting and it is exacerbated by the fact that it is not only too low, but not so high as it is inner London. I realise that that is an immensely difficult issue. In Potters Bar, which is just down the road from the Minister's constituency and mine, people do not get any London allowance. Lines have to be drawn somewhere, but we need a much more sophisticated approach to that issue. I just repeat what my hon. Friend the Member for Upminster (Angela Watkinson) said from the Conservative Front Bench: the tremendous increase in the costs of living and housing in London are playing havoc with ensuring that the vital public services have an adequate number of people. The only way to deal with that problem is to consider the whole weighting system.

The House will know that that average price of a house in the United Kingdom is now into six figures, but it is £250,000 in London and, indeed, it is £289,000 in the borough of Barnet and it is approaching £750,000 in Kensington and Chelsea. I welcome the housing initiatives, but they are only a start. The problem with London weighting must be tackled, as it is far too inadequate today, as compared with yesteryear. Of course this may be obvious, but pensioners in London receive just the same state pension as equivalent people in any other part of the United Kingdom, even though costs are much greater in London. I can only implore the Government to consider the growing problem of London weighting, especially in view of the fact that the number of applicants for teaching posts in Barnet has fallen.

I do not know whether other London Members have experienced a problem involving out-of-year children that has surfaced in Barnet and caused a great deal of anxiety. Some parents are told that if they want their children to attend a specific secondary school, the children must either go into the second year of secondary school, or miss a year of primary school. That is caused by the 1 September factor, because if children are born before 1 September, they may go to school at the age of five, but children who are born in the middle of September effectively miss a year. That is not the fault of parents, although I concede that some make a deliberate choice to keep little Johnny back from school for a year. However, it is wrong for local education authority policy to say that a child born after 1 September cannot start in his or her peer year and to insist that such a child must miss a year of primary or secondary school. The Government and local education authorities must work with schools to resolve the problem, and I know that the Minister received a delegation from the borough of Barnet last week.

I understand that the Government use broad indicators of deprivation and exam results to target capital funding, and there is nothing wrong with that, in theory. However, I would have thought that a major component behind decisions on capital funding levels and grants should be the state of the fabric of schools in a LEA. There is a desperate need to renovate or replace large parts of Barnet's primary school estate.

The Government have the right to boast that they have increased expenditure on education. Although that had increased during previous years, they have accelerated the rate of increase. However, when I look at the problems in Barnet, I sometimes think that the money is not reaching the coal face. The extra finance does not seem to be getting into the schools. The situation in the classroom is the all-important matter, and that will be the litmus test that my constituents and the people of the country will use when the Government

[Sir Sydney Chapman]

try to persuade them that they are increasing funding in education, as well as in the health service and in public transport.

There is a London-wide problem that Governments of whatever hue must address in the years to come. The Minister will know that each year the people of London collectively put into the Exchequer through taxes £20 billion—the figure is certainly £15 billion, but it is £20 billion by my calculations—more than they receive for London's public services. If we say that we have a fair tax system, the situation occurs because London is richer than many other regions throughout the country, if not the south-east. However, in the interests of the whole nation, London, as its capital city, needs a decent system of infrastructure, and decent hospitals and schools. The £20 billion gap is becoming unfair on London, and Londoners are beginning to mind the gap—if I may use that phrase—between what they contribute to the rest of the country and what they receive to make their public services and transport systems work properly. Given the tremendous contribution that London makes, it deserves better from the Government, which is surely emphasised by the great disparity between wealth and poverty in our capital city. I started my speech by talking about that point, and I thank the House for listening to me.

3.15 pm

Geraint Davies (Croydon, Central) (Lab): It is a great pleasure to follow the 25-minute contribution made by the hon. Member for Chipping Barnet (Sir Sydney Chapman). I appreciate that he took a little time because he is the only Conservative Back Bencher in the Chamber for this enormously important debate, despite the fact that the Conservative party is launching its manifesto pledges on education today.

Our children's life chances are built on our educational investment and the standard of teaching delivery in our local schools. It is clear from the debate that we all know that London faces many specific challenges, such as the cost of housing, inadequate wages, the problems with London weighting that the hon. Gentleman outlined, the environment, multiculturalism, multilingualism and the problems of mobility mentioned by the hon. Member for Southwark, North and Bermondsey (Simon Hughes). It is important for all those factors to be considered when calculating London's financial weighting, but despite the critical problems and the growth of costs and pressures, it is interesting to note that the formula spending share for London—the amount of funding for our schools in relative terms—has converged with that of the rest of the country over the past couple of years. Spending on London's schools is thus no longer obviously greater than that on schools outside the area, despite the fact that challenges remain.

I take this opportunity to congratulate warmly all people who are involved in our schools because, as the Minister suggested, evidence from the London challenge shows that despite the problems that I cited, more value has been added to our primary and secondary schools in London than to those in the rest of the country. That is of great credit to those who work in the profession in London.

We have made a lot of progress in London and elsewhere, especially on primary schools. My hon. Friend the Member for Wimbledon (Roger Casale) talked about the possibility of people moving from the private to the public sector in the future, and I think that that is happening in primary schools. We have invested in provision for three and four-year-olds, and we are beginning to see the fruits of investing more in secondary school provision.

Recruitment and retention have always been big challenges for London, so I am pleased by new incentives to encourage further recruitment, which are making a difference in Croydon. I give a great welcome to the £100,000 grants, or interest-free loans, that are available for teachers who have spent between four and seven years in their posts, yet might move elsewhere in the country. That scheme is beginning to make a difference in Croydon. The new agenda to encourage face-to-face youth work is being embraced and represents a valuable re-engineering of the previous budget. I welcome the co-ordinated admission approach on which the hon. Member for Upminster (Angela Watkinson) commented. The bottom line is that a common application system with data shared among all schools will lead to pupils getting school places earlier because people will not hold on to an excessive number of places, which denies other pupils any place at all. The system will become more transparent and efficient, and although that will not deliver more choice in itself, choice will become available earlier.

In Croydon each year, about 1,000 pupils at secondary level—a third—move into schools in the borough and 1,000 move out. About 1,000 pupils come down from Lambeth and Southwark, while 1,000 move out to Sutton, Bromley and the private sector in three equal tranches. The pupils who go to Sutton and Bromley enter the grammar school system, so parents living in Sutton and Bromley whose children do not get into grammar schools and do not want them to enter the secondary modern system send their children to Croydon. In other words, Croydon takes some of the rejects from grammar schools in Sutton and Bromley, and people also drift down from Lambeth and Southwark. Funding is organised not on the basis of who goes to school in the area but who lives in the borough, which can cause problems. In recent years, the disparity in standards attained by children leaving Croydon and those arriving has narrowed significantly. The standard attained by children from Southwark and Lambeth, for example, has improved following the Government's investment in primary education. At key stage 2, for example, most children leaving Croydon and those arriving achieve level 4 or 5.

Despite capping, there is still a problem with funding in Croydon. The hon. Member for Chipping Barnet alluded to the basic cause—a formula change at a time of rising pensions and salaries and the requirement that teachers work a little less to focus on their core duties. I am, however, happy to report to the Minister that despite the worst fears of heads in Croydon, there were no compulsory redundancies last year, the overall school balance did not fall from £11 million to £3 million as predicted—in fact, it is stable at about £10 million—and only two schools drew on their capital. Government money has been passported to Croydon schools, but we

have other problems. Council tax has been capped and the formula change has resulted in less funding for schools, but the squeeze is harder in other areas. Croydon schools have enjoyed many successes, and New Addington education action zone—now an excellence in cities project—has been particularly successful under the leadership of Pat Holland. Various schools are pushing up their standards. Recently, Addington high school achieved improvements in pipeline results. Ashburton school is using the private finance initiative to regenerate itself. I hope that the lessons described by my hon. Friend the Member for Wimbledon will be taken on board.

Pupil referral units were mentioned by the hon. Member for Upminster, but it is important to remember that under this Administration all children who are excluded will receive full-time education and will not roam the streets, as they did in the Tory days, committing crimes. Seventy per cent. of children in pupil referral units in Croydon go on to further education and do not, as they did under the Conservatives, take up a life of crime and repeat offending. The Minister and other Members said that we need to focus on how well black boys in particular do in school. We need to consider whether education is successfully delivered to those children, but we also need to consider whether there is a pervasive culture of it not being cool to study. Children must be told that their future financial welfare and what they can do with their life chances will be determined by their educational output, and we need attractive role models to deliver that message.

Other Members wish to contribute to our debate, so I shall conclude. In Croydon, the Government have invested in provision for three and four-year-olds, primary classes and secondary schools. It is crucial that we get it right in secondary schools if we are to fulfil our ambition of getting 50 per cent. of people into university. People opt out of the state sector and take up private provision so that their children can have a launch pad for university. The challenge for us is to bring those people back, as we have done in the health service and primary schools, through proper investment and quality control in secondary schools, and I am sure that we will rise to it.

3.24 pm

Dr. Vincent Cable (Twickenham) (LD): I thank the hon. Member for Croydon, Central (Geraint Davies) for making a brief speech. There have been some long speeches, so he has provided me with an opportunity to speak, and I shall try to speak for less than 10 minutes so that other Members may speak.

Our debate has clearly demonstrated a diversity of experience. There is an enormous gulf between the problems in the constituency of my hon. Friend the Member for Southwark, North and Bermondsey (Simon Hughes) and those in Twickenham. None the less, our conclusions are broadly similar. My constituency highlights not merely the different problems of inner and outer London, but the differences between primary and secondary education. We have the best results in standard assessment tests for 11-year-olds, not just in London but in Britain, which is a remarkable performance. There is a sense of excitement and achievement in local primary schools, where positive thinking is in evidence. The population is highly educated and the staff are drawn from a large pool of highly educated, professionally qualified women. The council—Liberal Democrat for many years, but now Conservative—has funded the primary school sector above standard spending assessment levels, and that is one of the many reasons why our primary schools have done extremely well.

The secondary sector undoubtedly includes some very good schools and displays some good teaching standards, but a key statistic shows that 40 per cent. of parents migrate to the private sector. They are not escaping from bad schools—their experience is very different from that of parents in central London—but are going to the private sector because of head-to-head competition with some of the finest private independent schools in the country, including St. Paul's, Lady Eleanor Holles and Hampton. There is a graphic visual image in Hanworth road in my constituency, where two independent day schools—Lady Eleanor Holles and Hampton—are sited side by side. Next to them is a local community school, Hampton community college, which is much smaller and less well equipped. There is some good teaching there and some good pupils, but there are also challenging pupils. For a local parent with enough money to afford private education the choice is therefore a no-brainer. It is extremely difficult for the state secondary sector to maintain effective competition with the independent schools in the circumstances, and the problem is percolating down to primary schools. I recently had a slightly surreal interview with the head teacher of a highly successful junior school, whose SATs results are among the best in Britain. He was suffering from falling school rolls, because parents are taking their children out of his school to prepare them for common entrance, so that they do not miss out on an independent education.

What are we to do about that problem? We are long past the stage of arguing that we should get rid of the independent sector. That is not going to happen, and many independent schools are fine educationally on their own terms. What is the Government's agenda on collaboration between the independent and state sector? How can that be managed in a constructive way? There have been token efforts in the past, such as the joint use of rowing clubs. There have been attempts at joint projects, none of which, as far as I know, has led to anything. Is there any way in which the currently rather competitive and destructive relationship can be made more positive?

There is a link between that problem and the second problem, which is the Greenwich judgment. My hon. Friend the Member for Southwark, North and Bermondsey (Simon Hughes) mentioned that, and I echo his remarks about its damaging effects on constituencies such as mine. It just happens that there is a perfect symmetry between the large-scale migration of pupils into the private sector and the scale of migration into the borough from other boroughs. About 40 per cent. of all places are filled by out-of-borough pupils. The two problems are linked because as more out-of-borough pupils—many of them challenging, to use the jargon word—come into the secondary schools, growing numbers of local parents send their children into the private sector. The problem becomes cumulative.

[Dr. Vincent Cable]

The Greenwich judgment is damaging in several respects. Large numbers of parents feel a strong sense of grievance that they cannot get their children into local schools, whereas others from across the border can do so. That leads to a great distortion in the school building programme, because the local council of whatever party is unwilling to build schools near the frontier because they will be filled with out-of-borough pupils, so school-free zones are being created artificially by the Greenwich judgment problem. There are also serious anomalies in funding, as the hon. Member for Croydon, Central (Geraint Davies) said in an earlier intervention. Often, the migrant population coming in from other boroughs has totally different characteristics from that of the host borough. It just happens that in my case in the Hampton area, the migrant population is a deprived population, which is funded at the level of the host borough, not at that of the migrating pupils.

Martin Linton: Does the hon. Gentleman agree that some local authorities encourage high achievers from neighbouring boroughs to come into their schools, and export low achievers from their own borough to other schools?

Dr. Cable: I am sure that that happens. It is the opposite problem from the one that I am describing, where challenging pupils coming into a borough clearly need extra funding, but are not getting it. The border schools are therefore seriously under-funded and have serious educational difficulties. I raised the issue in a debate three years ago with the then Minister for School Standards, now the Minister for the Arts. She agreed that there was a problem and cited an experimental arrangement in Solihull, I think, to try to overcome the problem of cross-border movement and funding arrangements. I urge the Minister to give it his attention.

The third issue that I shall touch on is the broader philosophy of choice and what it means. We have had sufficient examples during the debate to show the ambiguous and confusing way in which the word "choice" is used. Most of us think it means parents on behalf of their children having the right, in some sense, to choose a school. The Conservative spokesman, the hon. Member for Upminster (Angela Watkinson), seemed to mean the opposite—the school having the right to choose its pupils. Even the choice of a school by the parents is an ambiguous concept, as we have heard. Preference and choice might mean quite different things—cross-border or not cross-border, faith or non-faith schools, for example.

I agree with the suggestion from my hon. Friend the Member for Southwark, North and Bermondsey that we need if not standardised systems of admission, at least compatible principles. The only reasonable arrangement to reconcile the demands of different groups of parents applying for different types of school is a criterion based predominantly on distance and possibly on sibling connection, or some mix of those two factors. There would be significant drawbacks to any other arrangement, such as a lottery—it was recently proposed that applicants should be chosen by lot, which has enormous disadvantages because it breaks down any sense of geographical identity and greatly adds to transport costs and all the environmental problems associated with that. What is needed is a common set of rules based on distance and sibling relationship. If that principle were applied, much of the sense of injustice would be substantially diminished.

I shall mention two other points briefly and then allow another hon. Member to speak. On capital funding, I echo the cautionary words of the hon. Member for Wimbledon (Roger Casale). For many years my borough was unable to achieve any capital funding whatever. In the Conservative years it was effectively barred. With the new Government we have had a considerable amount of capital spending, which is welcome, but the only basis on which that could be arranged was the private finance initiative. No other vehicle was available.

On a purely pragmatic basis, I and my former Lib Dem council welcomed that and worked with the PFI programme. It has worked relatively well. Schools have been built and they have been completed on time. Ours is one of the few boroughs from which Jarvis emerges with a moderate degree of credit, but the programme is storing up problems. We should be frank about that. The hon. Gentleman spelled out the problems. Many schools have a commitment to a fixed set of repayment obligations, amortisation and maintenance costs that will have to be maintained, come what may.

We are currently in a good phase of school funding—that may be partly a reflection of the Government's resources being put into schools—but there will come a time when schools are seriously squeezed for funding and they will not be able to make any economies on the maintenance side. All the cuts will have to come out of teaching. I can see the crisis looming ahead. Many of our teachers are apprehensive about it. It may be useful to hear from the Government how they would deal with the rigidity in the funding of PFI schemes.

Finally, I shall ask the Minister about a sector of education that we have not touched on at all in the debate—the pre-school sector. There is a great deal of emphasis on the early years. I strongly support all the research showing how crucial that is to subsequent performance. My borough, together with Croydon, is one of the two that have not complied with Government requirements for free nursery education for three and four-year-olds. What action does the Minister intend to take to make sure that boroughs do comply? How does he intend to help them overcome their problem? There is a political issue. It is a Conservative-controlled council so I do not want to make excuses for it, but I am told that the council cannot meet the funding requirements for the Government's stipulations. Perhaps the Minister will explain the balance of the argument and how the council can be helped or made to comply with the statutory requirements for pre-school provision.

Geraint Davies: For the record, Croydon had a problem with compliance, but I understand that it now provides the pre-school places following negotiation with the Government.

Dr. Cable: In that case, my borough may be the last in the line. On that note, I shall allow another hon. Member a chance to speak.

3.35 pm

Jon Cruddas (Dagenham) (Lab): Like the two previous speakers, I shall be brief, which should allow my hon. Friend the Member for Regent's Park and Kensington, North (Ms Buck) to speak.

I welcome this opportunity to discuss education and schools in London and want to examine empirical data on outcomes. Debates about public services are too often based on an abstract conception of the efficiency of public or private provision. In contrast, I want to examine what is happening locally on the ground, with reference to education and attainment in the London borough of Barking and Dagenham, where a dramatic change, which throws up important issues on the links between attainment and class, is occurring.

The hon. Member for Upminster (Angela Watkinson) touched on that point when she discussed Robert Clack school, which is situated in the middle of a series of housing estates and has experienced an extraordinary transformation under the headship of Paul Grant and his senior management team. The school is an example of good practice, which I am sure figures heavily in the Minister's approach, and it has broken some assumptions on class and attainment.

I shall briefly rehearse a couple of economic statistics about Barking and Dagenham, which is traditionally seen as a predominantly white, working-class community, but which is now one of the fastest-changing boroughs in Greater London. With a population of approximately 150,000, however, Barking and Dagenham is the smallest borough in London. Only 3.5 per cent. of its adult residents have a higher education qualification, compared with a London-wide average of 18.5 per cent. Poor levels of adult numeracy and literacy are recorded among the borough's population—it is respectively the second and fourth worst borough in the country on adult numeracy and literacy.

The long-term track record on GCSE results in Barking and Dagenham is poor—in 1992, only 15.5 per cent. of pupils achieved five or more GCSEs at grades between A* and C. Overall, the borough may be characterised as having historically low levels of attainment. The consequence of that record has been the production of stocks of unskilled and semi-skilled workers, who work in car assembly or construction in the immediate community.

Dagenham and Barking sits at the centre of the so-called Thames gateway. East London is beginning to experience an economic and social transformation, and Dagenham is at the centre of that process. Ford has diversified from car assembly to high quality engine production, and tens of thousands of jobs have been generated in docklands and Canary Wharf, which throws up skills-based challenges for my constituents.

On the role of the state, the two key transmission belts to enable local people to plug into that economic transformation are first, capital infrastructure to enable people to travel to the sites where jobs are generated, and secondly, the creation of a training and skills profile to allow local communities to access those economic changes. The real problem is that that unique opportunity for my constituents will be missed if we do not secure the right balance between capital infrastructure projects, skills provision and investment in education and training.

The evidence of change in the borough is overwhelming and dramatic. In 1996, 27 per cent. of pupils obtained five of more GCSEs at grades between A* and C. At that time, the national average was 45 per cent.—in short, the borough was 18 per cent. behind the national average. Last year, 49 per cent. of pupils gained five or more GCSEs at grades between A* and C and the national average was 53 per cent. The point is that the borough is only 4 per cent. behind the national average, and that the gap has been reduced by 14 percentage points since 1996. The key stage 4 results are paralleled by developments at key stages 1, 2 and 3. Overall, between 2002 and 2003 the borough secured a 7.4 per cent. increase in five A* to C grades—among the highest in Greater London and, indeed, the country. The average for Greater London was some 3.1 per cent.

Six of the eight secondary schools in the borough are in my constituency. I pay tribute to the heads—Des Smith, Paul Grant, Anne Brooks, Roger Leighton, John Torrie and Stephen Smith—for all their hard work. Last year, all those schools improved, and the A* to C grades of one, All Saints, improved from 68 per cent. to 87 per cent. Two others—Roger Clack and Sydney Russell—jumped by more than 10 per cent., and Priory and Eastbrook schools jumped by 5 per cent. Those statistics demonstrate that we are witnessing a major transformation locally. Our comparators now tend to have a different socio-economic profile from those of the past 10 years.

At the same time, a major push is occurring on adult learning. We are confronting the numeracy and literacy problems that I mentioned earlier, and the borough is working closely with the trade union movement to enhance the education and training that is available to its staff. For example, over the past 12 months, 75 out of 76 refuse collection workers signed up to a basic skills course. I pay tribute to the groundbreaking work of the borough's union learning representatives, especially those in the GMB.

A transformation is under way that is beginning to break the link between poverty and attainment—or at least to challenge some of the assumptions about that link. It is redistributing life chances to people in the borough and allowing them to plug into the process of regeneration that leads to better jobs and a material change in the conditions that they and their families experience. People often say that the Government are not radical, but what is happening as a result of the education and skills agenda in my borough is genuinely radical. I do not say that as a shameless advocate of all Government policy: I have problems with top-up fees and some aspects of academies, but those can be saved for another time.

I pay particular tribute to Roger Luxton and his team at our local LEA. They have done an extraordinary amount of work over the past few years and are trying to confront the long tail of under-achievement among many working-class white children in my community. There is a long way to go. It is a long-term process that takes time—there is no big bang—but the hard groundwork for implementing durable change year on year has been established. The focus is on basic literacy and numeracy, with resources and a strong strategic lead provided by the LEA. Staying-on rates are improving. Turning the situation around will take time,

[Jon Cruddas]

but we have found that change is possible. I believe that this agenda is consistent with the objectives of the Labour party in terms of delivering material, economic and social changé for working-class people. For my constituents in London, our schools agenda fulfils that historic objective, and I very much welcome it.

3.43 pm

Ms Karen Buck (Regent's Park and Kensington, North) (Lab): I am grateful to my hon. Friend the Member for Dagenham (Jon Cruddas) for being brief. I want to make only a couple of points.

I come to this subject not only as a politician representing a constituency that, despite its leafy-sounding name, has the ninth-highest entitlement to free school dinners in the country, but as the parent of a 10-year-old who will go into secondary school transfer in the autumn. From that perspective, I can see the best and the worst of the issues that affect London schools.

The best is represented by the state primary school that my son attends. My hon. Friend the Minister visited it a short while ago. Although it rarely troubles the upper echelons of the primary school league tables, it is a happy and successful learning community. In response to the negative coverage about multi-ethnic London that has recently appeared in the press, especially *The Sunday Times*, I would say that my son, who attends a school where his closest friends are Iraqi, Algerian, Libyan, Congolese and Kosovan, is not only accommodating as best he can a burden of multi-culturalism, but experiencing the single best, richest and most life-enhancing aspect of education that any child could have. We must recognise that a multi-ethnic and multi-language community can enhance learning in schools. I am happy to say that *The Independent* wrote a good story about that at the end of last week. Although the mobility and poverty that are sometimes associated with the change to a more multi-ethnic educational environment can present problems, such an environment offers children an opportunity to enhance their learning ability and we should cherish it.

My hon. Friend the Member for Battersea (Martin Linton) presented far better than I could the important argument that the advance towards the range of specialist schools that we are developing entails a genuine risk that a minority of schools will compound disadvantage. Speakers from all parties said that we want to capture whatever makes a successful school environment and ensure that that quality is disseminated more widely. I am not sure that we can capture that quality easily and without change when successful schools draw on selection and, in some areas—for example, in central London—there are single-sex schools and faith schools. Parents of no faith, those whose faith is not compatible with existing faith schools and parents of boys in areas where the gender balance in schools is distorted by the existence of single-sex schools nearby do not have such a range of choice.

My main point is about behaviour—we have heard much about that subject. Today, the Conservative party launched policies on exclusion and pupil referral units, although we did not hear about that in the debate. We all know that behavioural problems exist, especially in some schools. One school in my constituency struggles with an almost insuperable burden. More than a quarter of its children are looked after. That is a complete distortion of a balanced school environment.

The pressures and problems in schools that can lead to exclusions do not need to be solved by the removal of a stratum of pupils and their effective abandonment. Good pupil referral units can make a valuable contribution, but children should not be removed from a learning environment and abandoned in units or marginalised schools unless it is absolutely essential. An alternative exists in my constituency and I invite the Minister to visit it. Indeed, the Green Paper, "Every Child Matters" mentioned it. It offers a way through behavioural difficulties and exclusion, and, in my constituency, mental health problems, refugee trauma, alcohol and drug dependency and domestic violence. All those problems affect a child's behaviour and capacity to learn. The Marlborough education unit works to tackle that.

The Marlborough unit provides a superb support system to schools. It deals with some of the most disturbed children and families and provides an environment that allows them to cope with learning. It receives 20 family referrals a week and can cope with 60 family assessments a year. The scope for opening up such a provision so that it can conduct outreach work in schools and have pupils and families attending its service, thereby giving our most damaged pupils high level therapeutic support, is enormous. Investment in such facilities, especially the Marlborough unit, which has a superb record, but also many other sorts of facility throughout the capital, could do more to help our schools, reduce exclusion and enable our most damaged children to gain from their learning environment than any other measure.

I hope that my hon. Friend the Minister will at least recognise that such valuable services are being provided in London and that there is massive scope for more. Assistance for that is as important as anything else we can do to invest in schools, welcome and necessary though such investment is. We need to look beyond the school environment as well as in it if we are to tackle some of the problems.

3.49 pm

Mr. Stephen Twigg: With the leave of the House, I shall endeavour to respond to as much of the debate as I can in my 10 minutes. It has been an excellent, wide-ranging and good-humoured debate, mostly characterised by consensus and constructive discussion about how to meet some of the challenges that we face.

There were two main issues up for debate, particularly in some of the earlier contributions, the first of which, the role of the Government, was introduced by the hon. Member for Upminster (Angela Watkinson), whom I welcome to her new position in opening for the official Opposition. That issue strikes at the heart of the debate on education policy generally that is going on beyond the Chamber. She used the phrase "command and control", but what we are doing with the London challenge is very different from that. It is about sharing the best practice in what is happening in schools and communities in London, and it is critically important

that that should be conducted in a spirit of collaboration. A concern that Labour and Liberal Democrat Members share about Conservative policy is that it seems to represent a return to a competitive ethos between schools in an era when we are increasingly encouraging collaboration between them.

The second issue is choice in our London schools. The small amount of time that I have now does not enable me to deal with all the thoughtful contributions that have been made by Members on both sides of the House on this issue. However, we can agree that, for real choices to be available in communities across London, capacity is required, and in many of our communities that capacity simply is not there. Diversity is also required, because if all the schools are the same, there is no choice. Information is required, because if information is not available to everyone, the process becomes very unequal; and for the process to be really effective, it requires collaboration. Choice is not only about which institution parents decide to send their child to at the age of 11; it is also about the choices that are available within the education system for children and young people themselves, and that will be critical as we take forward the 14-to-19 curriculum.

My hon. Friend the Member for Regent's Park and Kensington, North (Ms Buck) made a powerful case for the benefits that a multi-ethnic London brings. I totally agree with what she said, and I shall also take up her offer to visit the Marlborough unit in her constituency to see what lessons we can draw from it.

Our debate has mostly achieved consensus, but I want to take a moment to respond to some of the party political points that were made, perfectly legitimately, by the hon. Member for Upminster. I concur with the hon. Member for Twickenham (Dr. Cable), who said that a feature of the policy announced by the Conservatives today about choice was a move towards schools having more choice about which pupils they took, rather than parents having more choice about the institutions that their children could attend. That would be a deeply damaging development and a move in entirely the wrong direction.

The hon. Member for Upminster also raised the issue of appeal panels, to which the hon. Member for Southwark, North and Bermondsey (Simon Hughes) responded. It is worth getting this issue into perspective. I respect the fact that schools are concerned when they lose appeals, but there were only about 1,000 such appeals in the last year, of which 200 were successful. If we did not have independent appeal panels to address these issues, there would be a real danger that at least some of the parents involved would go to the courts. Do we really want to tie up our head teachers in defending their actions in the courts? The independent appeal panels provide a sensible way forward.

The hon. Members for Upminster and for Chipping Barnet (Sir Sydney Chapman) referred to the number of children who cannot read or count at the age of 11 and 14. In doing so, they repeated some of the comments made by the Leader of the Opposition this morning. We all recognise the challenge of improving literacy and numeracy in our schools; too many young people leave primary school at 11 unable to read, write or do maths to the expected level. However, it does not help the debate to describe them as being "unable to read" or "unable to count", or by denying the very real progress that has been made in our schools. Last year's key stage 3 results in London were the best ever. We have moved from the position that we inherited in 1997, when the number of children leaving primary school unable to reach the expected level in English and maths was two in five, or 40 per cent. The present figure was rightly described by the hon. Lady as one in four, or 25 per cent. Twenty-five per cent. is too much, but it is a lot better than the 40 per cent. that we inherited from the Conservative party.

More consensually, the hon. Member for Upminster made a number of powerful points. She referred to the work that we are doing in relation to ethnic minority achievement with "Aiming High", and gave a plug to Winchmore school in my constituency. I want to reassure her on special schools, and the important role that they will continue to play within inclusive education, as they can contribute to an inclusive approach to education in London and other parts of the country. She praised Robert Clack school, and her comments were reinforced by my hon. Friend the Member for Dagenham (Jon Cruddas), in whose constituency the school is located. She raised a concern about the new London school admissions service, and asked perfectly reasonably who will benefit. Her test is right—it is not about a more efficient bureaucratic process but about benefiting parents and pupils. All of us, as constituency MPs, will have visited schools in which there is a child in the front row who has three school offers, and a child sitting next to him or her who has none. Months of anxiety are suffered by that child and his or her parents and family, which is what we seek to address with the new admissions service—it is not a cure-all, it will not solve all the problems, but it will lessen the anxiety in the process.

My hon. Friend the Member for Edmonton (Mr. Love) raised the question of the School Teachers Review Body and its consultation process, and several related points were raised by the hon. Member for Chipping Barnet and my hon. Friend the Member for Wimbledon (Roger Casale) on London allowances. I believe that my hon. Friend the Member for Edmonton was referring to proposals that the STRB has made on regional pay, to which, as he rightly said, the Department must respond in September. We are examining with interest the proposals on regional pay, including proposals for greater flexibility, on which a number of right hon. and hon. Members have made points. We will respond in the autumn. As a Department, we will examine the different challenges faced by inner and outer London in formulating that response.

My hon. Friend the Member for Battersea (Martin Linton) reminded me of the position with regard to Wandsworth and school funding this year. I concur with him that what we seek is for Wandsworth to passport all the money next year when it makes its budget. He spoke of measuring success and the importance of value added, and the hon. Member for Southwark, North and Bermondsey made the same point. I agree that a robust measure of the real progress made by children in a school is the best way of holding schools to account. It is not the only way—we need to examine all sorts of other factors, too—but the availability of that is important.

[Mr. Stephen Twigg]

I thank the hon. Member for Southwark, North and Bermondsey for his positive remarks about the London challenge generally, and was struck, listening to him in his constituency capacity, by how some of these strands are coming together positively to benefit the people of his constituency, particularly through the academy programme, but also in the broader sense of schools serving their community. I differ from him on the Greenwich judgment, very much for the reasons given by the hon. Member for Chipping Barnet: communities in London do not necessarily match school boundaries. He gave an example from our constituency boundary, and my hon. Friend the Member for Vauxhall (Kate Hoey) gave an example from Clapham, part of which is in Lambeth and part of which is in Wandsworth. Another recent example was of Camden trying to change its admissions practices, which would have had the effect that schools on the Camden-Islington border that traditionally served both boroughs might have served only one of them. The position in respect of the Greenwich judgment is more complex than the hon. Member for Southwark, North and Bermondsey set out.

My hon. Friend the Member for Wimbledon asked specific questions about the private finance initiative in Merton. I undertake to respond to him on that. The hon. Member for Chipping Barnet mentioned funding in Barnet, and the issue of out-of-year children, with which I am involved—as he rightly said, I met a delegation on the matter last week. My hon. Friend the Member for Croydon, Central (Geraint Davies) talked about some of the progress in Croydon, and how Croydon's schools have dealt with some of the funding difficulties a great deal more successfully than had been feared. The hon. Member for Twickenham asked about collaboration between independent and state schools, which is fundamental to our chances of success on the London challenge. I will write to him with more detail about how we are bringing that about, so that we can tap into all the educational success and excellence in London.

I thank everyone who has taken part in what has been a wide-ranging and important debate. I am confident that we will be able to take this area—

It being Four o'clock, the motion for the Adjournment of the House lapsed, without Question put, pursuant to Order [24 June].

Public Accounts

4 pm

Mr. Edward Leigh (Gainsborough) (Con): I beg to move,

That this House takes note of the 1st to the 16th, and the 18th and 19th Reports of the Committee of Public Accounts of Session 2003–04, and of the Treasury Minutes and the Northern Ireland Department of Finance and Personnel Memorandum on these Reports, Cm 6130, 6136, 6155, 6175, 6191 and 6244.

It is a great pleasure to move a motion that stands in my name and those of the right hon. Member for Swansea, West (Mr. Williams) and the hon. Member for Sheffield, Hallam (Mr. Allan), who is present. I welcome Members to what could be described as part two of the Public Accounts Committee debate. We thought that February's debate was successful, and decided there should be a sequel. We hoped that splitting the debate between two afternoons would make it more topical.

I think that PAC members will agree that the year continues to be successful for the Committee. Obviously, public sector efficiency is high on the political agenda. We have had reviews on accommodation from Sir Michael Lyons, and will shortly have one from Sir Peter Gershon on efficiency. Their efficiency agenda chimes with ours, and is always on our radar. On behalf of Parliament, we attempt to hold the Executive to account. We make recommendations for savings and improvements in public services, and we are ideally placed to report on whether the savings sought by Government have been realised.

I want to take this opportunity not just to go through all our reports, but to explore a couple of themes. Others may wish to draw on that. The main theme is delivery of efficient and effective public services, and making them relevant to the citizen. We believe that our work over the past three years has saved upwards of £1.5 billion. Every year, 90 per cent. of the Committee's recommendations are accepted by the Government, because we eschew any party political recommendations. We think that we do hold the Government to account, but we try to do so from a positive perspective. We try to congratulate the Government when they make a success of things, and when mistakes are made we hope that our warnings will help them to ensure that those mistakes are not repeated. We hope that the good practice we identify will be heralded and shared as widely as possible in Whitehall.

It has been a busy year for the Committee. So far we have published 26 reports, and we shall probably have published nearly 50 by the time the Session ends—far more than any other Select Committee. Our work covers almost every part of Government, from the major Whitehall Departments such as the Department of Health and the Ministry of Defence to much smaller agencies that do not normally appear on the political radar, such as the Forensic Science Service and the Veterans Agency. We could not do any of that work without the help of our able Committee staff, headed by Nick Wright, and the 800 staff of the National Audit Office, headed by the Comptroller and Auditor General, Sir John Bourn. We pay tribute to Sir John: we could not do our work at all without his help.

We also try to be topical. Earlier this year, we took evidence from those operating in Iraq. I shall not deal with Iraq in detail; we can return to it in our next debate

when the Government have replied. Just over a week ago we had a hearing on visa entry into the United Kingdom, and tomorrow we shall consider the Home Office's work on processing asylum applications.

There have been some changes. Sadly, we have had to lose my hon. Friend the Member for Tatton (Mr. Osborne), who has become a Front-Bench spokesman. On this Committee at least, we have preserved the principle that spokesmen from the main Opposition parties should not sit on a Select Committee. I consider that an important principle. I know that it is often difficult for the Conservative party to provide people to serve on Select Committees, but I think it is important for the Public Accounts Committee—which is non-political, and is the main vehicle for scrutiny of the Government in terms of economy and efficiency—not to include Opposition spokesmen. I hope that that principle will continue to be followed. Because we hold to that principle, however, we have acquired a couple of good new members from the Conservative party: my hon. Friend the Member for Tiverton and Honiton (Mrs. Browning) and my right hon. Friend the Member for Skipton and Ripon (Mr. Curry). I should say that we welcome back my right hon. Friend, because he served on the Committee before the start of his distinguished ministerial career.

At the heart of our work and hearings is our interrogation of senior Government officials. The PAC is a testing Committee, but we were rather amused to hear that one of our witnesses had paid up to £1,500 an hour to be coached on how to appear in front of it. I am pleased to say that the hon. Member for City of Durham (Mr. Steinberg), who is in his place today, immediately offered to provide on his retirement—something that we regret, because he is a very worthwhile member of our Committee—a far cheaper service to the witnesses who appear in front of us in future.

The Committee is testing, but I make no apology for that. It is extremely important that permanent secretaries, who often live in a rarefied atmosphere, should be held to account. It is also important that key contractors to the Government should be held to account for how they have used or misused public money. At the same time, we try to be fair, to give praise where it is due and to help the Government to highlight good practice.

We have also continued to visit the front line. For example, we had a successful visit to a drug treatment and testing order centre in Ealing in May. I hope that we can continue those visits.

It is easy to be complacent in these debates, but I hope that we are never complacent about our Committee. I was interested to read recently in Anthony Sampson's "Who runs this place: the anatomy of Britain in the 21st century," which is an update on his earlier work:

> "Debates in the Chamber have always been a distraction from the more continuous duty of MPs: to supervise the executive over which they theoretically have sovereignty, and to call it to account—as Gladstone had told them in 1869",

which was shortly after he founded this Committee. Mr. Sampson says:

> "The central instrument of parliament for enforcing accountability is the Public Accounts Committee"

and I am pleased to say that he described it as

> "much the most prestigious of parliamentary committees".

However, that is where his praise for the system ends. So that we do not become complacent, I must say that Mr. Sampson says later:

> "The effectiveness of the auditor-general depends on the Public Accounts Committee, which suffers from the same weaknesses as other select committees, with their party-political agendas and their short horizons; in any case, the PAC is no match for the complexities and obfuscations of Whitehall."

I say that because I do not want this debate to be just a pat on the back, and I want to reply to that charge straight away. It is important not to get into the groove of party politics; we should avoid that. A book, by David Lipsey, "The Secret Treasury" makes the mild criticism of the PAC that we deal with events after they take place. However, I think that we have to do that, otherwise we would be involved in the party political process. Mr. Lipsey says that we should devote more resources to publicising our reports. We already get more press publicity than any other Select Committee, but we can and must do better. He also says that we can still look at modernising our procedures. We try to be modern and up to date, but it is important that we recognise what commentators are saying, that we are open-minded and that we constantly try to improve the way in which we do our business.

Select Committees need to respond to what emerged from Hutton. They need to be more vigorous. They need to be prepared to test the Government more, and to call for papers that have hitherto not been in the public domain. We will do all that with the help of the National Audit Office, and it is my hope—and the hope of the right hon. Member for Swansea, West—that other Select Committees will in time gradually increase the resources available to them so that they are similar to those that we have in the Public Accounts Committee. There are things that we could do better, but we take very seriously, and are very proud of, our record in holding the Executive to account.

Let me deal with my two themes, the first of which is service delivery and its relationship to efficiency. Everyone—from top officials to those at the coalface—needs to make the recent increases in Government spending count. Regardless of which side of the political divide members of the Committee come from, we do not take issue with the Government on whether or not these increases are right. That is not our business; rather, we are concerned with ensuring that these massive increases in public spending, particularly on health and education, actually count. They must be translated into a clear improvement in front-line services.

During this debate, we can look at many of the reports that address this issue, so let us consider one or two. We followed up a previous National Audit Office inquiry into the medical assessment of incapacity and disability benefits. We found that, as result of our recommendations being implemented, the average time taken to process medical examinations had fallen by seven weeks, so that is an example of a delivery gain actually being achieved. Recipients of incapacity and disability benefits now get a decision more quickly on the benefits that they need and to which they are properly entitled. I should add, however, that such improvement in service is entirely compatible with making efficiency gains. By reducing significantly the backlog of delays in making decisions about benefits,

[Mr. Edward Leigh]

the Department has saved the taxpayer £29 million. The improvements, if sustained, will lead to future savings of some £21 million each year, so that, too, is a gain.

Improvements in public services are not just about what the customer gets at the end of the process, be it a benefit payment or a new passport; the actual experience of dealing with government is also important. Our 26th report, on difficult forms—it was published this morning—makes a number of recommendations that will hopefully help to reduce the burden of bureaucracy on the citizen. Forms need to be shorter and easier to complete, and people should not have to provide the same information to several Government Departments, let alone several times to the same Department. Forms might sound a boring subject and perhaps it is; but it would add enormously to the happiness of many people if forms were short, and easy to fill in and to understand.

So I emphasise again that better services and efficiency improvements can be two sides of the same coin. At the same time as improving the experience of the customer, Departments can reduce their own administrative costs and therefore do more for the public. For example, the Inland Revenue's introduction of the short tax return for some customers should result in more efficient processing. It is a shame, however, that the Revenue does not yet know the relative costs of processing the short form and the standard one. Perhaps bureaucracies have a rule whereby all forms, however long or short, take the same time to process—I do not know.

I am afraid to say that the claim by some public bodies to place the consumer at the heart of their work is somewhat exaggerated. As our report "Helping consumers benefit from competition in telecommunications" shows, customers are still not getting as good a deal as they could on their telephone bills. Twenty years after the telephone market was liberalised, British Telecom still has a staggering 70 per cent. of the market. Customers could save money by switching supplier or changing their tariff.

When we published the report, some apologists for BT had a go at the Committee, but I make no apology for standing up for the customer and the consumer in this instance—or, indeed, in all instances. The truth is that people find the telecommunications market confusing. We found that Oftel was remote from consumers. It did not do enough to help them to make properly informed choices, and it spent only a tiny fraction of its budget on publicity. Its successor, Ofcom, must now disseminate guidance on how to identify the best supplier, and do more to draw public attention to the savings available by switching supplier.

Two of our more recent reports looked specifically at agencies' efforts to improve their service delivery. Our fourth report was about the Forensic Science Service. The service's direct customers are the police, the Crown Prosecution Service and Customs and its work is increasingly important. Any delay in forensic analysis can mean suspects being bailed, charges being dropped and court cases being jeopardised, but the timeliness of the agency's performance is very disappointing. It has missed targets every year since the Committee last looked into the subject. DNA samples, for example, were waiting on the shelf for two weeks before being analysed, even though the analysis takes less than a day and a half. The agency must turn around its performance and maximise the use and efficiency of its laboratories.

Our 20th report looked at the Veterans Agency and was published shortly before the nation commemorated D-day. We found that, by and large, veterans were receiving the service to which they were entitled, but in some areas the agency can and should do a lot better. For example, we found that the targets placed on the agency were undemanding and we were particularly concerned that new claims for war disablement pensions took a staggering 131 days to complete—more than four months and well in excess of the agency's own target. Surely veterans who have suffered injury on behalf of their country deserve a better service than that.

I was particularly concerned about the treatment of Gurkhas. I received a letter from the Minister this week, emphasising that Gurkhas would be eligible to receive pensions under the war pensions scheme, so I believe that we have made some progress.

No Public Accounts Committee debate is complete without someone talking about information technology disasters. In the last debate, I noted that Libra, the national IT project for magistrates courts, was the latest in a long list of public IT disasters. Sadly, in our 14th report on the Inland Revenue's new tax credit system, we had yet another sorry tale to tell. The introduction of the new system was nothing short of disastrous for public service. Hundreds of thousands of claimants were not paid on time, which led to hardship among some of the most vulnerable people in society. Inconvenience was created for employers and employees, and other aspects of the Revenue's business were disrupted. The accounting officer, Sir Nicholas Montague, admitted that public confidence in the Revenue had been severely dented.

I believe that IT systems need to work effectively to serve the public properly, but we also need to ensure that we avoid wasted public spending. In fact, considerable sums could be saved. Under the old tax credit system, the Revenue was making overpayments that could total as much as a staggering £700 million a year. In that case, roll-out happened, even though people knew that the pilot studies were inadequate.

David Taylor (North-West Leicestershire) (Lab/Co-op): I congratulate the hon. Gentleman and various members of the Committee over the years on their IT reports, in which I have taken considerable interest. Is the hon. Gentleman surprised that, in the face of all the evidence of failing large-scale public sector IT projects, large Government Departments such as Environment, Food and Rural Affairs are still wedded to the idea that outsourcing is necessarily the best way to obtain IT facilities? Does he believe that Departments should draw more heavily on the recommendations of his reports and those of previous Committee Chairmen?

Mr. Leigh: I very much hope that they do draw heavily on our recommendations, of which there are many. Clearly, IT is one of the most difficult areas for the Government. To be fair to them, the systems that they have to deal with are far more complex and much larger than those in the private sector. We have to accept

that. However, lessons are sometimes not learned, and the Government often try to bite off more than they can chew. Often, new Ministers arrive on the scene and load new policies and new burdens on to IT systems that simply cannot cope with them. Frankly, those lessons have to be learned and the Government have to be more conservative and more cautious in dealing with IT in the future.

Mr. Gerry Steinberg (City of Durham) (Lab): Although it does not relate to the reports in the list, one big failure from many months ago that has still not been put right—it is about time that it was—concerns the Child Support Agency IT system. There are two separate systems operating—one for people who came into the system at an earlier stage and another for more recent entrants. Frankly, the lack of progress made there is quite outrageous. Different rates of maintenance apply to people in basically similar conditions and no progress at all seems to have been made. It is another failure of IT, and perhaps one day we could get round to doing something about it.

Mr. Leigh: I hope that we do. As the hon. Gentleman says, that is not the subject of any of the reports being discussed this afternoon, but the CSA's IT system is of enormous importance. It has been one of the greatest disasters in the public delivery of services over the past 15 years, and I hope that the National Audit Office will look into it again so that we can make further recommendations.

I shall digress for a moment to discuss the subject of fraud, a topic with which we are always concerned. In our third report, we examine the payment of EU support to sheep farmers in Northern Ireland. I should say that we are now the PAC for Northern Ireland as well, as Stormont, of course, is suspended. We found a catalogue of errors and control failures in the payment of some £24 million a year in subsidy that pointed to a particularly slack regime. I can also tell the House that that hearing was notably strong.

Key requirements of the scheme had been repeatedly ignored. The Department involved had consistently neglected the interests of taxpayers over a long period, and that had contributed to unacceptably high levels of fraud. For example, we found evidence of payments for sheep that were either figments of the fraudsters' imagination, or which had died some time earlier. There was evidence that some departmental staff were complicit in allowing farmers to claim more money than they were properly due.

The accounting officer has assured us that his department now operates a policy of "zero tolerance"—his words—in respect of fraud, and that attempts to cheat the system are being tackled much more vigorously. We look to progress.

Mr. Ian Davidson (Glasgow, Pollok) (Lab/Co-op): Will the hon. Gentleman confirm that the fact that some of the sheep were dead when they were counted did not necessarily prevent them from voting in the recent European elections?

Mr. Leigh: Perhaps we should not delve too deeply into the intricacies of electoral politics in Northern Ireland. However, we are all finding our experience of being the PAC for Northern Ireland very illuminating.

I have spoken about service delivery, and I want to devote the second part of my remarks to a brief discussion of better project management and procurement, which is a key part of our work. To avoid the problems encountered with the introduction of the new tax credit, the Government must get their act together on project management. Improvements in that and in procurement—where we are starting to see some notable successes—could save the taxpayer millions of pounds, and would free resources for public services.

I believe that the Committee has a valuable role to play in encouraging improved project management across Government, and that we boast first-class credentials. In recent years, we have published more than 30 reports on private finance initiative deals alone. That is a controversial subject, about which people have strong views. I hope that our reports have got down to the nitty-gritty of PFI, and have shown whether its use in individual cases stands up.

David Taylor: I am grateful to the hon. Gentleman for giving way again. Earlier, he said that the PAC commented not on the ends of policies but on the means by which they were delivered, and the efficiency of that delivery. Does the hon. Gentleman consider the PFI to be a means to Government ends, or to be the end of Government? I am of the latter opinion, as the medium and long-term impact of PFI cannot be justified, either in terms of finance or in respect of the services with which it is associated.

Mr. Leigh: Recently, we held an interesting seminar with senior Treasury officials. The members of the Committee sought assurances from Government that every case of procurement would be looked at on its merits. There should not be an assumption that we must go down the PFI route for ideological or political reasons. Sometimes, traditional or conventional means of procurement can be better, and provide better value for money, than the PFI route. Equally, however, the Committee is not prepared to say that PFI is wrong for political or ideological reasons. We recognise that, in some cases, it has delivered schools and hospitals on budget and to time.

In general, we are prepared to look at every PFI project on its merits. I do not think that we can do anything else, but I know that the hon. Member for North-West Leicestershire (David Taylor) takes an interest in these matters and I assure him that we will continue to keep a beady eye on the subject. We shall not allow any Government to proceed down the PFI route merely because they feel that they must. For instance, we looked at the new GCHQ building, which was a PFI project. The new building was built under a PFI deal, while GCHQ retained responsibility for moving its technology into it, largely for security reasons of course. However, over two years GCHQ's cost estimates for that element rocketed from £41 million to £450 million.

A number of lessons can be learned from that report that are pertinent to other Departments. GCHQ failed to spot that the development of IT networking during the 1990s would hugely complicate the moving of its technology. It also continued for far too long to perceive

[Mr. Leigh]

the matter as a building project rather than a major change programme. The taxpayer lost £400 million as a result.

Mr. Brian Jenkins (Tamworth) (Lab): I am sure that the hon. Gentleman will recall that in the case of GCHQ it was not the PFI project—the building itself—that was over cost and over time, but the moving of the equipment. Serious doubts remain in my mind about whether GCHQ took the opportunity to update the equipment on the back of the move.

Mr. Leigh: Well, GCHQ had to update its equipment. It is not giving away national secrets to say that it is obvious that there have been massive advances in information technology that have had a huge impact on the work of GCHQ. The sheer cost of installing the new computer systems in that superb new building was, unfortunately, underestimated. I hope that lessons have now been learned. Incidentally, our hearing on an acutely sensitive matter of national security was an object lesson in how Members of Parliament can concentrate on the lessons to be learned without compromising that security. I hope that we can make further progress on such matters in other areas, because the public spotlight should fall on GCHQ as much as on any other part of Government.

The new Home Office building in Marsham street should be an object lesson in the need for Departments to think carefully about their real requirements. Our 18th report found that the new Home Office building was planned on the basis that numbers of Home Office staff in London would fall. In fact, the numbers have increased and by the time the report was signed, the Home Office and Prison Service staff numbers were 1,500 in excess of the capacity of the new building. The Home Office is considering accommodation options. I hope that it will take seriously our recommendation that it should consider moving more staff out of London. It may be an inevitable rule of bureaucracy that a new building for a Department will never be large enough. In any case, the planning should have been better.

I pat the Government on the back for a positive example of procurement that they mostly got right. Our 10th report examined the success of the Office of Government Commerce negotiation of the memorandum of understanding with software companies. It sounds an obscure subject, but the Government saved £600 million of public money. The new arrangements have already saved the taxpayer £50 million, and it is important that the OGC keeps up that momentum. I pay tribute to Sir Peter Gershon, who has now left Government service, for his work and the considerable savings that he achieved of £1.6 billion in Government procurement. It just shows what can be done.

The Committee has produced many other reports that hon. Members can discuss. For instance, we had hearings on Warm Front, and we found that the targets were so weak that they could be met simply by installing a couple of light bulbs.

Mr. Jenkins: The Chairman will be aware that the report on the memorandum by the OGC said that 10 per cent. of Departments are still without an up-to-date IT list and were unaware of the memorandum. I know that that means that 90 per cent. were aware of it, but we are interested in the 10 per cent. and improving that figure.

Mr. Leigh: I am sure that Sir Peter Gershon's successor, John Oughton, will continue to make enormous savings. There is no point in excellent recommendations being made if they are not followed through, and perhaps the Minister will address that point when she winds up. Some Government Departments appear to be able to evade their responsibilities, but we look to progress.

I was briefly running through a list of other subjects where targets are weak. I mentioned Warm Front. The saga of the Wembley stadium is well known so I shall not go into details. Our report on hip replacements found that there was a dangerous tendency for too few operations to be performed by consultants. We also looked at the performance of secondary schools.

I mention those subjects to show the enormous breadth of our work. It is a great privilege for all members of the Committee to deal with it and to try to make sense of it and, with the help of the National Audit Office, to make sensible conclusions and recommendations.

I conclude on the same theme with which I closed my speech during our last debate—making increased investment in public services count. I make no apology for returning to that, as it is a central issue for the Government. In April, we held a hearing on the capacity of Departments to spend the £61 billion increase in resources. Not surprisingly, we focused on health, education and transport and discussed five key risks that need careful attention. Unnecessary complexity in bureaucracy must be removed from the delivery chain; delivery organisations must have enough capacity; resources must be targeted where they are really needed; risks to delivery must be identified and managed; and performance must be properly monitored and evaluated.

Unsurprisingly, the permanent secretaries—distinguished gentlemen in charge of health, education and transport—agreed with the Committee. Perhaps that is blindingly obvious. But again and again we came across instances where one or more of those key factors had been left out. That is when the public can suffer, so we must continue to make our voice heard.

We shall continue to scrutinise the efficiency with which Departments and other bodies spend our money, and the improvements, or failings, in the services that they provide us and our constituents. It is clear to members of the Committee that many lessons can be learned and we hope and believe that our reports will be high on the reading list of officials. In the Committee, we shall work together in a spirit of bipartisan consensus, not going for the lowest common denominator but producing hard-hitting reports that hold the Government to account in delivering better public services for all our citizens.

4.32 pm

Mr. Gerry Steinberg (City of Durham) (Lab): As the Chairman of the PAC said, this is our second debate this Session and I reiterate everything I said in my last speech

on the subject a few months ago, especially relating to the National Audit Office, the PAC staff and the Chairman himself. I thanked everybody and congratulated them on their performance. Members will have listened so carefully to my speech that they will of course be able to remember what I said and it will be clear in their minds, so there is no reason to repeat it. I shall not go into great detail, but repeat my thanks to everyone for their work since our last debate.

It shows how much I enjoy the work of the Committee that, this afternoon, I could have been at the centre court at Wimbledon—watching, not playing. However, I declined the invitation as I felt that it was important to participate in the debate.

The Chairman has gone through almost all the reports and has explained the role of the PAC, so I shall not repeat that. We consider about 50 reports a year and he gave an excellent picture of our work. I want to concentrate on two reports.

Each report that we consider has a bearing on our constituents' lives—some have more of a bearing than others. Very often, our constituency postbags include letters from constituents who, frankly, have been given a very bad deal by Departments. In particular, we often receive very harrowing letters about decisions that have been taken with regard to social security benefits and the consequent appeals, as the Chairman of the PAC mentioned in his excellent speech. Very often, that is linked to stories about how people have been treated in the medical assessment procedures according to which their incapacity and disability benefits are determined. So we recently investigated those issues and produced two reports called, "Getting it right, putting it right: Improved decision-making in appeals in social security benefits" and "Progress in improving the medical assessment of incapacity and disability benefits." Those reports were vital to many of my constituents and demonstrate that, frankly, if such things are not done fairly and correctly, a huge amount of misery can be caused to people's lives.

Millions of those benefit decisions are taken each year, and many are very complex. Most people accept the decisions that are made, but others appeal, as they have every right to do. In 1999, the appeals system changed owing to the concerns that were expressed in Parliament. In fact, since then, the number of appeals has reduced by 15 to 20 per cent. and waiting times for appeals has also reduced; but, unfortunately, we found no proof that the standard of decision making has improved. At least 20 per cent. of those decisions still contain serious errors, and 45 per cent of the decisions that relate to attendance allowance and disability living allowance are incorrect. That is not a very good story, particularly for the people about whom wrong decisions are made. Incidentally, 38 per cent. of income support decisions were incorrect in 2002—the last year that those cases were looked at. Decisions that relate to medically assessed benefits have the highest rate of overturn on appeal.

The 1999 reforms abolished the role of the chief adjudication officer and transferred responsibility for decision standards to the Department's agency chief executives. At the time, that was a very controversial decision. Under the new rules, the Secretary of State is now required to report to Parliament on performance in benefit decision making, yet the first two reports in 2001 and 2002 were both published about 15 months late and the exercise cost the taxpayer £62 million. So there is still room for much improvement.

Disability living allowance is a self-assessed benefit, but the decision maker can seek medical evidence from other sources, which may include a medical examination. The claim form is 47 pages long and is undoubtedly onerous to complete. Obviously, we found that it needs simplifying. Some 90,000 cases—one in 12—go to appeal, which is not surprising given the methods involved, and 50 per cent. of them are found in favour of the appellant. Since the 1999 reforms, the number of appeals has risen—obviously, more mistakes are being made.

The Department's officials do not see the client face to face when they make their initial decision and the decision letters sent out are often confusing and unhelpful. Again, that needs rectifying. There are very large variations—about an eight times difference between the best and the worst—in the time taken by Jobcentre Plus districts to prepare appeal submissions. Appellants may attend the hearings and meetings, and the evidence shows that people are more likely to receive a favourable outcome if they are present face to face. The figures show that 61 per cent. of people who turn up win their cases, while only 34 per cent. of those who do not turn up win. However, people are not told that it is better for them to attend the appeal meeting, so that problem should be put right.

Mrs. Angela Browning (Tiverton and Honiton) (Con): The hon. Gentleman is right. Does he agree that we lack an advocacy service for people who attend appeals? Individuals often need people to attend such meetings with them and although the citizens advice bureau and other voluntary organisations can offer a degree of advocacy to assist with such cases, we simply do not have sufficient advocacy services throughout the country.

Mr. Steinberg: I agree with the hon. Lady. People have the right to take a third party to such meetings, but many people who make appeals are not told that. As she says, it is sometimes difficult for people to find individuals to accompany them. I have often been asked to represent people at appeals, but that is difficult if one does not know the case personally and must get time off to attend.

It is unacceptable for people to have to wait 90 days for a hearing given that they have probably waited about 10 weeks to reach that stage in the first place. As I said, people are not told that their appeal is more likely to be successful if they attend the hearing.

We found several examples of people not pursuing an appeal because the process was too distressing and demanding. I am greatly worried that often only people who are sufficiently articulate make successful cases, which means that the process has little to do with the validity of cases and more to do with an appellant's ability to construct and present an argument. I know of two cases in my constituency, and I am sure that many hon. Members are aware of similar examples, which showed me that people who were persistent and able to construct an articulate case were more likely to be awarded a benefit than those who are less articulate. On

[Mr. Steinberg]

the face of it, such people might be more worthy of winning their cases, despite the fact that they are less orally gifted.

For example, I knew of a highly intelligent individual with an undoubted ability to present an argument who was successfully awarded incapacity benefit following an appeal. I am not suggesting that that decision was not right, but saying that the appeal was successful and that he was articulate. On the other hand, I met a cleaner in a community centre who was unable to move or lift tables and chairs after she had had a colostomy reversal, but whose appeal was turned down. Again, I am not making accusations, but it seemed peculiar that the person who was articulate made a successful appeal while the cleaner who was in tremendous difficulty did not.

I turn to the second part of the report regarding progress made on improving the medical assessment for incapacity and disability benefits. Those benefits cost the taxpayer about £18 billion a year, so we must get things right. Apart from that, however, people should get the benefits to which they are entitled. Part of the test for eligibility is a medical assessment, and although claimants' doctors provide some evidence, more than 1 million medical reports are produced each year by Schlumberger medical services, which holds the contract for medical appeals. The situation worries me greatly because it is clear that the quality of the service provided to claimants by the company's doctors varies greatly.

David Taylor: Like me, my hon. Friend might well have had contact with Schlumberger Sema regarding miners' compensation and its performance can be patchy. Will he comment on its recent performance when dealing with people with mental health problems? Such people find it especially difficult to get a fair deal and to obtain the right decisions at medical appeal tribunals. Is he happy that the company's doctors are appropriately trained to deal with such cases?

Mr. Steinberg: No. One of the complaints by citizens advice bureaux concerns the standard of doctors' assessment of people with mental illness, and it gave us some shocking examples in which such people were failed. Our report makes some recommendations, so I suggest that my hon. Friend read it.

Citizens advice bureaux, which are involved with the claims process, report that across the country personal capacity assessments are throwing up a large number of benefit withdrawals, despite fact, as detailed in the PAC's previous report, that the Department for Work and Pensions is establishing more rigorous targets for the quality of Schlumberger's medical reports. Although the proportion of reports rated substandard has halved from 6 per cent. to 3 per cent., that is still a huge number of mistakes affecting 30,000 cases. Schlumberger doctors underestimate miserably the severity of claimants' disability. Citizens advice bureaux have dealt with scores of such cases, most of which arise because examining medical practitioners employed by Schlumberger fail to provide a correct PCA score to decision makers in the Department for Work and Pensions. For example, a man in the east midlands with cervical spondylosis and heart disease who had received incapacity benefit for 10 years was exempted from the PCA on the ground of severe illness in 2000, but not in 2004, even though his condition had deteriorated. The examining medical practitioner awarded him only six points—15 is the threshold—even though the client disagreed with five of the zero scores, and his GP and consultant said that he must not work.

In the west midlands, a man with severe heart disease was told by his GP that he should not work, but the examining medical practitioner thought otherwise and decided that he had failed the PCA. He did not start work again, but he had a heart attack five months later and needed a coronary artery bypass, suggesting that his GP was right and the Schlumberger doctor wrong. A man in the north-west with severe arthritis in all his joints who had received incapacity benefit for 10 years was not awarded any points at his medical examination, which lasted 10 minutes.

Such cases must be looked at so that tests are done properly in future. One questions whether the EMPs are merely going through the motions in an assessment or are genuinely concerned about the people whom they assess. It is a great concern that the withdrawal of incapacity benefit, which may have been someone's only income for many years, may result from a short, sloppy examination by a Schlumberger doctor. We were told that 22 doctors have been sacked and 40 have been told to improve, which is a poor record. The report shows that it is not just Schlumberger doctors who need to improve—many GPs are reluctant to complete medical reports for their patients because it may harm the patient-doctor relationship. I find that a weak excuse. Perhaps they do not like filling in forms or having their normal procedures disturbed. I have regularly found that to be the case with some GPs.

When an individual fails the personal capability assessment, incapacity benefit stops immediately and there are knock-on effects: income support stops because the person is expected to claim jobseeker's allowance, having been declared fit to work. Housing benefit and other benefits may stop. The individual can do one of two things—appeal and claim jobseeker's allowance, or claim 80 per cent. of income support until the appeal is resolved and reapply for housing benefit and the other benefits. That can all be traumatic. People's income could drop to as little as £44 a week. For those under 25, it could drop to less than £35 a week. That causes stress and could endanger health, so benefits should be stopped only on sound evidence, not on the basis of sloppy findings by a doctor who may just want to get the case out of the way.

We found that there were administration problems with the Schlumberger doctors. When that happens, the stress and the inconvenience caused to disabled people can be worse than one imagines. In many cases the effect is made more serious by benefits being stopped as a result of an unjustified decision. I shall give examples. The client of a London citizens advice bureau informed Schlumberger that he would be unable to attend a PCA examination and his invalidity benefit was stopped. The problem was compounded because although the Department for Work and Pensions agreed that the

invalidity benefit should be reinstated, the computer system went wrong and he never received it. Such administrative errors are not at all helpful.

A citizens advice bureau in East Anglia reported that a young man with severe learning difficulties and behavioural problems missed two appointments for his assessment, the first time because he was ill, and the second time because his mother was too ill to take him and he needed to be accompanied. Each time his mother had informed the medical centre of the reason and was told that it was okay. What happened? His invalidity benefit and income support were stopped and he had to apply for a crisis loan for food. That is not good enough. The administration must be better than that.

Most medical examinations relating to disability living allowance and attendance allowance are carried out at clients' homes by doctors who are not employees of Schlumberger, but have jobs elsewhere as GPs. They often try to fit their medicals outside their working hours, which can result in phone calls to clients inappropriately late at night or early in the morning, and requests that can appear to be demands to carry out medicals at weekends or in the evenings. For example, an 80-year-old asthmatic man received a phone call at 7 pm on a Saturday to say that the doctor would call at 8 am the following day—Sunday—to examine him in his own home. He found it difficult to be up and dressed by 8 am, he was distressed when he was asked to go up and down the stairs several times, but he was afraid to tell the doctor that the time proposed was inconvenient. That is no way to do business, is it?

Also in the south-east, a mentally ill woman was telephoned at 7.20 am by a Schlumberger doctor who wanted to conduct a medical the same evening. The client was naturally confused and distressed by the call. That cannot be fair on the patient, who made an appeal. As far as I am concerned, such GPs are moonlighting. The conduct is not appropriate and needs rectifying.

Notwithstanding all the problems, improvements have been made, but the Government still have a long way to go. I am confident that the two reports that we produced on these matters will lead to further improvements and will consequently give a better deal to people who, unfortunately, have to apply for benefits.

4.54 pm

Mr. Richard Allan (Sheffield, Hallam) (LD): Unlike the hon. Member for City of Durham (Mr. Steinberg), I have not refused Wimbledon tickets, but I like to think that I, like him, would choose Westminster over Wimbledon this afternoon.

This is the second occasion on which I have participated in the debate on Public Accounts Committee reports. I became a member of the Committee last autumn and am still enjoying the experience, although it can be challenging. I found it particularly tough to get my head around resource accounting, my momentary understanding of which disappears as soon as I leave Committee Room 15 or 16, where the Committee meets. I pay tribute to staff from the Committee, the National Audit Office and the Treasury, who try hard to help us understand concepts such as private finance initiatives and resource accounting.

I joined the Committee because I am interested in information technology. Sadly, I have not been disappointed, because IT failures are a recurrent theme in our deliberations. Rather than discussing IT failures, however, I want to remark on two forward-looking technology reports and the Government's responses to them. The 10th report "Purchasing and managing software licences" and the 11th report "Helping consumers benefit from competition in telecommunications" examine how we can improve things rather than what went wrong in the past. The 10th report is important for the Government, and the 11th report is important for consumers.

The 10th report seeks to secure better value from Government investment, which, as our Chairman rightly mentioned, is a key theme in Committee. In the software arena, better value could be obtained in three ways. First, prices from existing suppliers could be driven down through mechanisms such as the memorandum referred to in the report. Secondly, new ways to license software—specifically those offered by open-source software—could be explored. The third option, which is not a feature of the report but is important, is software asset management, which involves knowing what software one has and whether it is being used correctly.

Those three options interrelate to a significant degree. I have no doubt that the pricing of commodity software, which is covered by the memorandum, has been affected by the growing success of open-source software, which offers a genuine route to competition. Until recently, no significant competitor offered desktop software, but competition is increasing and is affecting prices directly. Multi-million pound savings have already been credited to the memorandum, and the credit for that should go to thousands of friendly hackers, who have produced open-source software alternatives that provide real competition for some of the established players.

Credit is especially due to Richard Stallman, who is the philosopher of the free software movement and the author of the general public licence, which is also known as the copyleft licence rather than the copyright licence, and which has been critical in developing competition. The participation of thousands of people around the globe in such work has resulted in significant savings to the public purse.

The alternative licensing model for free software is described as "free as in speech, rather than free as in beer", which is American shorthand to describe a completely different approach to software production. The Government response refers to their open-source software strategy, which will be updated in the autumn, and I hope that the public sector takes an increased interest in that software development model as a result of that review.

Mr. Jenkins: When I asked a question about that matter in 2002, the Minister said that a level playing field for open-source software had been achieved, but the pilot survey has still not been completed.

Mr. Allan: The hon. Gentleman is entirely correct. I am lobbied weekly by people who are keen to promote greater use of that form of software in the public sector but find that there are still barriers to it. There are also

[Mr. Allan]

questions about the nature of the pilots, which tend to involve large companies instead of the smaller companies engaged in this field. We need to keep our eye on this very technical area.

The changes have borne fruit in the shape of £50 million in savings. If we trace that back to where it came from, we can see that it results from competition starting to emerge in a market that was previously locked down and uncompetitive. We should do everything we can to encourage that trend. Relevant to that are some important technical decisions concerning intellectual property legislation in relation to patent law and copyright law at the European Union level. Many in the sector fear that established players will use legal methods to shut out competitors and to stifle competition before it arrives by making it dependent on expensive licensing legislation. I hope that the Government will follow through the report by saying, "We are making these savings, and we could make more if we took an enlightened approach to intellectual property legislation that encouraged, rather than discouraged, a competitive market." There is plenty of action on that front, especially at EU level.

All these methods of getting more software more cheaply are useful, but I hope that they will be complemented by effective software asset management systems to ensure that we are not buying too much software. There is a fear that the mechanism could be counterproductive. If it is cheap for an organisation with 5,000 employees to buy a mass of 5,000 licences, it may be encouraged to do so, but if only 3,500 of those employees have a use for that software, the remaining 1,500 licences, although bought more cheaply, represent money down the drain. The most simple waste of all, which occurs on a weekly basis in the public sector as it does elsewhere, is to pay good money to upgrade a software product that has not even been deployed for use. I hope that we will be able to balance our pleasure at being able to buy more software more cheaply against maintaining a rigorous approach towards ensuring that we buy only what we need in the public sector.

The other report that I want to consider is the 11th report on telecommunications. My hon. Friend the Member for Newbury (Mr. Rendel), who served on the Public Accounts Committee in relation to that report, made a suggestion that I promised to pass on. He believes that fixed line telephone providers could help consumers to work through the mass of call bundles that are on offer—that was one of the themes that came out of the report—by ensuring that once their call patterns have been established they are offered the most appropriate call plan. Instead of the consumer having to figure out which call plan is right, often getting it wrong and being frustrated to be told that they could have got it cheaper if only they had ticked box A instead of box B, we should encourage the telecoms companies to take some of that responsibility. That is what happened in the highly competitive mobile sphere when mobile operators responded to competition by giving commitments always to go for the lowest-priced bundle for any particular user. I hope that that idea will be considered.

So far, the verdict of Ofcom, the critical player, is that companies are doing a reasonable job, but much of the report is directed towards trying to give it a steer as to how the Committee think that the competitive market can be developed. The art is to try to maintain a balance in the debate, which is taking place against a background of commercial companies fighting desperately for business. As the largest incumbent provider, BT—naturally for a business—is trying to fight off new entrants into the market. Given that most of our constituents are still BT customers, the quickest benefit for most of them usually comes from improvements to its packages for consumers. When BT announces changes to the "Together" packages or line rental, it frequently does so with a fanfare about how good they are to consumers. It is true that in the short term—today, tomorrow and next month—BT improvements are often the best way to get cheaper telecoms out to the largest number of people. However, that may make life difficult for competitors such as carrier pre-select operators, so the long-term effect is to act against competition. We need to try to strike a balance. We should not be too churlish about the goodies that are offered today, but at the same time we should not allow them to discourage us from seeking a longer-term competitive market. Ofcom has to try to hold the ring in all this.

We will know where Ofcom is going when we see the outcome of the telecoms review later in the year. We have encouraged people to go out and sell alternative telecoms packages more forcefully, but I agree with BT when it says that rogue operators often take that too far and sign up people without their consent. Events in the gas and electricity markets are already being echoed in the telecoms market. I am sure that constituents have approached hon. Members who are present to say that their suppliers have been switched but that they did not believe that they had consented to that. We must be firm and emphasise that we do not want to encourage inappropriate sales techniques and that we expect Ofcom to tackle that.

However, I am also in sympathy with alternative operators who say that it is extremely hard to describe the market as a level playing field when one operator can change at a stroke the rules of the game for everybody and introduce, for example, line rental charge changes. That alters the business model for carrier pre-select operators in a way that requires more long-term consultation and consideration. Such changes should not be thrown into the market, thus allowing people simply to sink or swim.

As always with Public Accounts Committee debates, there is plenty more to say. I shall confine myself to a final point about the tax credit system, which, again, could be the subject of a huge debate. However, I want to highlight one aspect. The technical problem with the implementation of the tax credit system is that the testing time scale was shortened so that all the tests that should have been undertaken were not carried out. When we questioned witnesses, we were told that there was an information tree. The supplier, Electronic Data Systems, told officials in the Inland Revenue that it would have to shorten the time scale for testing. It said that it thought that that would all right but that some inherent risk was entailed. It claimed that there would be no difficulty at any stage in warning people all the way

up to the top—ministerial level—that problems might occur. That is an unsatisfactory method of decision making.

The solution—if one exists—to avoiding the tax credit problem would have been to take a serious political decision to delay the implementation of the system on the basis of insufficient testing. That may have been a better alternative to the method that was chosen: to go ahead without the testing. I was not satisfied that sufficient political courage existed to make such decisions.

The Child Support Agency system has already been mentioned. Again, all sorts of delays and problems have occurred with it and it is perceived that politicians declare that they will set up a system on a specific date and, when technical problems arise, there is insufficient willingness to admit that, although they want to deliver it, they cannot because of those problems. We therefore go ahead and end up with a cocked-up, discredited system. We all have constituents whose attitude to tax credits, and consequently the operation of the Inland Revenue, is negative.

I raised a tax credit query on behalf of a constituent last week. The fax from the office that deals with such queries from Members of Parliament had a space for printing a header. It stated "War room", which is perhaps not entirely suitable to be passed on to a constituent, but sums up the feeling of Inland Revenue staff that they are engaged in some sort of conflict, fending off hordes of angry Members of Parliament, who are dealing with distraught constituents. Unresolved issues about the decision-making process remain and I am sure that that applies to other matters.

The reports are useful. My time on the Public Accounts Committee has been most well spent and I commend the reports to the House.

5.8 pm

Mr. Alan Williams (Swansea, West) (Lab): I apologise to you, Madam Deputy Speaker, and to the Chairman of the Public Accounts Committee for being slightly late. As the Chairman knows, I had a meeting with the Comptroller and Auditor General preparatory to next week's Public Accounts Commission meeting to consider the corporate plan.

It is not generally realised that the National Audit Office is monitored as it monitors others. When we consider the list of reports on the Order Paper, I am not sure how many people realise that, on average, those value-for-money reports cost £180,000 each. The collective year's output probably costs approximately £9 million. That accounts for only a small part of the NAO's public work in auditing all the Departments. It has been argued for many years that it saves the taxpayer money because it makes eightfold savings on every public pound that it spends.

That argument had become rather axiomatic, however, and we had not challenged it. A year ago, therefore, the Commission decided to ask for an audit of the National Audit Office. Haines Watts carried it out for us, and the report arrived on my desk the other day. It confirmed what the NAO has always claimed—this was after consultation with Departments that had been studied by the NAO—which was that it did indeed save eight times its annual cost. I can think of no other organisation that can make such a claim. In fact, its efficiency is improving. Up to 1998, it saved only seven times its annual cost, so it has now improved on what was even then a remarkably good performance. The Commission now intends to ensure that we monitor annually the rate of return from the work of the NAO.

Hon. Members can see the number of reports that we have produced already this year. In the past, we have produced only 50 reports a year, so, with £650 million worth of public expenditure and income, we can only ever look at a minuscule proportion of the total. It seemed to me that, with such a good rate of return from the NAO, it would be a good investment to have more reports. For this year, therefore, my Commission has authorised an extra 10 reports. This has an advantage for the Committee, in that we do not always want to monitor those who have gone wrong; sometimes we want to monitor those who have done well and pat heads when they deserve to be patted. The extra reports will allow the Committee to have some choice over which 50 reports it will hold hearings on in the current year.

I do not pretend that we have any concept of what the optimum output of the NAO would be. With the rates of return that I have mentioned, we must ask whether even further investment might be practicable. That, however, places a further problem before the Public Accounts Committee. The more we expand the output of reports from the NAO, the more difficult it would become for us to monitor all of them and, some time in the next year or two, we might have to consider the way in which the Committee works. We have already had brief discussions about that.

Like all members of the Committee, I sometimes get very annoyed when I meet obstruction from the Departments that are being examined, and I have been particularly annoyed this year, as have other members of the Committee, about one issue. We were promised a report on the royal finances from the NAO, and a draft was put to the Committee. Its members were not satisfied that it was comprehensive, so we submitted extra questions. I myself submitted two pages, containing 20 to 30 supplementary questions. That was months ago, yet we still have not had answers to those questions from the Palace.

As some hon. Members will know, I have shown a modest interest in Palace finances over the past 12 to 15 years, so foot-dragging is not exactly unknown to me. I am amazed, however, that the Palace is treating the Public Accounts Committee with such contempt, and I hope that it will quickly make the information available to the NAO, to enable it to prepare its report. There are areas that we never look at; we are not allowed to, although we should be. The royal collection, for example, which is probably the largest single collection in the country in terms of value, is so organised—no doubt by coincidence—that the National Audit Office cannot examine it. It is organised as a charitable trust, and the NAO cannot examine charities, and its commercial wing is the Royal Collection Trust, and we have had trouble, up until Sharman, getting powers for the NAO to examine companies. It is an enormous collection, of which there is no catalogue—we were promised one 10 years ago by Sir Michael Peat, and it still does not exist. Only yesterday, I received an answer from the Financial Secretary confirming that at least she

[Mr. Alan Williams]

is satisfied that there is an inventory of the collection. If there is an inventory, it is a short step to producing a catalogue and making that available to the public as so many museums do. In the next couple of months, I hope that we will have the information that we require from the palace.

It is no secret that I am probably devolution's most consistent enemy in the House of Commons. I must confess, however, that I have found one merit in it. The breaking down of the auditing function between the constituent countries has increased the access of auditors to the working of Departments. Therefore, as my colleagues know, I hope that the next stage for us will be to start working co-operatively as auditing and monitoring bodies, and to produce comparative reports where appropriate. Health is an obvious example. I asked Sir John, and I think that there will be a report in the next month or two, to carry out a comparative study of hospital waiting lists in relation to hip and cataract operations. If different systems are in operation, we might as well ensure that we not only look for what is wrong but for what is best, and that we analyse the different systems, the way in which they work, and the products that they provide to the consumer. Where one part of the country has a good idea, that can be used by other parts, and where one part of the country is dragging its feet, as Wales is currently doing on health, that can be exposed.

I have nothing more to say other than to thank my colleagues. I am a PAC addict—I have been on it so long that I cannot leave it. It is so good to see new members coming on to the Committee, despite its work being difficult, numerate and time-consuming. Each report is about 70 pages, as we all know, and there is all the supplementary briefing, so when doing two of those a week, Members are probably putting in more work than on any other Committee. I congratulate my younger, newer colleagues—everyone is younger nowadays—on the enthusiasm and thoroughness with which they carried out this year's work.

5.19 pm

Mr. Richard Bacon (South Norfolk) (Con): It is a great pleasure to follow the right hon. Member for Swansea, West (Mr. Williams)—a doughty member of the Committee from whom I have learned a great deal in my three years on it. He mentioned the royal family, and the evidence shows that the Committee's scrutiny of the royal family has been very useful. I remember the report on royal travel by air and rail, which had the wonderful performance indicator, "cost per royal mile". Costs fell from £17 million to £5 million, and the amount of travel stayed the same by rail and doubled, I seem to remember, by air.

As ever, I pay tribute to the National Audit Office and to the team led by Sir John Bourn, and also to our Committee staff, led by Nick Wright and the Committee assistants Leslie Young, Ronnie Jefferson and Chris Randall, for all their hard work in keeping the Committee running so smoothly.

I want to concentrate on an issue that of enduring interest to the Committee—the planning, procurement and management of Government information technology projects. I was interested to hear what the hon. Member for Sheffield, Hallam (Mr. Allan) said earlier. I shall not duplicate any of his remarks, but he made some valuable points about IT, although I think we approach the topic from different angles.

It is a commonplace that mankind learns from its mistakes. We can think of many areas of human activity, from the building of bridges to the manufacture of aircraft, in which the consequences of failure led to improvements. The philosopher Karl Popper once said that all human knowledge was, in one way or another, the result of human beings' learning from their mistakes, and that is broadly true. The great and obvious exception to that principle is the planning, procurement and management of Government information technology projects. The Government appear to be condemned, or perhaps have condemned themselves, to repeat the mistakes of the past in an endless cycle.

I was looking forward to a reply from the Economic Secretary to the Treasury—not because I am not pleased to see the Financial Secretary, for it is always a great pleasure to see her, but because during our February debate I suggested that the Economic Secretary that should start to publish the gateways reviews of the Office of Government Commerce. He said he would reflect on that suggestion, and I was looking forward to hearing the results of his reflection this afternoon, but I feel confident that the Economic Secretary has briefed the Financial Secretary on the result of his reflections on the benefits of publishing gateway reviews. I shall be interested to hear her conclusions—or his conclusions, on the basis of that briefing.

Just in case the Financial Secretary has not devoted as much time to the subject as I might have hoped, let me offer her one or two hints.

"There are still far too many projects and programmes reviewed by Gateway teams where, frankly, project planning is little better than something on the back of a cigarette packet."

Those are not my words; I found them on the OGC website. They are, in fact, the words of Sir Peter Gershon, the former OGC chief executive, uttered when he spoke at the project and programme management, or PPM, awards ceremony on 23 October last year.

I firmly believe that if we are to improve things we need more scrutiny, more openness and more accountability in the system. Last week's issue of *Computer Weekly*—always a good read for those who want to know what IT disasters are in the pipeline—set out what was described as the life cycle of a public sector IT failure. It goes something like this.

First, there is the project design. The design accords with the best-practice project principles, but there is an expansion of the objectives and the costs as interested parties give their views on what the new systems could do. In the second stage, an invitation to tender is issued. Civil servants faithfully reproduce the often unreasonable and, in some cases, simply ignorant demands of Ministers that the project be delivered at superhuman speed, when to anyone who knows anything about the subject the timetable looks completely unrealistic. However, the commitment to the time scales and to the project design is too great for heed to be paid to warnings from prospective end users, from trade unions, or indeed from any of the reputable prospective suppliers who are considering bidding for the project that the timetable is too tight or the scope unrealistically ambitious.

The third stage is when contracts are awarded. After that, fuller consultation with potential end users begins, but it is usually inadequate or self-selective. In the fourth stage, the supplier begins to realise that it has overestimated its ability to understand the customer's business, and to convert that into IT systems, and the customer realises that it has overestimated the capability of the supplier. More often than not, the supplier also realises that it has not asked enough questions before signing the contract, and that the customer has not understood its own business sufficiently well to explain its work practices, the complexities of the project, the risks of failure and the real costs to the supplier.

Now we reach the fifth stage, and the timetable begins to lengthen. The projected costs start to increase, but commitment to the project is now far too great for any indecision or U-turn to be allowed, so the Department ploughs on.

The project starts to founder in the sixth stage, which is characterised by the beginnings of the cover up. In this stage, failure is depicted as success, and Members of Parliament do not get well-rounded answers to questions. In the seventh stage, the failure becomes apparent anyway. It is impossible to hide it because the public or the departmental end users are affected by the fact that the contract is being abandoned, changed, rewritten or even reawarded to another supplier. In the eighth stage, often years later, there are sometimes reports from the National Audit Office and the Public Accounts Committee. In the penultimate stage of the cycle, the Department says that it has learned the mistakes from the past, and those who give the assurances that lessons have been learned move on to other jobs, often in different Departments. Finally, those people are replaced by new personnel who embark on other projects that repeat the mistakes of the past, and the cycle begins anew.

That summary is all too realistic. Over the years, the PAC has examined scores of projects that exhibit those characteristics. The Inland Revenue tax credit system, which has already been referred to, was a classic example of a supplier being pushed into adopting a wholly unrealistic timetable and of a system being launched even though the contractors knew that it did not work properly. It became impossible to hide that failure when hundreds of thousands of citizens started to complain to their Members of Parliament that they were suddenly not receiving payments that hitherto, under the old working families tax credit, they had been receiving quite smoothly. Another classic example was the passport office fiasco, where after the expenditure of many millions of pounds on a new computer system, people suddenly could not get their passports on time—something that one tends to notice if one is just about to go on holiday, no matter what smooth reassurances one gets from a Minister or computer contractor.

Sometimes the failure is not quite so obvious to the pubic at large, but it usually comes out in the end. In Operation Telic, the UK's military operation in Iraq, when containers arrived with equipment for our armed forces in Kuwait and platoons of soldiers started to break into the containers to see what was in them and to obtain the kit that they needed—breaking in was the only way to find out what was in them—it became clear that the Ministry of Defence did not have proper asset-tracking or consignment-tracking software. It could not track its equipment as it was delivered around the world and into theatres of operation for our armed forces. Notoriously, that meant that there was not enough body armour available for our soldiers in the right places in the recent Iraq war. Let no one say that that was a cost issue: the body armour cost £169.70 per set and the MOD spent a mere £2.9 million on body armour for the recent conflict. The issue was one not of cost but of basic logistics.

In our hearing on Operation Telic, the MOD mentioned, almost en passant, that it had spent £120 million on a bespoke tracking system before it was scrapped four years ago—incidentally, 41 times more than it spent on the body armour for the recent deployment. There was the usual story about how the money had not been wasted because it was being rolled into the next project, but the fact is that 13 years after the lack of decent consignment-tracking software was first identified in 1991, after the first Gulf war, that problem has still not been fixed, even though there are all kinds of commercially available off-the-shelf systems that tell users all that they need to know about exactly where their supplies are. For example, the American firm Caterpillar can deliver a spare part for one of its customers anywhere on the planet in 48 hours. We are familiar with firms such as Federal Express and DHL, which can routinely tell customers exactly where in the system their deliveries are at any one moment in time.

With Government IT projects, it is endemic that there are problems that do not get solved and mistakes from which lessons are not learned—it is the same story wherever one looks. There is a fundamental inability to learn from mistakes. Apart from the cases that I have already mentioned, we had the infamous Wessex regional authority case, and the London ambulance system case in which the suppliers warned about potential problems and were ignored. We had the mess over Inland Revenue self-assessment and the mess over the Central Veterinary Laboratory database for tracking BSE. In the case of the national insurance recording system, the contract extension was double the price of the original contract, and with the caseworking system for the immigration and nationality directorate the supplier was paid for not writing software.

In the Libra project for magistrates courts in England and Wales, which has already been briefly mentioned, costs quadrupled. The old Lord Chancellor's Department, before it was scrapped, paid some £232 million merely for 11,000 PCs, the printers and the "associated support"—whatever that means. I know that it does not include software, because that was clearly set out in the NAO report. That works out at about £20,000 per PC, or £10,000 even if we include the replacements, when it would have been perfectly possible to go down to PC World and buy the required kit for a few hundred pounds per desk.

There was the implementation of the national probation service's information systems strategy, which had seven project managers in seven years, five of whom knew nothing about project management. The result was a system so poor that no one wanted to use it. There was the recent Criminal Records Bureau fiasco, whereby the prices quoted by potential suppliers to do the same job varied so wildly—from £250 million to £380 million—that the CRB got in another consultant to

[Mr. Richard Bacon]

assess the relative merits of the bids, and to see where the discrepancy had arisen from. It still managed to end up paying significantly more than the highest bid.

We have already heard about the moving of the GCHQ computer, the cost of which, according to the management's own assessment, was £40 million. However, they told the board that the cost would be £20 million—do not ask me why because I do not know—and, of course, the actual cost was £400 million. Despite the fact that the National Air Traffic Services system at Swanwick cost £337 million and supposedly offers a superior service and an immediate 40 per cent. increase in capacity, it plainly is not up to the job, as became painfully clear when all the nation's aircraft ground to a halt the other day because of problems with the West Drayton system—a system that the new Swanwick system was supposed to replace.

Very topically, Sir Michael Bichard says in paragraph 35 of his recent inquiry that

"although national Information Technology (IT) systems for recording intelligence were part of the original National Strategy for Police Information Systems (NSPIS) as long ago as 1994, no such system exists even now. It was, in fact, formally abandoned in 2000 at the same time as the launch of the National Police Intelligence Model (NIM), which sought to place intelligence at the heart of policing. There are still no firm plans for a national IT system in England and Wales, although, in contrast, such a system will be fully operational in Scotland by the end of this year."

Mr. Allan: Does the hon. Gentleman share my fear that, in looking at all the IT failures, we might develop a very risk-averse culture whereby public authorities that do need new IT systems—the police are the classic example—do not invest in them because they are scared of what will happen down the line? That, too, would be very retrograde.

Mr. Bacon: I agree that that would be retrograde. I do not think for one moment that anyone can say that the public sector is risk-averse when it comes to IT projects. The public sector takes huge risks in respect of such projects, and in the main it does not know the size of the risks that it is running.

I want to mention two more examples. The first is the joint probation service and Prison Service offender assessment system—OAS—which is still in the pipeline. The report on that system, on which we were supposed to have taken evidence, was due in July but was postponed until 15 September. We learned as of yesterday that it has been postponed still further. Secondly, there is the national programme for IT in the health service. Key aspects of what are multi-billion pound contracts—the initial assessment was £2.3 billion, but the latest *Financial Times* report suggests a figure closer to £6 billion—had to be reviewed within mere months of their being signed.

The project has seen Professor Peter Hutton, the chief clinical adviser, resign as chairman of the clinical advisory board, and until extremely recently the views of GPs had been largely ignored. Indeed, in respect of many of the other projects that we have considered, the advice of the National Audit Office concerning the need to consult early was also totally ignored. The NHS has contracted to buy far more systems in phase 1 than there is demand from hospital trusts, and in phase 2 the contractors will almost certainly be unable to meet the likely demand. Finally, *GP* magazine described the programme as

"more likely to be a fiasco than the Dome".

Mr. Jenkins: I listen with interest, as always, to the hon. Gentleman. He provides a list—too long a list—of near-disasters, but such contracts have been taken out with some of the best private sector companies in this country. Can he suggest a solution? Where are we to look if not to the best private sector companies in the country?

Mr. Bacon: I thank the hon. Gentleman for his extremely timely intervention, because at the top of my next page it says, "What can be done?" He is right: we are talking about some of the finest and biggest computer contractors in the world. The Financial Secretary must therefore consider the possibility that something systemic is going on. It simply is not the case that everyone wants to get things wrong or to have as many disasters as possible. Something deeper is going on, and two areas deserve immediate attention, including from the Financial Secretary. To do so would not cost any money—she should be interested in that—and there would be an immediate benefit and a significant chance of improving the situation.

The first, which I briefly mentioned in our last debate on the subject, is the publication of gateway reviews. With a record as appalling as the one that I have just cited—the hon. Member for Tamworth (Mr. Jenkins) is right that the list of mistakes is far too long—the burden is not on me to show why the Government should publish gateway reviews, but on the Government and the Financial Secretary to say why they should not publish them. What possible justification could there be for not publishing them?

Departments often bleat about commercial confidentiality as a reason for not publishing reviews. They say that they have an agreement with a supplier and that the commercial interests of that supplier would be threatened by greater openness, but that is not necessarily what suppliers themselves say when given the chance. It was interesting to see that in the public evidence given to the Work and Pensions Committee in its ongoing inquiry into IT systems, the supplier stated that it did not have any problems with the publication of gateway reviews. On the contrary, the supplier said that it would welcome them. At the moment, it is not necessarily the case that suppliers are even aware that a gateway review is being undertaken. Amazingly, it is not a given that they know that a gateway review is happening.

Mr. Allan: On that point, does the hon. Gentleman agree that it would be helpful to see the early gateway reviews—those on feasibility and all the technical issues that do not necessarily involve suppliers—when we are debating legislation? For example, when we debate the draft identity cards Bill in this place, it would be helpful to have the early gateway reviews before us, to help us think about the feasibility of implementation.

Mr. Bacon: I entirely agree with the hon. Gentleman. While we are on the subject of ID cards, I read in

Computer Weekly just recently that senior figures in the industry—including, I am delighted to say, the Government's new chief information officer—have poured scorn on the feasibility of the ID card scheme. Before the Financial Secretary goes off with her Treasury colleagues and spends thousands of millions of pounds on an ID card system, she should listen to the people in the industry who are saying that the Government's business case for ID cards is vapid. A great deal of money could be saved and spent on something that people want their taxpayers' money to be spent on. I utterly agree that the answer is to have more transparency at as early a stage as possible.

It would be worth comparing the position that I have described with some of the well managed projects. It was noticeable that some common themes for successful projects emerged at the recent corporate IT forum—Tif—awards presentation for excellence in IT projects. I quote:

"The successful short-listed projects all had exceptionally close links between the business leader and the project team. The 'business customer/IT supplier' approach was all but absent, and the judges saw development of integrated teams, based around common goals, with each individual or group contributing something of value to the project. There was genuine collaboration, with the programmes adding something significant to the business."

Yet far too often with Government projects, far from having such close collaboration on the project that the business customer/IT supplier approach was all but absent, the suppliers do not even know that a gateway review is under way.

It is not the case that suppliers are wary of such openness. It is Departments and their officials who are so wary. They are far more protective of the so-called need for commercial confidentiality, because it helps protect them from future criticism.

Mr. Jenkins: I want to be clear about this in my own mind. The hon. Gentleman is intimating that the difficulty lies not with the suppliers, but with the customers, and that the customers do not want the transaction to be transparent because it may be difficult to specify the exact requirements of the project from the outset. That may result from a lack of technical ability or understanding of how the system will work. Is the hon. Gentleman saying that we do not have the necessary expertise to undertake the projects in the light of the rigour of transparency to follow?

Mr. Bacon: I think that the hon. Gentleman makes a good point. The lack of procurement skill in government is quite widespread. However, I would not want to pretend for one minute that some suppliers do not also get things horribly wrong. In the case of the Libra project, for example, it was not only the Department that was responsible for the scandal, it was also the supplier—ICL/Fujitsu. To return to my earlier point, in successful projects there is close collaboration between the supplier and the Government, such that it works like a seamless collaborative integrated team.

The hon. Member for Tamworth brings me to my next point. The Chairman mentioned Mr. John Oughton, the new chief executive of the Office of Government Commerce. Ten years ago, he was in charge of the Cabinet Office efficiency unit. He led a scrutiny study that led to the publication in August 1994 of a report called "The Government's Use of External Consultants". The frontispiece of the report carried a quotation directly relevant to what the hon. Gentleman said. It stated:

"It is difficult to do good consultancy for a bad client, and it is difficult to do bad consultancy for a good client."

That is true, but suppliers and Government need to be in an informed loop where they can learn from each other. Too often, suppliers are not trusted in the adult way that makes close collaboration and success more likely. Part of the answer is to publish gateway reviews, so that everyone can see where they stand—or, in some cases, simply what is going on.

My second suggestion is more wide ranging, and it draws on experience in the US. When that country was faced with similar problems, Congress passed the Clinger-Cohen Act 1996, which provides a statutory framework of accountability. The US Government recognised that the lack of accountability, particularly in IT projects, and a culture of secrecy and cover-up had contributed to major failures in IT projects. The Clinger-Cohen Act, in essence, requires Departments to report contemporaneously to Congress on the progress, or otherwise, of projects, and to disclose any deviations from standing orders.

If we had a similar system here, following a gateway review that revealed a red light on a project, it would—as a matter of course and at an early stage—become public knowledge that the Department concerned was facing a red light. In particular, it would automatically become public knowledge if a Department went through a red light.

Last week, the Committee published a report on Customs and Excise and its use of electronic delivery to transform its services to customers. The report refers to the fact that Customs faces an OGC gateway review, as many Departments do. It also notes that Customs should have had a sensitivity analysis, but that it plainly did not. It says that there should be proper management of consultants, and that there should be an overall, senior responsible owner.

It is extraordinary that, even now, we must tell Departments that they should have proper management of consultants and that they should have overall senior responsible owners for their projects. However, we still do not know for certain whether a red light was flagged up by the gateway review process that Customs and Excise then went through. That is how it appears, but we do not know for certain, because the OGC's gateway reviews are not routinely published. I think that they should be.

Legislation that provides a clear framework for accountability would be an important step in forcing the searchlight into some of the darker corners of IT projects, where the natural tendency is to cover up mistakes. There is an important contrast with what happens in the private sector. People often say that mistakes are made in the private sector too, and they are right: there are many such mistakes, but there is an important difference.

I spoke at a conference for IT suppliers a few months ago. The Committee's Chairman gets many invitations and is very kind in refusing them and palming them off to other members of the Committee. It is a matter of

[Mr. Bacon]

duty, I suppose. Before the conference, I was talking to a supplier who worked in both the public and private sectors. I asked her what was the main difference between the two sectors, and she said there were two differences—speed and commitment.

In the private sector, greater speed applies to decisions, and to the rapidity with which the plug is pulled if it becomes clear that circumstances have changed, that the market has moved or that the project has been rendered irrelevant by other changes. The supplier said that commitment is what top management in the private sector devotes to a project. That commitment is far too often lacking in Government projects.

I repeat my two proposals for the Financial Secretary's consideration—that gateway reviews should be published as a matter of course, and that a statutory framework for openness and accountability should be introduced, building on the lessons of the Clinger-Cohen Act.

The Financial Secretary may say no to my proposals, and she may assert that they are not necessary. However, given the public sector's catastrophic record in procuring IT projects under Governments of all political complexions, the Treasury has to do more. It must say whose side it is on. Is it on the side of taxpayers and citizens, who expect good value and service for the taxes that they pay, or not?

Unless the Treasury is prepared to change, the IT disasters will continue to happen—not because anyone wants them to, but largely because there are no real obstacles in the path of failure.

5.44 pm

Jon Cruddas (Dagenham) (Lab): It is a pleasure to follow the hon. Member for South Norfolk (Mr. Bacon) and I shall cover some of the points that he raised later in my remarks. I have a few general comments about the work of the Committee before making some specific remarks about public expenditure. Like other members of the Committee, I wish to place on record my appreciation of the work of the people who service it. Nick Wright and his staff do a tremendous job, especially for newer members of the Committee. I joined just before the hon. Member for Sheffield, Hallam (Mr. Allan), who joined in late autumn last year. In those early months, the staff walked me through the methodology of the Committee and an impenetrable series of reports, and I bear witness to the work that they do on behalf of all of us.

I also wish to praise the work of the National Audit Office. It is commonly understood that every £1 spent by the NAO saves the taxpayer some £8, as my right hon. Friend the Member for Swansea, West (Mr. Williams) pointed out. The NAO also provides a key check on Government activity by its own existence. That is demonstrated by the seriousness with which accounting officers take preparing to appear before the Committee as witnesses. That itself is a check on the activities of Government.

The volume of work carried out by the Committee was mentioned earlier. It covers a staggering amount of territory across all Departments. It covers the general and the specific, the macro and the micro elements of public expenditure. As such, it proves the uniqueness of its contributions. No other Committee can provide the rigour of analysis that the PAC does in terms of the conclusions it draws about Government activity.

The civil service comes out well from the deliberations of the PAC. Time and again, I am impressed by the commitment to public service that we witness in our deliberations. I also respect the tradition whereby civil servants take responsibility for the actions of those who preceded them and who, more often than not, took the decisions that we are investigating. To me, that remains an honourable tradition, and it is displayed week in and week out. I have one slight caveat, however, and that is the recent incident when reports on the public-private partnership on the tube were issued very late for our hearing last Wednesday. That was regrettable, because the impression was given that someone was holding off signing off the report to put more pressure on the NAO as it came up against the Committee's deadlines. It would be a concern if such pressure were to blur the edges of any NAO conclusions, although I have no specific evidence that that has been done.

Overall, I find being a member of the Committee and its work deeply rewarding, although it is difficult at times to assimilate the data and research projects that await us in our folders every week before the Committee meets. I find the politics of the Committee fascinating. It operates in a non-partisan way, which is especially impressive when we consider that it covers the key political battleground between the two main political parties—the efficiency of the Government in using our constituents' tax revenues. No votes are taken in the Committee: its conclusions remain unanimous. Indeed, if an outsider considered the workings of the Committee, it would be difficult for them to ascertain the political loyalties of a specific questioner in any given debate. That reflects well on the Committee and strengthens the conclusions it reaches.

None of that is to say that Committee members cannot draw their own conclusions for use outside the Committee. For example, given the speech today by the hon. Member for South Norfolk, I eagerly await his next article in *The Daily Telegraph* to reinforce his argument in an earlier article that

"if we stopped the haemorrhage of cash from our public sector we would have to worry less about extra taxes and borrowing".

In terms of waste, the hon. Gentleman is correct to list examples that the Committee has considered and that are contained in the reports before us. For example, there is the £7 billion to £10 billion in unpaid VAT lost to Customs and Excise. Several hon. Members have mentioned the £400 million spent on the new GCHQ building, when the management were informed that it would cost some £20 million. The sorry tale of equipment at the Child Support Agency has been touched on. Last week, we heard about the extraordinary amount of money spent on establishing the public-private partnership for the London underground and we shall look at that again. A general leakage of public money to consultants, financiers and middlemen is evident in the PFI projects we consider. There is the sorry tale of the refinancing of British Energy and the costs of specific items of kit in the Ministry of Defence—the list could go on and on.

The issue is not waste alone, however; it is waste alongside reform. At times, there is a danger that we may look at the work of the Committee in a slightly unbalanced fashion, considering only the failings in Government strategy, expenditure and management of resources. That is only one side of the equation. Analysis of waste must be considered alongside the evidence we receive of changes in the expenditure strategies deployed by the state. That is all the more important when we have a Government who believe in the role of the state and who are investing a further £61 billion of taxpayers' money in public services.

The NAO report, "Managing Resources to Deliver Better Public Services" provides balance when considering the reports put before the Committee. The NAO suggests a greater focus on delivery and an attempt to grapple with short-termism, through annual cash accounting with money handed back at the end of the year. It suggests a new emphasis on performance outcomes and that, among other things, we should consider whether the move to accruals-based accounting would better inform state expenditure. It considers the relative effectiveness of three-year comprehensive spending review periods, the flexibility to carry forward budgets and so forth. It will be interesting to see how those changes improve the relative efficiency of the state in managing and spending our resources. As the NAO stated:

"new flexibilities and changes in the way resources can be managed, if used effectively, should make an important contribution to improving public services".

Against a changing background, where the Government are trying systematically to rebuild the public services of our country, the work of the Committee is centre stage and is even more important in terms of the general political debates that arise from its deliberations.

The Committee considers the most important domestic political issues and the key political battleground for western market economies—how public resources are utilised and the efficiency of the public sector.

Mr. Howard Flight (Arundel and South Downs) (Con): I wholly agree with what the hon. Gentleman is saying. Is it not sad that more Members did not turn up for this debate which is at the centre of the issues of our times?

Jon Cruddas: I take the hon. Gentleman's point, but before I became a member of the Committee I did not realise how penetrating its proceedings were and the fact that they form the cornerstone of all political discourse in terms of the core issues of tax expenditure, perceptions about the role of the state—which divide political parties—the role of intervention versus markets, devolution, centralisation, central planning versus more devolved decision-making and the like. All those issues will be centre stage over the next 12 months, if there is an election, and they all have a route back to the core terrain over which the PAC presides every week. That makes our work more rewarding, but also more complex, given the amount of information on which we have to deliberate.

The conclusions of the Government efficiency review—part of the overall spending review about which we shall hear soon—will be of interest in the process of debating waste and reform. We know that the general shape of that work is to release more money down to the front line. We hear a lot of talk about that, as we do about reducing bureaucracy. In general, we know which changes are being considered: a focus on procurement, given Sir Peter Gershon's work at the OGC; a look at emptying back-office functions, given technological change; better use of IT in the delivery of services; examination of the devolved agencies—for example, their regulation regimes; and a look at bureaucracy in the public services.

I presume that those factors will inform a lot of the Committee's work in future. Indeed, they will inform a lot of the political battleground right up to the next election, which we touched on earlier. It will be interesting to see how the Committee's work can remain separate from heightened political debate and controversy about investment and reform in the public services and the role of the state itself, as we move into a heightened election gearing.

I want to make a simple final point about how the Committee's work and general political debate about the respective economic efficiency of state activity interrelates with what may be described as spatial economic development. One aspect that has tended to be underplayed in the debate about investment and reform in the public sector and the Government's strategy is whether it is cross-referenced with the dynamic spatial economic change in our country. At times, our sittings imply a static model of resource allocation on the basis of a certain population distribution.

I shall give an example that has been the subject of questioning during some recent sittings. It is estimated that London will grow by some 700,000 people in the next 10 to 15 years. For example, my borough's population is 155,000—the smallest in London—but it will grow by an estimated 50,000 in the next 10 to 15 years. It sits at the geographical centre of the so-called Thames gateway—a key growth area in the Government's sustainable communities agenda. I simply flag that up to make a number of simple points.

The Committee considers the complex issues of resource allocation and expenditure. We find that those issues become even more complex when analysed alongside current and projected population movements. For example, the Department of Health accepts, as did Sir Nigel Crisp during one of our recent sittings, that the budget allocations for the primary care trusts in my borough are underfunded by about £24 million. That figure was calculated before taking account of the major changes in population that are anticipated for the next 10 years. The comprehensive spending review will presumably consider both that structural underfunding and future budgeting, given the growth in that illustrative borough.

Let us take another example. The Government are setting up new delivery vehicles for economic regeneration. Last week, we processed the order to establish an east London urban development corporation to work alongside the London Development Agency and a host of other regional and sub-regional economic partnerships to spend public money. At times, it looks as though a jungle of structures and responsibilities operates within a positive sum game of financial investment by the state. How all

[Jon Cruddas]

that works through to public service delivery on the ground will be the real test of Government strategy in my constituency during the next 10 years.

We as a Committee are starting to study some of those interrelationships, but they will provide a rich seam of work in the next few years. I do not underestimate the difficulties for the state in its various manifestations, given the relative efficiency of its activities. Everything else being equal, cutting waste and boosting efficiency is a tough job, but when the population is radically changing, an even more complex task is at hand. To cut short my comments, I very much enjoy the work of the Committee. It provides a unique service to this country's taxpayers, but I do not underestimate the difficulties that lie ahead in monitoring the activities of the state in its various manifestations.

5.58 pm

Mr. Brian Jenkins (Tamworth) (Lab): It is always a pleasure to follow my hon. Friend the Member for Dagenham (Jon Cruddas). I always find PAC debates fascinating; they are some of the best that take place in the Chamber. In fact, I congratulate every hon. Member who has spoken in the debate, particularly the Chairman of our Committee. Although from the Opposition, he has always been a very good Chairman in his manner, attitude and diligence, and I know that he will maintain that stance. He has brought credit to our Committee. I also thank the staff of our Committee, without whom we would not be able to work, and, of course, I thank the NAO.

As I am speaking towards the end of the debate, I do not want to repeat arguments made by other hon. Members—four pages of my speech on computers and software have gone for a start. I decided to take a new tack, so as I sat redrafting my words, it struck me that we are not opposed to innovation. We support and welcome innovation and risk taking in Departments, because if things do not work, at least they tried. We must overcome risk avoidance and complacency in Departments. Are Departments complacent and do they still know best? Ninety per cent. of the work done by Departments goes well, but they have no discipline in the marketplace. We, the members of the Public Accounts Committee, must search to achieve improved efficiency for the taxpayer and to help each Minister to achieve departmental delivery. National Audit Office reports are often enlightening, even for departmental heads, as we found when producing our reports.

What of complacency? Is Sir Humphrey alive and well in Whitehall? I have picked two reports at random, so we can determine whether our recommendations were accepted. First, I shall address the report "PFI: the new headquarters for the Home Office". I am glad that the Financial Secretary is in the Chamber because I know that she will make notes on what I say and take them back to the relevant people. The Committee's first conclusion said:

"Under-forecasting of staff numbers leads to bad decisions on accommodation . . . departments have assumed much lower staff numbers than they have subsequently employed. The buildings have . . . not been large enough to hold everyone. Yet such projects are often justified . . . by the advantages of bringing everyone under one roof. The Home Office assumed that staff numbers would reduce . . . Instead, numbers increased dramatically between 1998 and 2003 . . . Similar stories arose at . . . the Ministry of Defence, and the former Department of Social Security."

Was that recommendation accepted? The Home Office said:

"The Home Office notes the Committee's conclusion. While good forecasting of staff numbers is important . . . there are bound to be uncertainties in any forecasts for long timescales."

I think that the period between 1998 and 2003 fits in with a five-year plan well. If the Home Office cannot administer the numbers over five years, we are in trouble.

The next part of the Home Office's response is very illuminating because it says:

"The current plan is to use 2 Marsham Street to accommodate those staff . . . expected to remain in central London".

However, it says that it intends to relocate

"the National Offender Management Service away from London . . . That will be achievable if funds are available to meet the cost of relocating . . . and a move offers value for money."

I say, "Thank you, but no thank you."

The Committee's second recommendation said that if Home Office numbers fall, it

"should identify other Government departments whose staff can fill up the new building."

However, the Home Office response was:

"The Home Office currently anticipates that all the accommodation in 2 Marsham Street will be required at the time it takes possession of the building in early 2005."

So, No. 2 Marsham street will be full of Home Office staff.

Mr. Bacon: While the hon. Gentleman is on the subject of the Home Office and PFI, does he find it odd that it had to pay £2.75 million to insert the refinancing clause in the contract, as the report identified, but that the Treasury managed to insert a similar clause for free when negotiating its contract? Does that suggest to him, as it does to me, that the Treasury is not keeping a sufficiently close eye on other Departments or promulgating best practice well enough?

Mr. Jenkins: The hon. Gentleman is jumping ahead of me; I will come to that point in a moment.

We expect numbers of staff in the Department to fall and to take full advantage of the opportunity provided by Sir Michael Lyons's review on relocation. The Home Office said that the number of its staff

"accommodated in central London is expected to reduce significantly".

It said that because

"2 Marsham Street comprises three . . . blocks it would be possible to share occupation with other Government Departments",

but surely all Departments will have reduced numbers of staff in the next three years. We also recommend that agencies and non-departmental bodies that are required to remain in London move to No. 2, Marsham street to fill the space. The private finance initiative, however, may cause problems, because lease and operational arrangements are difficult to change. The Home Office,

however, says that the lease does not differ from any other lease and that, as the landlord, it will negotiate alterations.

There is no reason why Prison Service headquarters should remain in London. Subject to funds being found, and a satisfactory business case being made, relocation could be achieved by 2008. It is proposed that by 2005 Home Office staff will move into the new building, which is large enough to accommodate Prison Service headquarters. By 2008, however, if funds are found, those staff may have moved out of London. I am not sure whether the Home Office knows exactly what it is going to do with the building or the estate, but as the hon. Member for South Norfolk (Mr. Bacon) said, its decision to pay £2.75 million for refinancing is strange.

The PAC has looked at refinancing deals in which the PFI arranger refinances the deal and takes a windfall profit. The Home Office would take a share of such profit, but its reasons for paying £2.75 million for the deal are unclear. I doubt whether it would take the same action again, even though it has broken new ground.

The last part of the report deals with the future of Horseferry house. As there is a falling property market in London, we thought that the Home Office—like all Departments, it is pressed for cash—might want to get rid of it, and the report says:

"The Home Office expects to declare Horseferry House surplus to requirements in the very near future."

When the Home Office does so, the building can be put on the market.

Our recommendations on PFI for Home Office headquarters are not being taken seriously enough. The Home Office has managed to skirt around them and, in true Sir Humphrey style, has decided that it knows best. It is complacent, because it knows that the Treasury will top up the money every year without looking for efficiency.

The Department for Education and Skills accepted some recommendations in the 19th report, our first conclusion of which was that inspection reports on secondary schools should be made available to parents, as not all parents are aware of the full range of information sources on school performance. They may not have access to the internet, may not go to the local library, and may not have a total commitment to securing the future of their children. The Department accepted that recommendation, but went on to say that

"70–80 per cent. of homes with school-aged children have internet access."

The Department's website had about 400,000 hits last year, and it said:

"Hard copies of performance tables are available in local libraries . . .—some 10,000 telephone calls requesting one or more copies were received last year . . . The Ofsted web-site attracts in excess of 120 million hits a year . . . The Department recognises the need to improve communications to parents . . . The Department is currently consulting on the development of a new annual School Profile."

Having listened to our recommendations, the Department leapt into action. It told us exactly what it was doing—it was remiss of us not to know—and it will consult on a new school profile. It has, however, accepted our recommendations in words but not in spirit.

Our second conclusion was that information on schools should include "important external factors", as a school can move from the bottom 20 per cent. to the top 20 per cent. if those factors are taken into consideration. In deprived areas where children do not have the advantage of their parents' support, they do not come to school with a peer group that wants and respects education, so they are at a tremendous disadvantage. The Department agrees with the Committee that external factors other than the pupils' prior attainment can significantly affect the performance of a school.

The Department's response goes on to tell me in almost every other paragraph why such factors cannot be taken into account. We are told:

"Value added (VA) measures were introduced into the secondary school performance tables (PT) in 2002."

That is fair enough. The Department and Ofsted go on to say:

"The PT methodology was developed through extensive consultation with schools and local education authorities. . . At the time this methodology was developed, VA was not a concept generally understood outside the statistical community, and certainly not by the public at large"—

in other words, parents. So what is the point of publishing added value tables for people who would not understand them? But our recommendation was accepted, of course.

The document continues:

"The priority was to find a simple and transparent approach . . . there were also fears that including factors other than prior attainment might risk suggesting an acceptance of poor educational outcomes for particular groups of pupils."

What does that mean? It means that if we accept that a school attended by disadvantaged children turns out lower grades on the performance table, which are rather raw material, the school might lower its expectations. Unfortunately, that misses the point. The point is that if a school is given a value added criterion instead of a raw table showing the qualifications produced, the school will recognise that it is doing good work, its morale will be reinforced and that will drive standards up. That is the reverse of the first comment.

I may be misreading the document and I may be disingenuous to those who wrote it, but when they come up with Sir Humphrey-speak time and again, they can expect it to be misinterpreted. Our Committee should start examining the Government reactions to our comments and recommendations.

The Department is to investigate and develop a more sophisticated value added methodology and it accepts the recommendation that social and economic deprivation should be taken into account in assessing the performance of schools. As we all know, increased income support and working families tax credit may take pupils out of the category eligible for free school meals, so a different method of evaluation is needed, rather than clinging to the free school meals criterion, as the Department does.

[Mr. Jenkins]

I shall skip a couple of recommendations because of the time. We recommended adjusted performance measures because we concluded that beacon schools, faith schools and single-sex schools do better than average. We stated:

"The strengths of these schools, such as a strong set of values and ethos, should be identified by the Department and promoted across the school sector."

In paragraph 21 the Department accepts the recommendation. In paragraphs 22 to 25 we are told what the Department is doing in that regard—not what it will do, but the state of play prior to our receiving the response. The Department says that such schools

"tend to have strong values and a unique ethos. Many draw from communities that particularly value education . . . Parents who seek out faith schools"—

remember, the interested parents, the ones who care, who are concerned about their children's education and who value education—

"may provide their children with a high level of support. Social background may also be a consideration. On average faith schools have fewer pupils with free school means than other schools."

Surprise, surprise.

Paragraphs 27 to 30 go on to tell us what is being done at present.

Ofsted accepts our recommendations. The Department accepts our recommendations. We asked for funding to be open, transparent and accountable. The Department agreed, but then said that that might cause friction. Why? Because if funding were open, transparent and accountable, people who feel that their schools are under-funded might be able to further their case. Staffordshire and Tamworth contain schools in deprived areas, and the social make-up of such schools is the same in any city in this country. Because the county is wealthy, however, those schools are denied funds. The Department spoke to head teachers, parents and LEAs, but it did not speak to Members of Parliament, although hopefully it will change its mind.

I enjoy being a member of the PAC, which does a worthwhile job. I shall continue to attend as best I can, but I wish that more hon. Members would take an interest and read our reports, and I also hope that Front Benchers stop using snippets from our reports out of context.

6.15 pm

Mr. Ian Davidson (Glasgow, Pollok) (Lab/Co-op): I shall start with a tribute to the Chairman, of whom I heard from one of my hon. Friends the high words of praise, "He is not nearly as bad as was expected." In my view, he is a judicious and tolerant Chair, and my only criticism is that my 10 minutes are never as long as those allowed to other hon. Members. It is worth mentioning that, to his eternal credit, the Chairman turned out for the parliamentary rugby team—we did not pass to him, but we were just getting our own back.

I also pay tribute to Sir John Bourn and the senior officers of the NAO who attend our Committee, as well as to the NAO staff who do not attend, but who undoubtedly perform valuable work in the background, and I also thank the Committee staff. Before I thank my parents, my schoolteachers and everyone whom I have ever met, burst into tears and accept my award, I shall mention the other members of the Committee.

It is valuable that many members of the Committee act as if they were self-employed by raising their interests in Committee, rather than being spoon-fed prepared questions, which happens in several other Select Committees. For example, the contributions made by my hon. Friend the Member for City of Durham (Mr. Steinberg) are invariably drawn from his constituency, which is invaluable because they illustrate how policies that we discuss in theory impact on real people in real situations.

The hon. Members for Sheffield, Hallam (Mr. Allan) and for South Norfolk (Mr. Bacon) spoke at length about IT projects, during which time I found myself losing the will to live—it is important that some members of the Committee take an interest in such things. I perked up when the hon. Member for Sheffield, Hallam mentioned beer, but I understand that he used the word in a technical sense. In my view, hell will be a never-ending discussion about the gateway process for IT projects. I am pleased that the Committee includes anoraks; I am just glad that I am not one of them.

Before we get too pleased with ourselves, some points must be made about some of the senior officials who appear in front of us. It is true that many of them are extremely bright and able—I do not object to being patronised by my intellectual superiors, otherwise I would go through life in a state of perpetual irritation. Given the return of "Come Dancing", however, we should consider giving scores to some of the witnesses. When I refurbished my house, I used a leaflet from Pilkington Glass that lists various types of frosted glass according to an obscuration index. Some of the officials who come before us knowing that we have a limited amount of time deliberately attempt to lead us in the wrong direction and to obscure the points that we are trying to elucidate. On some occasions our mild-mannered Chairman should rebuke them more severely than he does. We also need a bullshit detector for some of the responses that we get from officials, not all of whom are as frank as they should be.

The final category should be the smugness score. Some officials are so pleased with themselves that if they were made of chocolate they would eat themselves, as we would say in Glasgow. I am tempted to name and shame them, but they are so conceited that I suspect that they would take it as a compliment.

It is not entirely a question of the culture in the civil service. Yesterday, we discussed complex and serious issues with officials from the Department for International Development. Their open and honest approach—they were frank, helpful and constructive—was in stark contrast to the way in which some other officials deal with such matters. Officials should be encouraged to prepare for our meetings in a way that allows them to be more helpful and constructive.

Most of the reports that we produce are fully acted upon. However, in the case of the report on the Northern Ireland Department of Finance and Personnel in relation to the sheep regime, the points that we made were not adequately accepted. That was a revelation in terms not only of the incompetence and dishonesty that

was practised in that area of the budget, but of the stunning complacency of the Department's response. The report was a pretty damning indictment, yet in its responses it appeared to be unwilling to accept some of the criticism.

Conclusion 1 of the Committee's report states:

"It is of major concern that the level of discrepancies noted by the Department's inspectors, when accompanied on farm visits by the Audit Office, was many times higher than when they were not accompanied. It appears to us that, by turning a blind eye to irregularities during on-farm visits, some inspectors were complicit with farmers in claiming more money than they were properly due."

In its response, the Department said that it

"takes very seriously the view expressed by the Committee in relation to possible collusion . . . There is no evidence that collusion has taken place or that inspectors failed to follow agreed procedures . . . However it does recognise that inspectors had been provided with a considerable degree of discretion, in relation to the type of irregularities that can be reported during the inspection process."

That is a particularly mealy-mouthed way of admitting that errors were made.

The Department gives every indication of being in denial about the scale of the difficulties that we outlined. Our report rather modestly states:

"We were surprised to find that payments were being made for sheep that had apparently died".

The Department's response is inadequate. It says:

"From January 2004,"—

that is, some considerable time after not only the Committee's hearing, but the NAO's investigation—

"with the banning of on-farm burial, sight of fresh carcasses or appropriate documentation is now obligatory"

and that

"penalties will be rigorously applied"

for future errors. We must continue to monitor that policy to ensure that it is applied in the appropriate circumstances.

Our conclusion states:

"We find the circumstances surrounding the Department's 1998 decision to allow payments for sheep at unnotified locations extraordinary."

It was not only

"contrary to EU rules, but the Department has no record of its decision, despite a senior official apparently travelling to Brussels to discuss the matter."

The Department's response was:

"The Department regrets that there is no record of the specific meeting in Brussels where the acceptability of the Department's interpretation of the EU requirements was confirmed."

The response continues the same vein. I can cite several more examples of similar evasive responses from the Department in Northern Ireland. That is entirely unsatisfactory.

Another part of the report states:

"The Department's failure to properly address the weaknesses in control, highlighted by the European Court of Auditors in 1994, was a serious error in judgement."

The Department responds by saying:

"The Department accepts that it should have been more diligent".

Well, that is good of it. I wonder whether anybody in the Northern Ireland civil service has been disciplined, sacked, transferred or rebuked. What does it show when a devastating report is produced but the relevant Department refuses to accept responsibility for its mistakes and is apparently in denial? That is unacceptable.

I could read out many similar examples, but I shall draw attention to only one more. Our conclusion 25 states:

"Our overall impression is that the Department has in the past been soft on fraud and this has contributed to unacceptably high levels of fraud within Northern Ireland agriculture."

The Department had the cheek to respond:

"The Department notes the views of the Committee and deeply regrets the impression created that it has in the past been soft on fraud. It would assure the Committee that this is not the case."

That is utterly incorrect. It is clear that the Department regrets being found out and that is unacceptable. It continues in its defence:

"In addition, the Department is working with its stakeholders, including farmer representative bodies, to promote high levels of probity".

If the police in Pollok met the national union of burglars to discuss the disappearance of articles from houses in the area, one would not necessarily expect a consensus. I am not convinced that farmers' representative bodies are entirely clean in the matters that we are discussing. It is difficult to believe, when the report identifies that in one specific area 58 per cent. of claims for foot and mouth were fraudulent or partly fraudulent, that some collusion with the overall farming body did not occur. In those circumstances, much more needs to be done.

I have tried not to stray from the list of items that is being discussed. However, I want to mention the National Audit Office's work on the report on health and safety in construction, which we shall debate later. Aileen Murphy and her staff were helpful and constructive in moving that forward.

My right hon. Friend the Member for Swansea, West (Mr. Williams) made a point about comparing and contrasting. I welcome the fact that devolution allows us to make comparisons between Scotland, England, Wales and Northern Ireland and so on. I hope that we will do much more of that. There is scope for comparing and contrasting in a way that can serve only to drive up standards of public provision. However, we should make more international comparisons. Although we have had contacts with the French and the Germans and we shall make contacts with the Spanish, we should also compare and contrast some of our work, not least on European Union agriculture subsidies. I am sure that if there is rank fraud and corruption in EU agriculture subsidies in this country, we can learn lessons from efforts to combat such practices in other partner states.

I am glad to have been able to participate in the work of the Committee over the past few years. It has been one of the most useful and worthwhile things that I have done as a Member of Parliament, and I want to pay tribute not only to my colleagues on the Committee but to the Chairman for his inspiration and leadership of the Committee.

6.30 pm

Mr. Howard Flight (Arundel and South Downs) (Con): May I add my thanks and congratulations to the Chairman of the Committee, my hon. Friend the Member for Gainsborough (Mr. Leigh), the Public Accounts Committee, the National Audit Office and Sir John Bourn for their excellent work? As ever, we have had an excellent debate, and I should like to comment particularly on the contributions of the hon. Member for Dagenham (Jon Cruddas), which went to the heart of why this work is so important, my hon. Friend the Member for South Norfolk (Mr. Bacon), who focused on the area that we are most failing to address and which wastes the most in the public sector, and the hon. Member for Glasgow, Pollok (Mr. Davidson), who made a most witty and incisive thrust into some of the key areas that are so unsatisfactory.

I congratulate the Chairman on his excellent opening speech and wholly agree with his two messages: that greater efficiency is all about achieving better delivery of public services, and that there is a need for far better project management in the public sector, especially in information technology services. For nearly a year, I have been working with some 60 professionals who have been seconded and volunteered to work with David James in 15 teams to examine, on a bottom-up basis, how to achieve greater efficiency in the public sector. To date, at least, that work has been carried out in a great deal more depth than the Gershon report.

I find it depressing that, notwithstanding the response that people are "taking note", so much more could be achieved if the recommendations of the PAC reports were put into practice. Hon. Members mentioned the fact that the NAO makes savings eight times greater than its costs, but they could be massively greater if its findings were listened to and put into effect. The Chairman was right to say that that issue is at the centre of our political life today, given the massive increase in spending by an unreformed public sector that appears unable to deploy the money to adequate effect or to deliver.

The investigations of the PAC are conducted on an issue-by-issue basis. In the United States, according to statute, bodies must regularly audit the operational efficiency of the public sector entities, and perhaps what is missing in this country is an ongoing review of the efficiency and operational structures of much of the public sector.

The reports that we have debated today deal with some £60 billion of public expenditure, which, along with those that we discussed in our debate in February, give a total of £310 billion of expenditure. I shall not repeat the comments made by many who have spoken today, but many issues struck me as I read through the reports. One thing that I particularly value about participating in these debates is the discipline that it imposes on me to find out what is being said in the busy life of this place.

The first report said that the Inland Revenue had got out of date in dealing with tax compliance strategy. It is interesting that, just as the Government are tightening up on avoidance, the report should find that the Inland Revenue has gone soft on evasion.

That is not a particularly good message to send to the public at large, because evasion is a far greater and more difficult problem than avoidance.

The much quoted—understandably so—report on the sheep premiums scheme in Northern Ireland is a classic example of what is wrong with such schemes, what will inevitably happen and what is happening in many different areas all over the EU. The poor delivery by the Forensic Science Service agency, which has missed targets for five years, struck me as a classic case for privatisation, in which a public body has apparently been quite unable to achieve efficiency, whether through an efficiently priced private finance initiative or something greater. Most of the funding for the Warm Front scheme does not help those in most need: only a third of the grants help the fuel poor, and a third of fuel-poor households are not eligible for grants. That is a classic example of an ill-thought-out political gesture, and of tinkering that does not achieve its objectives and wastes taxpayers' money.

The report on expenditure on regional assistance and enterprise grants in England shows that, 14 years on, and £1.4 billion of expenditure later, the economic gap remains just as wide. That suggests not that the principle is wrong, but that the measures deployed have manifestly not succeeded in narrowing the economic gap. On Wembley, to which reference has been made, let us imagine handing over £120 million to another party without any guarantee or contribution from that party—in this case, the Football Association. Although taxpayers ended up paying for a fifth of the funding, they will not receive any benefit if the stadium is financially successful—what a completely uncommercial way of running Wembley and of looking after the interests of taxpayers.

The ninth report focused on the community grant to the National Coalition Of Anti-Deportation Campaigns, which found that the NCADA had used the funding for dubious campaigning that opposed any form of immigration controls whatever. I thought that I was reading a report on the EU budget, because this is another classic example of how public money must not be spent on indulging interest groups.

The 10th report is easily the most important, on which both my hon. Friend the Member for South Norfolk and the hon. Member for Sheffield, Hallam (Mr. Allan) made extremely valuable contributions. Ultimately, the issue is not learning from experience—as I commented last year, there is much to learn from how Italy, of all countries, has achieved far greater efficiency in the implementation of public sector IT investment and, as my hon. Friend the Member for South Norfolk pointed out, from some of the disciplines that have been used in the US.

The 12th report displays no evidence of benefit eligibility decision making having improved at the Department for Work and Pensions, which the Chancellor contradicted at last week's Question Time. Overall, 24 per cent. of decisions contained errors, and 45 per cent. of disability living allowance claims contained errors. Essentially, it is a problem of a benefit system whose complexity is causing problems both for citizens and its administration.

The PFI for the Home Office was quoted. The one issue that was not quoted, which tells us so much, was that the Home Office might reconsider its implausibly high assumption that 1,300 officials and support staff

need regular ministerial access. In relation to moving the civil service out of London, the same principle obtains right across the board.

The 17th report looks at hip replacements and the use of hip prostheses, in respect of which there is inadequate evidence. It also contains the important statistic that hip replacement costs vary from £2,266 in one hospital to £7,456 in another. That is unacceptable if we are to have a much more efficient national health service. One of those hospitals is extremely efficient, while the other is, by implication, extremely inefficient. Much can be learned from such figures about possible ways of improving NHS efficiency.

Mr. Jenkins: The problem is the number of operations performed. A hospital that performs five operations a year is not in the same economic league as one that performs 50 or 60. It is a question of getting the specialism in the right place.

Mr. Flight: It is indeed a question of making the NHS more efficient by helping hospitals to specialise, and to become better at those specialisms.

The reports overall spoke to me of a public sector in need of major structural reform. They tell a sad tale of inadequate management, and many major areas of waste and inefficiency. It is clear that the public sector should be able to deliver better, and to produce better value for the taxpayer. Merely spending more money is not enough; structure and management are in urgent need of reform.

6.41 pm

The Financial Secretary to the Treasury (Ruth Kelly): We have had an excellent debate, which has shown the special contribution that the PAC makes to our system of parliamentary scrutiny of the Executive. It has reminded us of the key role played by the Committee in highlighting ways in which better value can be obtained from public spending. I pay tribute to its work and in particular to its Chairman, the hon. Member for Gainsborough (Mr. Leigh), who has ensured that its work is done in a manner that makes clear the reasons for the success or failure of projects or schemes. That approach ensures that lessons are learnt for the future, and that good practice is promoted.

Before I comment on the relationship between the PAC and the Treasury and respond as fully as I can in the time available to some of the points that have been raised, I too must pay tribute to the assistance that the Committee has received from the Comptroller and Auditor General, Sir John Bourn, and his staff at the National Audit Office. Their role as independent scrutineers of central Government spending is central to the process of ensuring the accountability of the Executive. The NAO's financial audit work and value-for-money studies continue to make an important contribution to efforts to improve the standards of financial stewardship in Departments, and the effectiveness of public spending.

Many Members have singled out the role played by the NAO, particularly my right hon. Friend the Member for Swansea, West (Mr. Williams), who sadly cannot be present—although he gave me notice of that. I commend him on his long service to the Committee. He made sensible points about the workings of the Committee, and brought his experience to bear. I know that he retains a keen interest in the Committee's access to the civil list. I remind him, and other Committee members, that it has long been the policy of successive Governments that Ministers stand between the royal family and Parliament. That approach has been agreed on both sides of the House.

Other Members also made important points about the workings of the Committee, and I am sure that they will continue to bring their expertise to bear. My hon. Friend the Member for Dagenham (Jon Cruddas) pointed out that the Committee was central to political discourse, and I entirely agree. He challenged not just the Committee but the Government to define the way in which the need for spatial economic analysis was taken into account. That is something that we should reflect on further as we prepare our approach to public spending in future years and as the Committee carries out its scrutiny in years to come.

I note the touch of scepticism brought to the debate by my hon. Friends the Members for Glasgow, Pollok (Mr. Davidson) and for Tamworth (Mr. Jenkins) over how the Government have responded to some of the points made by the Committee, but I assure the House that we take the recommendations extremely seriously. The Committee and the Government have a shared responsibility to ensure that taxpayers' money is used economically, efficiently and effectively, and we want to see the delivery of public services to a high standard, drawing on the skills of the private sector, working together and applying best practice in financial and project management. We have to ensure that the extra investment flowing into public services leads to the significant improvements that the public expect and deserve.

This is probably not the best place to enter into a partisan debate about the role of public spending, as the Committee traditionally has a commendable, non-partisan approach. However, I should like to respond to some of the points of detail raised. The hon. Member for Gainsborough reminded us in his opening remarks of the considerable ground that the Committee has covered since February, and I commend all Members who have contributed to that important work. The Committee has rightly continued to take an interest in the efficiency of the social security system. One report that it considered was entitled "Progress in improving the medical assessment of incapacity and disability benefits". I pay tribute to the work of my hon. Friend the Member for City of Durham (Mr. Steinberg), whose contribution to these debates I always enjoy. He brings to them great insight and passion for his subject, but also good humour. I am sure that Members on both sides welcome that.

It is fair to say that we share my hon. Friend's and the Committee's concern about the complexity of benefit systems, which raises difficult issues about targeting benefits at those who need them. However, the Department for Work and Pensions is committed to trying to make the system easier to understand and improving the accuracy of decisions. Of course, the Committee has made valuable recommendations that the Department has taken into account, and it is only right to point out that the Committee has concluded

[Ruth Kelly]

that since 2001, performance has improved in many aspects of medical assessment. The DWP has taken action on all the Committee's earlier recommendations. New performance targets have been set out, which either have been met or are on track to being met. The Committee has also recognised the action taken to enhance the training of doctors and to improve the quality of medical reports.

As the hon. Member for Gainsborough pointed out in his opening speech, better services and efficiency savings are two sides of the same coin, and he pointed to the concrete savings that the DWP has achieved, partly as a result of the Committee's recommendations. The backlog of incapacity benefit examinations was fully cleared by March 2004, and the result was a one-off saving to the taxpayer of £10.9 million. The time taken to complete personal capability assessments since 2001 has been reduced, resulting in an updated estimate of annual savings of £21 million. The overall saving to the taxpayer is therefore nearly £32 million. It is only right that we always focus on ways of improving efficiency and at the same time delivering better public services.

A great deal of interest in IT procurement and software has been expressed by members of the Committee on both sides. That is an emotive issue, and I certainly recognise the difficulties with IT procurement, but I merely point out to the Committee that they are not unique to the United Kingdom. Other leading international economies, particularly the United States, have encountered similar issues and difficulties. I believe that in the United States, 23 per cent. of all projects are cancelled before they are completed, and only 28 per cent. are finished on time and budget with the expected functionality. We clearly have common challenges that we need to address.

However, we are committed to learning from the past, to adopting best practice where it exists, and to attempting constantly to improve procurement techniques. For example, we have concluded that private finance initiatives are not suitable vehicles for IT projects. That is a significant example of how we have learned from the past. We do of course still believe it is important to work in partnership with the private sector, partly because of the skills and expertise that it offers to the public sector.

The Office of Government Commerce has played an extremely valuable role in helping Departments to procure IT more sensibly. The OGC introduced new procedures to improve the delivery of all projects and programmes that depend on the implementation of new IT systems. Three features of these new procedures are worth highlighting, the first of which is the establishing of a project-programme management centre of excellence in each Department. These centres report to departmental management boards on progress in key programmes and projects to support effective decision making, to share information and lessons learned elsewhere in government, and to provide internal support to aid delivery.

Secondly, each accounting officer is required to confirm that major IT-enabled projects do not suffer from the common causes of failure identified through OGC and National Audit Office experience. The NAO's contribution in this regard was particularly welcome. The third feature is the introduction of a requirement that no Government initiative that is dependent on new IT be announced before an analysis of the risks and the implementation options has been undertaken.

These measures will go a long way towards raising procurement performance across government. I acknowledge the contribution and comments of the Chairman of the Public Accounts Committee, who said that it was only reasonable to give the Government a pat on the back for the work of the OGC. The OGC constitutes a very significant development in IT procurement and elsewhere, and it is only right that we should recognise its role, while not being complacent about the issues that will affect us in future.

Mr. Allan: It is very welcome that assessments of the IT implications will be made before policies are announced, but will the Financial Secretary deal with the point that was made by the hon. Member for South Norfolk (Mr. Bacon), among others, about the publication of such information? In considering policy initiatives in the House, it would be extremely helpful to have that information before us, instead of guessing it or picking it up from the computer press.

Ruth Kelly: I was about to turn to the publication of the OGC gateway reviews, about which I know the hon. Member for South Norfolk (Mr. Bacon) feels extremely strongly. My hon. Friend the Economic Secretary considered this issue in a previous debate, and although I acknowledge that there are differing views on each side of the argument, I shall make the same point that he doubtless made then. I have been involved in gateway reviews on a number of occasions, and I can say that the OGC reviews are conducted on a confidential basis. The process involving the OGC and the Department is extremely open. The OGC, which has the ability to disseminate best practice across government, helps and advises the Department when it has a project to deliver, and it is right that, once the Department owns that project, such information be kept confidential. If we took confidentiality away from the discussions we would not have such open and honest negotiations. Lessons would not be learned to the same extent, and the value added by the process could be significantly diminished.

Mr. Bacon: Does the Financial Secretary agree that the evidence is overwhelming that lessons are not being learned, as the history of the past 20 years has shown? I have made the point clearly that parties of both political complexions have suffered from this problem. The Financial Secretary says that the discussions between the Department and the OGC are very open. That is okay, but what about the suppliers? How can the situation be acceptable if suppliers do not even know that a gateway review is taking place? What is the Treasury afraid of?

Ruth Kelly: This is a question of learning from experience, and I can assure the hon. Gentleman that such lessons are being taken on board. He has given examples of projects going back 15 years or more, and we do of course share the concern that he and other Members have expressed this afternoon about performance in relation to IT procurement. We are

determined to improve and the OGC process is a vital contribution to the debate. On the particular issue of a new statutory framework, I can tell the hon. Member for South Norfolk that I am committed to taking away this interesting proposal and looking into it further. He will understand that I cannot give an instant answer to that proposition, but I commit myself to writing to him about his interesting suggestion.

I hope that that illustrates the fact that we are committed to learning from experience. We are open to new ideas about how to take this forward. I believe that the OGC process has been and is valuable, and that some of its fruits may not be felt for many years to come, but will be significant in the future.

Many other issues have been raised in the debate and hon. Members will understand that I do not have time to respond to them all. Some concern individual Departments. My hon. Friend the Member for Glasgow, Pollok asked about the sheep regime and it is important to pass his question on to the appropriate Department, and the same applies to the points made about the Home Office building. The Home Office response highlighted the positive contribution that the new building will make to its operation in the future. It is something that is quite hard to quantify and to take into account—and the same applies to other points.

We have had a valuable and useful debate. It has been stimulating and enjoyable, demonstrating the value of the Public Accounts Committee's work in adding to the process of parliamentary scrutiny. I look forward to the Committee continuing its extremely valuable work throughout the coming year.

6.56 pm

Mr. Leigh: I would like to add my thanks to all members of the Committee for what they have said in today's debate and, indeed, for serving on it. I shall run through them quickly.

First, the hon. Member for City of Durham (Mr. Steinberg) is, with his humour and his knowledge, an extraordinarily valuable member of the Committee. In a particularly brutal hearing on tax credits, he reminded the chairman of the Inland Revenue, Sir Nick Montague, that he had received more letters on the subject than any other, apart from fox hunting. Quick as a flash, Sir Nicholas replied:

"I have to be thankful for small mercies, Mr. Steinberg. Fox hunting is not a subject about which you write to me."

We are very grateful to the hon. Gentleman for his contribution to our Committee.

We are also grateful for the wise counsel of the soon-to-be Father of the House, the right hon. Member for Swansea, West (Mr. Williams), who keeps us on the straight and narrow and reminds us when we are in danger of veering away from the ancient precedents of our venerable Committee. He is another extraordinarily valuable member. What he said today about benchmarking was important and we should take it away with us. The point was reiterated by the hon. Member for Glasgow, Pollok (Mr. Davidson). We should have more international comparisons; we are too insular in our work.

I would also like to thank my two hon. Friends—if I may put it that way—the Members for Sheffield, Hallam (Mr. Allan) and for South Norfolk (Mr. Bacon) for their extraordinarily skilful speeches on IT. I did not lose the will to live during their speeches. They are not anoraks, but are contributing a great deal to saving many tens of millions of pounds. We will have to return to the issue of gateway reviews. We may be able to debate it further in our Committee. We have also spoken today about how best to publicise findings and how to avoid the eternal reiteration of mistakes, about which Karl Popper spoke, as mentioned in the debate.

The hon. Member for Dagenham (Jon Cruddas) spoke well about the central paradox that the Committee has to deal with—the efficiency of the public sector. Somehow in our Committee, if nowhere else in the House of Commons, we manage to avoid it becoming a party political issue. It is something on which we can all agree, whatever our views—that we have to make the public sector far more efficient than it has been under this Government, under the previous Government and, indeed, under any Government.

I would also like to thank my hon. Friend the Member for Arundel and South Downs (Mr. Flight), who did a feisty canter across the ground and injected a little bit of party politics into the debate—and what is wrong with that?

I also thank the Minister for being a member of our Committee, even though she cannot turn up for sittings. We are very grateful for all her work.

Finally, I am grateful for the very kind personal appreciation that the hon. Member for Tamworth (Mr. Jenkins) gave me. He is the hardest working member of our Committee and we are all very grateful to him.

This has been a good debate and we will carry on our work.

Question put and agreed to.

Resolved,

That this House takes note of the 1st to the 16th, and the 18th and 19th Reports of the Committee of Public Accounts of Session 2003–04, and of the Treasury Minutes and the Northern Ireland Department of Finance and Personnel Memorandum on these Reports, Cm 6130, 6136, 6155, 6175, 6191 and 6244.

Domestic Violence

Motion made, and Question proposed, That this House do now adjourn.—*[Mr. Ainger.]*

6.59 pm

Vera Baird (Redcar): Two women a week are killed by violent partners. Thirty men a year are killed by their battered partners. Many of the men and women charged with those killings put up the defence of provocation. If the jury accepts it, they will be convicted only of manslaughter and not of murder. In those circumstances, the punishment is not a mandatory life sentence, but is at the judge's discretion.

The Government are undecided about whether to change the law on provocation imminently. I shall set out what happens under the current law.

In domestic killings, men kill because of anger and sexual jealousy. Women kill because of abuse. I have defended many women over the past decade who have killed their partners, and I have never come across one who has killed from sexual jealousy or anger. The women whom I have defended have killed only after being beaten and abused, sometimes for years.

In the defence of provocation, the defendant says that the killing was done during a sudden and temporary loss of self-control caused by things said or done by the victim, and in circumstances in which a reasonable person might have reacted as the defendant did.

The point of the defence is that although the defendant has killed, his blameworthiness for overreacting is mitigated by the provocation from the victim. Originally, the defence required the provocative conduct to be wrong. The philosophy behind provocation—that its presence reduces the blameworthiness of killing—would not make sense if a victim did only what she had a right to do, or if she was not wrong to do it.

As long ago as the 19th century, judges thought it a misuse of the defence of provocation to say that a man was provoked to kill when his wife left him. They had a power to withdraw the defence from the jury's consideration when it was levelled against rightful acts, or acts that were not wrong. In such circumstances, the judges did withdraw the defence. Of course a woman has a right to leave a man if she does not want to live with him. He can divorce her but he cannot kill her, unless he wants to be convicted of murder.

However, in this century the requirement that the provocation must be wrong in some way has disappeared. One man was acquitted of murder when he claimed that he had been provoked to kill by a baby crying.

In recent years, there have been cases in which women have been killed and men have said that they were provoked to lose their self-control by nagging. For one man, the final provocation was the way that the woman moved the mustard pot across the table. In a case in Leeds, the defence of provocation was successful in a case in which a man had killed his wife not because she had left him but because she had told him that she was thinking of leaving him and going to live with her gym trainer.

We must remember that there are two parts to the defence of provocation. It does not work unless, in addition to showing provocative conduct, the defendant shows that a reasonable person might have reacted to that conduct as the defendant did. Surely killing a partner for moving the mustard pot in a certain way and saying that she fancies her gym teacher is not the reaction of a reasonable person, so how did it come about that these men were acquitted?

The culprit is the House of Lords. In the case of Morgan James Smith in 2000, the Lords said that, when considering whether a reasonable person might have reacted to the provocation as the defendant did, all the characteristics of the defendant must be taken into account. Clearly, to be fair, one must consider whether a reasonable person of the same age might have reacted in the same way, as self-control goes with maturity. However, in the Smith case it was stated that all the defendant's characteristics have to be taken into account, including any that might lower his standards of self-control below the ordinary.

For that reason, a defendant's bad temper and alcoholism are his characteristics and must be taken into account when consideration is given to whether any reasonable person would have done as he did. Therefore, one is supposed to impute the fine characteristics of the reasonable person, and then ask whether a reasonable person who is bad tempered and alcoholic might have behaved as the defendant did.

However, if one imputes the defendant's characteristics to the reasonable person, the reasonable person turns into the defendant. Therefore, the question of whether a reasonable person—who has now become the defendant—might have reacted as the defendant did is meaningless, as there is no second requirement. At present, there is no need for conduct to be wrong to be called provocation, trivial behaviour cannot be withdrawn from the jury by the judge, and there is no second requirement at all. Add it all together and the only question left for the jury in a provocation defence is whether he lost his self-control because of something she did. If so, he has a defence. That is hopeless. It offers no protection or rational basis for jury decisions. In addition, what does it say to her children or parents if the state says that his blame is less and she bears responsibility for her own killing because she moved the mustard pot?

The typical killing by a battered woman is not from anger and does not fit the sudden and temporary loss of self-control model of provocation. Almost all such killings take place when she is under attack. She flees into the kitchen, he comes after her, she seizes a knife, she turns and she stabs him once. There is no defence of killing out of fear or despair that accommodates battered women in the way that provocation and killing out of anger accommodates men. However, there is far more emotional and psychological stress to justify a finding of less blameworthiness if someone kills after long tolerance of harsh wrong treatment, rather than suddenly in anger.

One might think that the run into the kitchen and the turn round under attack is self-defence, but it is excessive. To be a defence, self-defence must be proportionate. If a woman is attacked only with fist or boot and even if the man is stronger and has used violence before, if she takes a weapon, lashes out and kills him, the jury will not acquit her on self-defence. It is excessive. It is disproportionate. Excessive or

disproportionate self-defence leads to a conviction for murder, not for manslaughter. If I overreact to provocation, as a man may do, it is manslaughter. If I overreact to being attacked, as a woman may do, it is murder.

Women in court are now defended on two bases. First, the defence tries arguing that the act was proportionate self-defence. Secondly, if that fails, she falls back on the claim that the attack provoked her into a sudden and temporary loss of self-control that would have caused a reasonable person to do as she did and kill. But proportionality in the first defence of self-defence requires measurement and deliberation. The defence of provocation requires a sudden and temporary loss of self-control and a lashing out—an overreaction. It requires that a person has acted disproportionately. The two defences are inconsistent.

Women do not fit the hot-tempered provocation model into which one tries to squeeze them. The jury can see perfectly well that the woman is outside provocation and that she has not killed from anger at a wrong, but in terror and despair at yet another beating. So both defences usually fail, and thus do violent men who lose their self-control get away with murder and battered women get convicted of it. That is unjust. It is also sexist. The Government will introduce a duty on public authorities to promote gender equality, but the courts, which have to implement the current law on provocation and manslaughter, will not be able to comply.

The Government know well that the need to reform the law is urgent and they have asked the Law Commission to consider the issue and make proposals. The Law Commission has done so. I am told by Mr. Justice Toulson that the proposals are unlikely to change and have been well received, with few exceptions, by the judiciary and by academics. I can say that the Fawcett Society, Justice for Women, Rights of Women, Southall Black Sisters, Women's Aid and all the women's lobby groups who deal with the issue are 100 per cent. behind the proposals.

The purpose in asking the Law Commission to look at provocation was to consider legislation, so the terms of reference asked for special attention to domestic violence. However, the Law Commission has worked out a defence for all manslaughter to an outstanding level, which goes much wider than the terms of reference. The calibre of the proposals is very good. Under them, unlawful homicide that would otherwise be murder would be manslaughter if the defendant acted in response to various factors. Change No. 1 is gross provocation, meaning words or conduct—or words and conduct—that caused the defendant to have a justifiable sense of being seriously wronged. That would restore the moral basis for provocation—that the conduct in question must be wrongful. The defendant would have to have legitimate grounds for feeling strongly aggrieved by the conduct of the person. The question of whether that was justifiable would be for the jury, not for the defendant. Gross provocation ups the level of conduct needed to arouse a justifiable sense of grievance. Anything less than gross, anything less than wrongful and the court will be able to withdraw the defence from the jury, because change No. 2 is that the judge will not be required to leave the defence to the jury unless there is evidence on which a reasonable jury, properly directed, could conclude that it might apply.

Under change No. 3, homicide that would otherwise be murder would be manslaughter instead if the act was carried out from fear of serious violence, so the woman under attack in the kitchen would not have to pretend that she acted out of loss of self-control; she will be protected if she acted from fear of serious violence. Of course, before the jury looks at that partial defence it will have to look at self-defence, where that has been raised, but if it finds that the defence was disproportionate it will ask whether it was too much because the woman was afraid.

It is a measure of how fair and realistic the report is, and of how commendable it is, that the Royal College of Psychiatrists gave evidence to the Law Commission, challenging the assumption that anger—the male emotion—cannot be a justification for responsive violence, while fear—the female emotion—can be. The RCP pointed out that the two emotions of anger and fear are not distinct and that physiologically anger and fear are identical. Many mental states that accompany killing also incorporate psychologically both anger and fear. Hence the abused woman who kills in response even to an immediate severe threat will be driven at least partly by anger at the years of abuse meted out to her and perhaps to her children.

Change No. 4, homicide that would otherwise be murder, can be reduced to manslaughter by a combination of gross provocation causing a justifiable sense of wrong and fear. Morally, of course, the common element is that it is a response to bad conduct. The person would not kill at all had they not been attacked.

Even if there is gross provocation engendering a justifiable sense of wrong it by no means follows that an ordinary person would have reacted in the way that the defendant did. Most people suffer gross provocation from time to time but they do not kill. The final change is that the defence would be available only if a person of ordinary self-control in the circumstances of the defendant might have reacted in the same or a similar way. That would still take into account all the defendant's characteristics, such as age, but not matters that bear simply on his capacity for self-control—so no more bad temper, no more alcohol.

A man or a woman, seriously wronged, justifiably feeling that they have been seriously wronged and exercising ordinary self-control, but who kills will have that defence. Women, killing under serious fear of violence, will also have that defence. All will become far more equal. The case for change is overwhelming. The Law Commission's proposals are rational, clear, just—not sexist—and fair. They can be put into the Domestic Violence, Crime and Victims Bill through an amendment that has already been tabled, so this is my sole question to my hon. Friend the Minister: why not?

7.13 pm

The Parliamentary Under-Secretary of State for the Home Department (Paul Goggins): I am grateful to my hon. and learned Friend the Member for Redcar (Vera Baird) for initiating this important debate. To the long list of attributes that we associate with my hon. and

[Paul Goggins]

learned Friend we can now add stamina, as she and I, as well as the hon. Member for North Down (Lady Hermon) and my hon. Friend the Member for Colne Valley (Kali Mountford), who are also in the Chamber, have been discussing the detail of the Domestic Violence, Crime and Victims Bill since about 10 past nine this morning.

My hon. and learned Friend speaks with great experience and authority on these extremely important issues. As she said, two women are killed every week by a male partner, or former partner, while about 30 men are killed by a female partner, or former partner, each year. Getting the criminal law right is essential to deal justly with such cases and an important part of getting domestic violence fully recognised for the serious offence that it is.

The Government have sought to engage the public on these issues, setting out our proposals in "Safety and Justice", which was published just a year ago in June 2003, and introducing the Domestic Violence, Crime and Victims Bill in this Session of Parliament. It is vital that we get the law right and that we deal with the perpetrators, as well as find and develop practical ways to provide effective help and support for victims.

The Government fully recognise and share the concern about the way in which the law on homicide operates in relation to domestic violence cases. In particular, we understand the concern that recent developments in the law have led to an extension of the scope and availability of the partial defence to murder of provocation well beyond what was envisaged in section 3 of the Homicide Act 1957. Those developments have allowed a subjective test for provocation, based on the defendant's characteristics, rather than the more objective test of what a reasonable reaction to the provocation would be. My hon. and learned Friend outlined very graphically the impact of that on individual families.

Of course sexual jealousy, however much it may enrage the person who suffers from it, should never be seen as a justification for killing someone; nor should infidelity be an excuse for taking someone's life, however devastating it may be. There is also a deep worry that current sentencing in relation to manslaughter by reason of provocation in cases of domestic violence homicides does not adequately reflect their seriousness and the loss of life involved.

The Government agree that the current position on provocation is unsustainable. Indeed, for that reason, we asked the Sentencing Advisory Panel to consider the sentencing issues and the Law Commission to analyse provocation as a partial defence. The Law Commission was the right body to do that. It is eminent in law reform and respected in legal circles and more widely. It has been able to research this issue thoroughly and provide a very detailed legal analysis of the present law and the options for reform.

In addition, the Law Commission has been able to canvass a wide range of views and opinions, consulting extensively across the appropriate groups and individuals. My hon. and learned Friend named some of the organisations, such as Southall Black Sisters, Justice for Women, the Women's Aid Federation of England, Rights of Women and, indeed, the Fawcett Society, in which she plays such a prominent role. All those organisations have provided useful information about the problem. Their insight will be vital in ensuring that we deal with the right issues and find solutions that really work.

This concern is not new. We highlighted our concerns about the law on provocation generally and the particular problem with domestic homicides in the "Safety and Justice" domestic violence consultation paper that I referred to earlier. Indeed, the Domestic Violence, Crime and Victims Bill, currently in Committee, contains important measures to help to tackle the evil that is domestic violence. Those measures include making common assault an arrestable offence; making breach of non-molestation orders a criminal offence; establishing domestic homicide reviews; and strengthening provisions on restraining orders, including making them available on acquittal. All those important changes demonstrate our total commitment to dealing with such crime with all the severity that it properly deserves.

In "Safety and Justice", we identified two strands to the problem with the way that the law on provocation works at present: first, the problem with the way the law has developed since Morgan Smith, to which my hon. and learned Friend referred, and the subjective interpretation of provocation provided by that case; and secondly, the problem with sentencing. It is true that a good part of the problem lies on the sentencing side. There is a large gap in the sentences given in cases of murder and manslaughter. Murder receives a mandatory life sentence, with a starting point of at least 15 years, as established in the Criminal Justice Act 2003. Although manslaughter can attract a discretionary life sentence, sentences in practice are generally of determinate length and, for domestic homicides, will usually attract a sentence of four to eight years' imprisonment.

Under current licence arrangements, the defendant can expect to serve two thirds of such a sentence, so the difference in time actually served can be very large indeed. That puts great weight on the partial defences, because the consequences can be so significant. For that reason, we asked the Sentencing Advisory Panel to examine sentencing when provocation reduces a charge of murder to a conviction for manslaughter, especially when the offence arises in a domestic context. Its analysis, which was published in its consultation paper, shows clearly how wide the sentencing gap is at present. Nevertheless, its proposals would place most cases of manslaughter by provocation—whether or not in a domestic context—in the medium or low ranges of seriousness. That would give starting points of six or two years respectively and would, in practice, do little to address the present sentencing gap.

The next stage for the Sentencing Advisory Panel, following an assessment of the responses to the consultation, will be for it to put proposals to the new Sentencing Guidelines Council, with the final guidelines ultimately coming before Parliament for debate. We are keen for all those with an interest to engage in the process and hope that that will ensure the development of appropriate guidance that reflects both justice and fairness.

As regards the partial defence itself and the formulation of the criminal law, we are concerned, as I said, about domestic homicides in which the alleged provocation is due to sexual jealousy or infidelity, for it is in such cases that raising the partial defence often involves an attack on the victim's reputation. We know that that can be extremely traumatic for the family. Understandably, they will perceive that the verdict, or acceptance of a plea, in such circumstances means that the victim was to blame for his or her death. We need to tackle that, so the Law Commission's work could be helpful. My hon. and learned Friend outlined the provisional proposals in detail. They would remove the concept of loss of self-control, so that could no longer form the basis of a defence, and substitute fear of serious violence and words or conduct that caused the defendant to have a justifiable sense of being wronged as the grounds for defence.

Even within the context of domestic violence, however, the proposals have major implications that require careful thought. In particular, the concept of a justifiable sense of being wronged could have unintended implications. Of course, we cannot limit the debate to that context alone. As I said earlier, this area of the law is important in relation to domestic violence, but the importance of provocation goes much wider.

Partial defences to murder, including provocation, provide the boundary line between murder and manslaughter across homicide offences in general, so we need to look at the law for all homicides. Our aim must be to find a balanced solution that will address the differing types of homicide coherently while providing public confidence that the law is fair and right. In such a complex area of the law, the potential for unintended consequences is huge.

I should make it clear that we do not think that the option of a defence only for cases of domestic violence would work. There is no definition of domestic violence in law and, as we have been debating in Committee, there are good reasons for that. For a start, it would be difficult to reach a clearly agreed firm definition. The criminal law must provide certainty about its scope, but how would that work for domestic violence homicides? Violence between partners would clearly be covered, but what about casual relationships between two people who had perhaps met only that day or earlier in the same week? Where would we draw the line? What about child homicides, perhaps following a prolonged period of physical or sexual abuse? There would need to be a convincing reason why people who committed the same basic offence, but in different contexts, would have different defences available to them.

I want to consider briefly what the Law Commission proposes in the wider context of homicide as a whole. Its provisional proposals have some attractive features, but they would represent a major change from the way in which the law works at present. At present, provocation provides an excuse for homicide, because although an offender killed, that can be partially excused because he lost control. However, the courts have stretched that to take account of the very different position for women who kill. Under the Law Commission proposal, the killing would be deemed partially justified in certain circumstances, which is a very significant change indeed with far-reaching ramifications. We need to consider how it would work, not just in the domestic violence context, where there could be difficult areas such as "honour" killings, but in other circumstances. For example, it might be possible to argue that some gangland killings meet the criteria. We need to reflect on that major issue of principle and policy in criminal law. It would certainly be irresponsible to adopt such a radical change too quickly. We also have to look with great care at the balance between providing a defence that is subjectively based on the defendant's characteristics and making the defence wholly objectively based. That needs to be debated fully to ensure that we reach a solution that commands public confidence in the rule of law.

The Law Commission is still working on its final report. Its proposals have been strongly welcomed by some groups, although areas of particular concern have also been identified. We must make sure that it has the time to complete its work fully, analyse the responses and take them on board. Moreover, we need to take a comprehensive look at the underlying principles, as this is not an area for quick decisions. The Law Commission's thorough analysis will be crucial in helping us to clarify our understanding of the issues involved. The present law was put in place in 1957, and we need to undertake careful reflection and study the Law Commission's proposals in depth before we set it aside. Given that legislating on provocation is a complex area of law, it clearly makes good sense to await the final report by the Law Commission. We will then look at its recommendations carefully before we consider taking legislative action. We will need to ensure that we have checked the full intended consequences of the proposed changes, and that we have picked up any unintended consequences.

I believe that at this stage it is too early to legislate. We have more work to do if we are to get this important issue right, and we are all too aware of the problems created by rushed legislative change. The Domestic Violence, Crime and Victims Bill is a crucial further step in the Government's determined efforts to deal with the horror of domestic violence. Further development of our thinking on provocation and the changes to the law that may be required should be undertaken with great care to ensure that we get it right.

Question put and agreed to.

Adjourned accordingly at twenty-seven minutes past Seven o'clock.

House of Commons

Wednesday 30 June 2004

The House met at half-past Eleven o'clock

PRAYERS

[MR. SPEAKER *in the Chair*]

Oral Answers to Questions

NORTHERN IRELAND

The Secretary of State was asked—

Grammar Schools

1. **Sir Teddy Taylor** (Rochford and Southend, East) (Con): How many representations he has received about the future of grammar schools in Northern Ireland. [180480]

The Parliamentary Under-Secretary of State for Northern Ireland (Mr. Barry Gardiner): As at 10.30 this morning, there were 65.

Sir Teddy Taylor: Will the Government reconsider their decision to abolish academic selection for grammar schools, given that it is clear that the majority are opposed to the change and that Northern Ireland has such an excellent educational record? Is it not genuinely strange for a Labour Government to introduce a scheme that will deprive able children from working-class homes of the opportunity to break through the system, and to replace it with a system of class segregation whereby wealthy people in wealthy areas will get the best education, while poor children living in poor areas will be stuck where they are? Does the Minister agree that a Labour Government should think again about that, because it is not fair and not right?

Mr. Gardiner: I welcome the hon. Gentleman's focus on children, because in the ongoing debate we often look at structures instead of standards and children's needs. I remind him, though, that two thirds of respondents to the Northern Ireland household survey clearly stated that they wanted an end to the 11-plus, or secondary transfer test, and a similar proportion said that they wanted some form of academic selection. I am surprised that we sometimes understand the word "selection" to mean segregation, because it is not. Children can be set appropriately in maths, French or history; but what on earth makes us think that because one is good at maths, one has to be good at history and French, too, or that because one is bad at one of those subjects, one is bad at all the others? There is no need to segregate children at the age of 11.

Mr. Brian Jenkins (Tamworth) (Lab): Does my hon. Friend share my sense of disappointment that the question has not been answered by the Minister who made the decision on selection in the Northern Ireland Assembly, to which he is accountable under the watchful eye of the people of Northern Ireland? Does this snapshot of education in Northern Ireland misunderstand the complicated situation there?

Mr. Gardiner: Of course it would be better were these decisions taken by the Northern Ireland Assembly, but my hon. Friend will understand that the post-primary review was inaugurated by that Assembly, and in that sense we are carrying on its work.

Mr. Roy Beggs (East Antrim) (UUP): It has been clearly shown that our education system in Northern Ireland is socially inclusive, that a higher percentage of pupils gain university places than elsewhere in the United Kingdom, and that standards of achievement in our secondary schools continue to improve. Will the Minister therefore tell the House why he seeks to destroy our grammar school system? The proposals were rejected by a majority of respondents in the widest consultation ever to take place in Northern Ireland. Why has no alternative to the existing transfer procedure been proposed; and why is the Minister helping to wreck an education system that has proved successful for all the people of Northern Ireland?

Mr. Gardiner: We are not trying to do away with or abolish the grammar school system; that is clear. The hon. Gentleman focuses on the good things that the Northern Ireland education system has achieved, and he is right to do so. I pay tribute—as, no doubt, would he—to the teachers, students and parents who have contributed to those achievements. As he will know, however, 21 per cent. of all children in Northern Ireland leave secondary education without a single qualification at GCSE grades A to C, and 24 per cent. of young people aged 18 to 25 have no literacy or numeracy at skills level 2. That is why we need the entitlement framework and the proposals made by the post-primary working group.

Mr. David Lidington (Aylesbury) (Con): The Minister has voted in the past for parents in England to have a ballot before academic selection was ended in their locality. Why will not he allow a similar ballot to parents in Northern Ireland?

Mr. Gardiner: Mr. Speaker, you will forgive our incredulity at the Tories' posing as the great protectors of the grammar school. Mrs. Thatcher closed more grammar schools than any other Secretary of State for Education. When will they learn that standards, not structures, matter in education? They do not care about grammar schools. Even now, they propose to take £1 billion out of our schools, including grammar schools, to pay for—

Mr. Speaker: Order. I must have shorter questions and shorter replies.

Mr. Lidington: The Minister was clearly embarrassed by his inability to justify the double standards that the Government apply to their policy on grammar schools

in England and Northern Ireland. He made a great deal of the 11-plus and his objections to it. Why will not the Government consider seriously the alternative models of academic selection that the grammar school head teachers propose and which operate in countries such as Germany, which have academic selection without the 11-plus?

Mr. Gardiner: We are listening to all the proposals because we are in the consultation period. However, I emphasise that the review was initiated in the Assembly and that the household survey was subject to the widest consultation in Northern Ireland. We are determined to push the proposals because they originated from the will of the people of Northern Ireland.

Ian Lucas (Wrexham) (Lab): Will my hon. Friend make clear the comments of the Costello report about the educational benefits of the 11-plus?

Mr. Gardiner: Yes. I would welcome doing that. The report made it clear that there were no educational benefits to segregating children into academic and vocational routes at the age of 11. It also pointed out that it was wrong to presume that more able pupils should always follow an academic rather than a vocational route.

Pension Payments

2. **Rev. Martin Smyth** (Belfast South) (UUP): Whether an equality assessment was made of the impact of the decision not to pay double pensions through the Post Office bank account in Northern Ireland for 12 July. [180481]

The Minister of State, Northern Ireland Office (Mr. John Spellar): Customers paid by direct payment have their accounts credited on the last banking day prior to the holiday in all cases.

As that arrangement did not change with the introduction of the Post Office card account, there was no requirement to conduct an equality impact assessment.

Direct payments due to credit accounts on 12 or 13 July 2004 will be credited on 9 July.

Rev. Martin Smyth: I am amazed by that answer, because postmasters and others have been in touch with me about the impact of the decision and the misleading guidance of the Bank of England, which states that 12 July must be viewed as a local holiday whereas 17 March and the Scottish day at the beginning of the year are also local holidays. Is it not passing strange that the Bank of England, which owes its existence to the Williamite revolution, targets us for commemorating it?

Mr. Spellar: I thank the hon. Gentleman for that brief historical journey. However, on pensioner benefits, those who were due to be paid on 12 and 13 July, which is a local bank holiday, as he rightly says, will be credited on 9 July. They will therefore get their money slightly early.

Asylum Seekers

3. **Lady Hermon** (North Down) (UUP): What alternatives to HMP Maghaberry have been identified by the Department as appropriate accommodation for asylum seekers in Northern Ireland. [180482]

The Parliamentary Under-Secretary of State for Northern Ireland (Mr. Ian Pearson): Currently, 140 people are supported by the National Asylum Support Service in Northern Ireland. A total of 14 immigrant detainees are currently accommodated by the Prison Service. One is temporarily in Maghaberry, three are in Hydebank Wood and 10 are in hostel-type accommodation adjacent to the old Crumlin Road jail. All 14 have been offered the option of being held in a detention centre in Great Britain.

Lady Hermon: I am grateful for that detailed response but I remain unhappy and concerned about the conditions in which asylum seekers are kept at various locations in Northern Ireland. Will the Minister please facilitate a visit by me and representatives of various Churches to all the locations where asylum seekers are currently held?

Mr. Pearson: I would certainly be very happy to facilitate the visits that the hon. Lady requests. She will be interested to know that the Law Centre and Amnesty International have viewed the accommodation at the outworking centre by the Crumlin Road jail, and said that it is far more suitable than the accommodation at Maghaberry prison. I hope that she will take some reassurance from that.

Paramilitary-style Assaults

4. **Mr Adrian Bailey** (West Bromwich West) (Lab/Co-op): What efforts he is making to eradicate paramilitary-style assaults on the civilian population of Northern Ireland. [180483]

The Parliamentary Under-Secretary of State for Northern Ireland (Mr. Ian Pearson): The police are doing all that they can to bring those responsible for these vicious assaults to justice, but it is not solely the responsibility of the Government to seek to bring these attacks to an end; it requires the support of the whole community. We continue to call on those with influence over the paramilitary groups to demand a complete cessation of these barbaric acts.

Mr. Bailey: I thank the Minister for his reply. The first report of the Independent Monitoring Commission stressed that everyone in Northern Ireland with a community responsibility had a duty to do everything in their power to end these attacks. Will my hon. Friend tell us what progress has been made on that front?

Mr. Pearson: The Government are engaging with politicians and community leaders at all levels in an attempt to bring these barbaric acts to an end. In addition, the policy of community policing is being vigorously taken forward, the better to integrate police on the beat with their local communities and to build support and trust within those communities. It is

important that we continue to do all this work with the police acting on the ground at community level and with the Government engaging with political and community leaders. We are quite clear that all paramilitary activity must cease, and that must be the clear objective of the intensive discussions that will take place in September.

Lembit Öpik (Montgomeryshire) (LD): One paramilitary-style assault that led to a conviction for murder was the killing by two Scots Guardsmen, Mark Wright and James Fisher, of Peter McBride in 1992. Is the Minister aware that my hon. Friend the Member for Brent, East (Sarah Teather), together with *The Irish World* and other media outlets, has sought to highlight the findings of the independent assessor for military complaints procedure, Jim McDonald, who criticised the readmission of Wright and Fisher to the armed forces? What assessment has the Minister made of Mr. McDonald's assessment?

Mr. Pearson: I admire the hon. Gentleman's ingenuity in asking that question. I have not yet had a chance to read that report, but this is essentially a matter for the Ministry of Defence, and I shall bring it to that Department's attention.

Mr. Seamus Mallon (Newry and Armagh) (SDLP): The Minister will be aware that in the past three weeks, two of my constituents were beaten almost to death, one by loyalist paramilitary groupings, the other by republican groupings. Does the Minister agree that this type of cudgel policing in parts of Northern Ireland is being used by paramilitary groups to gain a stranglehold? Will the Government again make it clear, along with the Irish Government, that any political grouping that continues to associate with illegal armies has no place in the legitimate political process?

Mr. Pearson: I agree with my hon. Friend. These paramilitary-style attacks—so-called punishment beatings—are completely unacceptable. I totally reject the term "punishment beatings" which is sometimes used, because it gives a spurious respectability to the activity and hides the level of violence that is taking place in Northern Ireland today. People are being crippled, made limbless or becoming brain damaged as a result of these attacks. They must cease, and we must call on all responsible politicians in Northern Ireland to ensure that that happens.

Mr. Desmond Swayne (New Forest, West) (Con): The Minister was quite right to stress the importance of policing as a response to paramilitary assaults. However, the number of officers who have left the part-time reserve since June 2000 has been 313, while only 108 have joined. How can he therefore contemplate dispensing with the services of the full-time reserve?

Mr. Pearson: The Chief Constable will review the issue of the full-time reserve and produce recommendations in the autumn. The policing budget in Northern Ireland this year is some £726 million. I believe that we have a reforming and totally transformed police service in Northern Ireland that is doing an effective job at community level and in tackling paramilitary activity wherever it occurs, and I am sure that it will continue to do so.

Devolved Government

5. **Helen Jackson** (Sheffield, Hillsborough) (Lab): What recent assessment he has made of the prospects for the reinstatement of devolved government in Northern Ireland. [180484]

The Secretary of State for Northern Ireland (Mr. Paul Murphy): As the Prime Minister said on Friday, it is time to complete the negotiations with a conclusive agreement or find another way forward. The Prime Minister made it clear that there will be intensive talks in early September. Our position is clear—we need to see an end now to all forms of paramilitary activity, and it is imperative that we restore as soon as possible a stable and inclusive partnership government in Northern Ireland.

Helen Jackson: I thank my right hon. Friend for that answer. When we were in Northern Ireland recently, it was trade unions, business and community organisations that urged us most strongly towards an early reinstatement of devolution in Northern Ireland. That was not a criticism of him or his fellow Ministers but a desire for an early return to normality. What chance has he had to discuss the issue closely with those organisations, to enable them to make their voices heard?

Mr. Murphy: My hon. Friend is right. Last week, I talked to the Irish TUC, its general secretary and president, and to the CBI and other business leaders. It is important that civil society in Northern Ireland recognise the accessibility of devolution and local administration. We want a swift end to the present situation of direct rule and the restoration of the Assembly and the Executive. It is also worth reminding the House that all political parties in Northern Ireland also want an end to direct rule and the restoration of devolution as soon as possible.

Mr. David Trimble (Upper Bann) (UUP): I welcome the fact that the Government are finally planning in the autumn to have a series of intensive discussions, which, unfortunately, are much postponed. Will the Secretary of State make it clear, however, that that is not just yet another target but that it really is a deadline, and that the Government will stick to this—*[Interruption.]*

Mr. Speaker: Order. Perhaps we could have some quiet in the Chamber.

Mr. Trimble: Thank you, Mr. Speaker. Will the Secretary of State make it clear that this really is a deadline and not just another disposable target, and that if the deadline is not met, there will be firm action by the Government to make it clear to the parties that have been dragging their feet over the past couple of years that the Government will move on, close down the Assembly and put in place alternative arrangements?

Mr. Murphy: I understand that there are other attractions besides me in the Chamber this morning. The right hon. Gentleman is absolutely right that both the Prime Minister and the Taoiseach said on Friday that these talks in September must decide the issues that

are in front of us. We cannot go on for ever in this way. In answer to my hon. Friend the Member for Sheffield, Hillsborough (Helen Jackson), who said rightly that there is an appetite for devolution in Northern Ireland to return, we understand the issues that must be dealt with when we return in September. The right hon. Gentleman is right that we must decide them then.

Mr. Stephen Pound (Ealing, North) (Lab): As one whose head feels even more naked than usual today, may I ask my right hon. Friend whether he was as intrigued as I was to read in this morning's paper that the hon. Member for East Londonderry (Mr. Campbell) has stated that the Democratic Unionist party will enter into talks with Sinn Fein towards a devolved government when Tim Henman wins the men's singles at Wimbledon? May I ask my right hon. Friend, whose skills and abilities are widely respected in this House, whether he can offer us any hope that this happy event may come about? While we are cheered that at least the DUP is talking about talking about talks, we may, at the end of the day, yet again be cheated by the Swiss.

Mr. Murphy: I have always believed that international involvement in the Northern Ireland peace process is important, but that is a rather roundabout way of getting to it.

As my hon. Friend says, the parties must engage with each other in the talks. I believe that the DUP is serious in wanting an end to direct rule and the restoration of the Assembly and the Executive; but like other parties in Northern Ireland, it wants an end to paramilitary activity first.

Decommissioning

6. **Sir Nicholas Winterton** (Macclesfield) (Con): What recent progress has been made on the decommissioning of illegally held weapons and explosives. [180486]

The Parliamentary Under-Secretary of State for Northern Ireland (Mr. Ian Pearson): There have been four acts of decommissioning to date. The latest act occurred on 21 October 2003, when the Independent International Commission on Decommissioning reported that it had witnessed a third event in which IRA weapons were put beyond use.

Sir Nicholas Winterton: I accept that there have been four such acts, but does the Minister accept that, although the last was slightly larger than the previous three, they have been only token acts of decommissioning? If Sinn Fein/IRA are serious about democracy and wanting to share power in Northern Ireland, they will have to decommission considerably more arms and make those decommissioning acts more meaningful. Is it not about time that the Government took this more seriously, and pressed Sinn Fein really, genuinely, to decommission its weapons?

Mr. Pearson: We are taking these matters seriously. It is important not to lose sight of the fact that three acts of decommissioning by the Provisional IRA have taken place. That was the start of the process, and the hon. Gentleman is right in the sense that the process must continue until all the apparatus of terrorism in all its forms has been dismantled. That is the clear objective of the Government, and it will be the clear objective of the intensive talks that we will hold in September.

David Burnside (South Antrim) (UUP): Why should the IRA decommission? The deadline was June 2000. The Government did not stick to the deadline. The Blair promise of action and expulsion was not adhered to. Why should the IRA decommission, when it has a very useful negotiating tool for the next raft of concessions to Sinn Fein/IRA?

Mr. Pearson: What is important is to recognise that the decommissioning process has started. Certainly we as a Government are not complacent. We want to see an end to all paramilitary activity, we want to see full decommissioning, and we want to see Sinn Fein take its place on the Policing Board. We need to ensure that all the parties are agreed and signed up to this, and that the Provisional IRA and the other terrorist groups all put their weapons beyond use.

Core Syllabus

7. **Mr. Graham Allen** (Nottingham, North) (Lab): Pursuant to his oral answer of 11 February 2004, *Official Report*, columns 1403–04, on the core syllabus, what advice he has received from the working party on (a) the core syllabus in relation to religious education and (b) ensuring that children understand both Catholic and Protestant versions of Christianity; and if he will make a statement. [180488]

The Parliamentary Under-Secretary of State for Northern Ireland (Mr. Barry Gardiner): As part of the initial public consultation in September, respondents were given the opportunity to discuss their views further. Those meetings were conducted earlier this month, and views expressed are currently being considered by the working party. I now expect its advice in the autumn.

Mr. Allen: May I ask Ministers to redouble their efforts to ensure that all children in Northern Ireland, as elsewhere, are given the broadest possible base for both religious and non-religious education in values? Does my hon. Friend agree that the only people who will suffer from less religious bigotry in Northern Ireland schools are the men of violence?

Mr. Gardiner: I heartily agree. It is of course essential for children from all communities to experience not only the religious traditions of the other side, but the breadth of other faiths and world religions, which we are trying to make part of the curriculum. *[Interruption.]*

Mr. Speaker: Order. There are still a few minutes before Prime Minister's Question Time. May I ask the House to come to order?

Security Situation

8. **Mr. Henry Bellingham** (North-West Norfolk) (Con): If he will make a statement on the current security situation. [180489]

The Parliamentary Under-Secretary of State for Northern Ireland (Mr. Ian Pearson): Dissident republicans remain a threat to the peace process, but for the most part their activities have been thwarted, intercepted or nullified by good policing operations. The latest round of internal feuding between loyalist paramilitary groups ended following the murder of Brian Stewart in east Belfast last month.

Let us be clear about this: it is time for republican and loyalist paramilitary groups to make a commitment to ending all forms of violence.

Mr. Bellingham: Although, as the Minister says, the security situation is relatively stable, and as a consequence troop numbers are at their lowest level for a generation, what contingencies does he have for reinforcing troop numbers if that is necessary, especially given the huge overstretch in the armed forces?

Mr. Pearson: The hon. Gentleman will be aware of the recent announcement that two rear-based battalions will be taken from the authority of the General Officer Commanding Northern Ireland and transferred to other functions. Those matters are kept under constant review. The situation is such at the moment that the police have the full backing of the Army as and when they require it. I can assure the hon. Gentleman that that will continue to be the case.

PRIME MINISTER

The Prime Minister was asked—

Engagements

Q1. [181146] **Lynne Jones** (Birmingham, Selly Oak) (Lab): If he will list his official engagements for Wednesday 30 June.

The Prime Minister (Mr. Tony Blair): This morning, I had meetings with ministerial colleagues and others. In addition to my duties in the House, I will have further such meetings later today.

Lynne Jones: My right hon. Friend will recall his visit to Birmingham's university hospital trust. Since then, there have been year-on-year improvements in services, with waiting times for in-patients and out-patients now down to seven weeks. We are also getting a new hospital. However, will my right hon. Friend take care not to ape the desire of the Tories to reintroduce the market into public services, particularly when everyone knows that market mechanisms—

Mr. Speaker: Order. Supplementaries are supposed to be short. I call the Prime Minister to answer the question.

The Prime Minister: I will make sure that we make the health service a place where we can offer the very best quality care on the basis of need and not ability to pay. What my hon. Friend says about waiting lists falling is now true in her area and right throughout the whole country. All the waiting list figures are better, and I am sure that the House will be especially interested in the accurate figures for the East Kent Hospitals NHS trust, which show an 81 per cent. reduction in the total out-patients who are waiting 30 weeks or more. The Maidstone and Tunbridge Wells NHS trust shows a 76 per cent. reduction in out-patient waiting. I am sure that that will be particularly welcomed by the right hon. and learned Member for Folkestone and Hythe (Mr. Howard), who I hope will apologise this week for running down the national health service last week on the basis of wrong information.

Mr. Michael Howard (Folkestone and Hythe) (Con): Let me deal straight away with the Prime Minister's last point. My constituent was told that she would have to wait 20 months for radiotherapy. It turns out that that was a mistake. She should have been told—*[Interruption.]* She was told 20 months, but she should have been told 20 weeks, which is five months. If the Prime Minister and the party in government think that a five-month wait for treatment for someone with a life-threatening illness—*[Interruption.]*

Mr. Speaker: Order. Let the right hon. and learned Gentleman speak—*[Interruption.]* Order. If an hon. Member defies the Chair, they might have to leave the Chamber. That is the message that I am sending across the Chamber. Do not defy the Chair.

Mr. Howard: If the Prime Minister and his party think that the fact that someone has to wait five months for treatment for a life-threatening illness is something to boast about, they are even more out of touch with opinion in this country than anyone would have thought. Waiting lists are a British disease; the right to choose is the cure for them.

Will the Prime Minister tell the House whether he has won his battle against the Chancellor and the Education Secretary to set up 200 academies rather than 50?

The Prime Minister: Before I deal with city academies, let me first say this to the right hon. and learned Gentleman: I do not want anyone to have to wait for life-saving operations, but I point out that it is under this Government, with our mixture of investment and reform, that waiting lists are tumbling right round the country. His Government could not even meet an 18-month waiting list target.

We will publish our proposals on city academies next week, but I think that the right hon. and learned Gentleman will see that there is indeed an expansion of city academy schools. They are of course mixed ability schools that service their local area, and they will give children from some of the most disadvantaged backgrounds the opportunity to get high-quality education. Contrast that with the proposals that he announced yesterday, which are elitist, divisive and reactionary.

Mr. Howard: Let me make it clear: we welcome academies, which build on the successful Conservative idea of city technology colleges that the Labour party opposed. But the Prime Minister is only giving freedom to up to 200 schools. There are 20,000 state schools. Why cannot they all enjoy the same freedom?

The Prime Minister: I have to point out to the right hon. and learned Gentleman that actually, all the schools are getting much greater freedom and the specialist schools have greater freedom, which is one of the reasons why school results are going up. If he is talking about his party's record in education, I welcome this debate. Let me remind him that when he sat in the Conservative Cabinet, year on year, they cut spending per pupil. It is now up £800 a year per pupil since 1997. They had a capital spend of under £700 million; it is now £4.5 billion. They cut the number of teachers; we have raised the number of teachers. And barely half of 11-year-olds were getting the right results in primary school; now, three quarters are doing so. So let us have a debate about the right hon. and learned Gentleman's record and our own.

Mr. Howard: What the Prime Minister does not understand is that people are not just interested in the money that goes into education; they are interested in the standard of education that their children receive. Under this Government, one in three 11-year-olds cannot read, write or count properly; 1million children played truant last year; a teacher is attacked every seven minutes of every school day; and the number of parents appealing against the school allocated to their children by the state has gone up by 50 per cent. since 1997.

The Prime Minister is selecting an elite few schools and favouring them with more money and more freedom. Last night the Minister for School Standards spoke about Labour's vision

"of empowering our best schools."

Why should it be only our best schools? Why should Labour be creating a two-tier school system? Why cannot the Prime Minister treat all schools the same? Why cannot freedom be extended to the many, not the few?

The Prime Minister: I really do welcome this debate. First, let me point out to the right hon. and learned Gentleman—again—that actually, all schools are given far greater freedom now than under the previous Conservative Government. *[Interruption.]* Yes, they are. Secondly, in relation to the difference between us on policy, he is saying that schools should now decide all their admission policy, which would mean a return to selection at the age of 11. That would mean not parents choosing schools, but schools choosing parents. He is combining that with a private school subsidy that would cost, according to his own figures, about £1 billion a year. That would be money going straight out of the state system and into the private sector.

The truth of the matter is that the right hon. and learned Gentleman's policies on health and education are elitist, divisive and reactionary, because at their heart is always this idea that the best one can hope for in public services is to get out of them. It is precisely because we recognise that public services are for the many, not the few, that we are investing in them, improving them and making them fit for all.

Mr. Howard: No, we are not taking money out of the system. We are putting an extra £15 billion into the system, and if the Prime Minister thinks that that is a cut, he should start attending his own numeracy classes.

What on earth is the Prime Minister complaining about? Let me remind him and his colleagues that just three months ago he said:

"choice is crucial to individual empowerment and—by enabling the consumer to move to an alternative provider where dissatisfied—to quality of service."

He said that the ability to move to an alternative provider is crucial to quality of service. Those were his words, not mine, just three months ago. Why can he not have the courage of his convictions and stand up for what he believes in?

The truth is that, under his system, a tiny proportion of schools will get more freedom; under ours, they all will. Under his system, successful schools will not be allowed to expand; under ours, they will. The freedom that our system brings will drive up standards in all schools and allow teachers to impose discipline in classrooms. Does it not all boil down to this: under our system, every—*[Interruption.]*

Mr. Speaker: Order. I give some elbow room to the Leader of the Opposition, but he really is pushing his luck. I think we will leave it at that.

The Prime Minister: We do indeed increase choice if we expand the number of good schools. That is the purpose of investing in them and creating specialist schools and city academies—to bring greater diversity into the system. What is not the answer, however, is ending up reintroducing selection at the age of 11 and subsidising private education. As to the £15 billion extra that the right hon. and learned Gentleman says he is going to spend on schools, may I remind him that he went into the Lobby and voted against even the investment that we are putting into our schools system? The idea that it is credible, after all the money that we have invested, for him to come along and say, "Actually, I am going to spend £15 billion more" is, as the Secretary of State for Health has put it, "Laa Laa land". It is another example of the same phenomenon.

The fact is that where the right hon. and learned Gentleman's policies are coherent, they are reactionary and divisive; and where they are not reactionary and divisive, they are utterly incoherent. That is why I am delighted that, at every Prime Minister's Question Time from now until the election, we will carry on this debate.

Dr. Phyllis Starkey (Milton Keynes, South-West) (Lab): Yesterday the Secretary of State for Health visited Milton Keynes general hospital and saw for himself the extra staff and extra facilities funded by this Government. Of course we would like even more funding to meet the needs of our growing population, but will the Prime Minister assure me that he will never propose to take £1 billion of funding out of the NHS to subsidise private health care for those who can already afford it, as proposed by the Conservative party?

The Prime Minister: I assure my hon. Friend of that. We will continue to ensure that the health service is provided free at the point of use, and based on need, not the ability to pay. Our investment and reform programme in the national health service is delivering real results. People can see that in constituencies up and down the country. Whatever the attempts of the Conservative party to run down the health service, the

fact is that many people know that they are getting superb treatment out of the national health service—and we shall continue to deliver it.

Mr. Charles Kennedy (Ross, Skye and Inverness, West) (LD): Can the Prime Minister confirm that his review of the funding of local government has ruled out replacing the council tax as the principal source of local taxation? Of course, he inherited it from the last Conservative Government, but is he saying that he is ruling out replacing that unfair and deeply unpopular local tax?

The Prime Minister: No, I am not saying that. It should be an open review, and that is what it is.

Mr. Kennedy: Will that open review take into account the question whether it is at all fair that the poorest 10 per cent. of people in our country now pay four times as much as a proportion of their income in council tax as the richest 10 per cent. of people? What does that say after seven years of a Labour Government?

The Prime Minister: What it says, I am afraid, is that we entirely accept that there are problems with the council tax. However, I have to say that there are problems with virtually every system ever introduced for local taxation, and arguments went on under the old rating system, then with the poll tax and now with the council tax.

Bob Russell (Colchester) (LD): What are you doing about it?

The Prime Minister: What we are doing is having the review that people asked for and we agreed to provide. We will come forward with the results of that review, once it is concluded. Nothing is ruled out; nothing ruled in. I have to say that, personally, I do not believe that the idea of the local authority taxing people on the basis of their income carries much conviction. The review can look at all the options, but when the right hon. Gentleman goes round the country, as he does, saying that the Liberal Democrats will get rid of the council tax, it is right that he explains to people that it will be replaced by at least 6p on the standard rate of income tax.

Several hon. Members *rose*—

Mr. Speaker: I call Denzil Davies.

Geraint Davies (Croydon, Central) (Lab): How is it that—

Mr. Speaker: Order. I did not call Geraint Davies; I called Denzil Davies.

Denzil Davies (Llanelli) (Lab): Now that sovereignty in Iraq has been transferred from the coalition, would an Iraqi Government be free to acquire, produce or indeed hold weapons of mass destruction, or will the instruments of transfer contain a stipulation to prevent that?

The Prime Minister: No, and I have absolutely no doubt that the new Iraqi Government, who are working extremely well with us, will, if they are allowed to defeat the terrorism that besets them, be an immensely stable partner for the international community and will contribute not to the proliferation but to the reduction of weapons of mass destruction.

Q2. [181147] **Dr. Evan Harris** (Oxford, West and Abingdon) (LD): The policy of the US Administration not to allow any of their aid funds to be used for the support of HIV prevention programmes involving the use of condoms in AIDS-ravaged Africa is costing tens of thousands of lives and putting pressure on Department for International Development budgets. May I urge the Prime Minister not to be discouraged by his failure to persuade his good friend and ally, George Bush, on Kyoto and Guantanamo and to continue to press the US President to stop that policy for the sake of the African continent, and will he condemn that policy now?

The Prime Minister: What I will do, if the hon. Gentleman will allow me, is set out the policy of the UK Government. The policy of the UK Government is to increase the amount of help we give for HIV/AIDS; actually, we have ended up trebling the amount of aid we give Africa. I am responsible for UK policy; it is one of which we can be proud. The money and help we are giving Africa is far in excess of anything the Liberal Democrats have ever asked for.

David Taylor (North-West Leicestershire) (Lab/Co-op): The Prime Minister has shown this morning why he has a reputation for the effective promotion of the virtues of choice. Can he tell us whether he will be using his powers of persuasion to allow the 6 million United Kingdom citizens who live in local authority housing to have the right to opt to retain their landlord while still having the right to have a decent home by 2010?

The Prime Minister: We will be bringing forward proposals to try to help local council tenants and housing association tenants to have greater choice over the lettings available to them. I also point out to my hon. Friend that we have doubled—it is somewhere in the region of that—the amount of money going into social housing, which obviously has an impact on those houses, too.

Mr. Michael Howard (Folkestone and Hythe) (Con): Last week, the hon. Member for Birmingham, Sparkbrook and Small Heath (Mr. Godsiff) made some extremely serious allegations in the House about events during the recent elections in Birmingham. He said that

"regular phone calls were made to the police by people complaining about the pressure that they were being put under . . . A postman complained to his superiors that the brother of one of the candidates had offered him £500 for his sack of postal votes".

He quoted a front-page editorial in *The Birmingham Post*, headed "Bribes, bullies and ballots", which referred to

"a . . . councillor 'sorting out' ballot papers in the shadows of a back street car park at midnight".—[*Official Report*, 22 June 2004; Vol. 422, c. 1232–34.]

Does the Prime Minister agree that such incidents call into question the integrity of our electoral system, and should not all the mainstream political parties work together to stamp them out?

The Prime Minister: I do not want to comment on the individual allegations, as I do not know the details, but of course I agree that it is important for all political parties to stamp out corruption or malpractice wherever it exists.

Mr. Howard: The Electoral Commission has in the past argued that allowing observers to oversee elections would promote the transparency of the democratic process. The chairman of my party has written to the Electoral Commission asking it to appoint observers at the current by-elections in Leicester, South and Birmingham, Hodge Hill. Will the Prime Minister join me in urging the Electoral Commission to respond positively to that request?

The Prime Minister: I will consult with colleagues and get back to the right hon. and learned Gentleman on the proposal that he has just made—literally, right now. I shall have to investigate its implications and I shall get back to him as soon as possible.

Mr. John Hume (Foyle) (SDLP): Given the enormous damage, especially to young people, caused by the illegal drugs industry, does the Prime Minister not think that the time has come when Governments should work together internationally, with the countries where those drugs are produced, to get that industry stopped completely?

The Prime Minister: I entirely agree with my hon. Friend, and that is precisely what we are doing, not least in countries such as Afghanistan, which are still obviously in danger of developing an economic dependence on drugs, but I agree that international action is one, major part of what we should do, and we are acting on it.

Hazelwood House, Devon

Q3. [181148] **Mr. Anthony Steen** (Totnes) (Con): If he will make an official visit to Hazelwood House, Kingsbridge, Devon.

The Prime Minister: I have no current plans to do so.

Mr. Steen: Although Hazelwood provides reconciliation and hope for the few, there is no hope for the rest of my constituents if they are in pain because there is not one NHS dentist in the whole of south Devon to help them. What can the Prime Minister say to a low-income family from Kingsbridge whose children have teeth problems and cannot afford to go private or a pensioner who has an abscess but nowhere to go for treatment? Is not he, as the Prime Minister, ashamed to preside over a Government who tolerate such neglect of the people?

The Prime Minister: I agree entirely that there are real problems in relation to dentistry and dentists at the moment—that is why my right hon. Friend the Secretary of State for Health will bring forward proposals on that in the next few weeks—but I hope that the hon. Gentleman would agree with me about the origins of the problem: a 1990 contract for dentistry that was disastrous and, in addition, a massive cut in the number of training places for dentists. So although we have been describing some of the real progress that has been made in the national health service, I agree that, in respect of dentistry, there is a lot more to do, but I do not believe that the Conservative party is in any position to criticise.

Engagements

Q4. [181149] **John Barrett** (Edinburgh, West) (LD): Will the Prime Minister tell my constituents how far he thinks it is reasonable for them to walk to their nearest post office?

The Prime Minister: I obviously do not know the exact details of the hon. Gentleman's constituency, but we are putting between £300 million and £400 million a year into support for post offices. It is true, particularly in urban areas, that closures will take place, but the only way to stop those closures is to provide even greater subsidy and money. I am afraid that we cannot afford to do that, so we will continue to work with the association of sub-postmasters to provide as much help and cover as we possibly can. We set down minimum targets for the distance that people would have to go to a post office. The hon. Gentleman will know that the reason for closures is that more and more people are putting the money that they get directly into their bank account. As I say, the only answer is an even bigger subsidy, which is not viable. So we are putting in, as I say, between £300 million and £400 million, which is, frankly, the most that we can afford at the moment.

Mr. Kevin McNamara (Hull, North) (Lab): My right hon. Friend will be aware of the decision of the United States Supreme Court about the conditions under which prisoners are held at Guantanamo Bay and their entitlement to legal representation to appeal against their conditions. He will also be aware of the statement of my right hon. and learned Friend the Attorney-General that the British Government are not satisfied that British detainees at Guantanamo Bay can have a fair trial. In those circumstances, first, to what extent are Her Majesty's Government prepared to help to fund any appeal that may made by British detainees to the Supreme Court to examine their cases and, secondly, will the British Government seek to appear as an amicus curiae before the court to make representations on their behalf?

The Prime Minister: Our position is that the British detainees should be either tried fairly in accordance with international standards or returned to the UK. We have concluded that the military commissions process does not provide guarantees to the standards that we require. As my hon. Friend will know, five of the detainees were returned to the UK in March. We continue to work to resolve the situation of the remaining four detainees, and discussions with the United States are continuing.

Q5. [181150] **Mr. Jonathan Djanogly** (Huntingdon) (Con): Following the weekend revelations that the Home Secretary is or was the patron of an anti-vivisectionist society, what comfort can the Prime Minister give to the British scientific community and the hundreds of my constituents who continue to be

terrorised by animal rights terrorists and who feel that the Government, and specifically the Home Office, are not giving them the protection that they deserve?

The Prime Minister: First, it is wrong of the hon. Gentleman to run a perfectly fair point with a totally unfair point. The fact is that the Government are doing everything that we possibly can to protect people against what are clear abuses, and we have tightened the law, not loosened it, since we came to office. We are now looking at what we can do further, but let me make it absolutely clear that the activities of those who harass and intimidate people engaged in legitimate research are completely unacceptable. It is for that reason that we have, as I say, already tightened the law. We are prepared to do so even further. The hon. Gentleman will know that many of his constituents have been in direct contact with us about this matter.

Indonesia

Q6. [181151] **Mr. Win Griffiths** (Bridgend) (Lab): If he will visit Indonesia after the presidential elections there later this year to discuss with the newly-elected President what further support the UK can give for its programme of reform.

The Prime Minister: I have no current plans to do so, but we look forward to developing a strong bilateral relationship with the Indonesian Government following the presidential elections. We will continue to focus on areas including support for democratic transition, tackling poverty and co-operation on fighting terrorism.

Mr. Griffiths: I thank my right hon. Friend for that reply and urge him, whatever the outcome of the presidential elections, to make a quick visit to Indonesia to underline our support for its reform programme of rebuilding democracy, tackling human rights abuses, overcoming international terrorism, healing Muslim-Christian conflicts and strengthening the economy. Does he agree that such a visit would help to rebuild our relations with the Muslim world and encourage British industry to invest in Indonesia and help its economic recovery, which is vital if the reform process is to be a success?

The Prime Minister: I am sorry that I cannot promise my hon. Friend that I will visit Indonesia in the near future, but I can say that we are in close contact with the Indonesian Government. We continue our work with the consultative group on Indonesia and with the Indonesia-British Business Association. I assure him, especially because of the incoming President, that we believe that there is a real opportunity to make progress in Indonesia on democracy, human rights and trade. Indonesia, as he rightly points out, is an immensely important country in the Muslim world, and how it develops will have a crucial impact on relations between the west and the Muslim world. Even if I am not visiting the country personally, I assure my hon. Friend that we will continue to be closely engaged in its development.

Rev. Martin Smyth (Belfast, South) (UUP): I am sorry that the Prime Minister's busy schedule does not allow him to pencil something in because as Indonesia is the largest Muslim country in the world, now is the time when a visit by a British Prime Minister would be helpful, especially following the inter-faith visit led by the hon. Member for Bridgend (Mr. Griffiths) several years ago. That visit helped, but will the Prime Minister accept that there has been a resurgence of atrocities in which moderate Muslims, as well as Christians, have been murdered by extreme Islamists?

The Prime Minister: I have to repeat what I said about visiting Indonesia, but I agree with the hon. Gentleman that it is important for us to continue to help the country to make progress. It is faced with a difficult situation regarding terrorism and extremism, as are many other countries. It is a tribute to the Indonesian Government and authorities that they are trying to make progress while not imposing undue restrictions on civil liberties. We will continue to work with them to ensure that human rights, democracy and, of course, freedom from terrorism are pursued.

Engagements

Q7. [181152] **Ms Oona King** (Bethnal Green and Bow) (Lab): On the subject of antisocial behaviour, does the Prime Minister agree with a survey of Tower Hamlets residents that concluded that the key drivers of antisocial behaviour were lack of parental control and drug misuse, and that the key solutions were more police and youth services? We have had more police appointed, so will he tell us what further improvements might be made and what can be done to alter the Cinderella status of youth services, which are important to the future of our young people?

The Prime Minister: I hope that we will be able to ensure that our youth services are put on a stable footing in the long term through the comprehensive spending review, because they are immensely important. My hon. Friend will agree that the new measures on antisocial behaviour are also important. It is important for us to continue to ensure that fixed penalty notices are issued for disorderly behaviour, that we close down drugs dealers' houses and that we place antisocial behaviour orders on people who continually abuse the rights of their local communities. We are tightening up the law for those who are on drugs but refuse to have treatment. I only hope that when new measures are brought before the House, we will for once have the support of the Conservatives and the Liberal Democrats in taking them forward.

Mr. Alex Salmond (Banff and Buchan) (SNP): Will the Prime Minister confirm that in the 1960s the islanders of Diego Garcia were cleared from their island to make way for a military base? In 2000, they won a High Court judgment that established their right to return, but in the past few weeks he has overturned that with an Order in Council because America wants to hang on to the base, perhaps to use it as another Guantanamo Bay. How is any of that compatible with natural justice for the 2,000 islanders

and their descendents? How can the Prime Minister pursue a shoulder-to-shoulder relationship with George Bush when he seems to spend most of his time on his knees?

The Prime Minister: First, in respect of Diego Garcia, my right hon. Friend the Foreign Secretary set out the position in a recent statement. Secondly, there is no question of using Diego Garcia as another Guantanamo Bay and, thirdly, I am sorry that the hon. Gentleman exhibits his usual lack of judgment in thinking it a bad thing for this country be a key ally of the United States of America. That may be something that the Scottish National party resents, but I think that the vast majority of people in this country realise it is an important part of our security.

NATO Summit/Special EU Council

12.30 pm

The Prime Minister (Mr. Tony Blair): With permission, Mr. Speaker, I shall make a statement on the NATO summit in Istanbul, and briefly report on the special European Council in Brussels last night.

First, I thank the new NATO Secretary-General, Mr. de Hoop Scheffer, for his chairmanship of the NATO Summit, and President Sezer and Prime Minister Erdogan of Turkey for hosting it. I am placing copies of the summit declaration in the Library of the House. We were joined in Istanbul by NATO's seven new members from central Europe. They bring a renewed perspective to the alliance, and their recent history of repression makes their attachment to security, freedom and democracy that much keener. We were also joined by NATO's partners: Russia, Ukraine and others from across stern Europe and central Asia. We endorsed capabilities targets to ensure that we make the best use of NATO forces. We supported the further reform of NATO's structures to adapt the alliance to the new threats that we face. We agreed to end the NATO mission in Bosnia, SFOR, at the end of the year and committed to a successful handover to a European Union force.

The two main issues on the NATO agenda, however, were Iraq and Afghanistan. The summit opened just as the new Iraqi Interim Government assumed full authority and sovereignty in Iraq. Politically, Iraq now has a broad-based and representative Government; a timetable and a process for its first democratic elections; a new constitution guaranteeing basic freedoms and the rule of law; a devolved system of government—almost all towns now have municipal councils and those that have been elected are largely secular; and guaranteed protection of minority rights. That is in place of a dictatorship that brutalised the people and ransacked the country. Economically, Iraq now has an open economy with an independent central bank, a real budgetary process, and a new and stable currency. A start has been made to rebuild Iraq's hugely damaged and underinvested infrastructure—a process that will now continue under the guidance of the new Iraqi Government. That is in place of an economy where a country rich in resources had, under Saddam, 60 per cent. of its population dependent on food vouchers.

Britain can be proud as a country of the part that we, and in particular our magnificent armed forces, played in bringing that about. We express our deep condolences to the family of Fusilier Gordon Gentle and to all those who have lost their lives in that struggle. We should pay tribute, too, to the many British public servants, policemen and women and volunteers, so ably led by David Richmond, the UK special representative, who played a crucial role in helping the Iraqi people to rebuild their lives under difficult and stressful conditions. Her Majesty The Queen has graciously agreed that their extraordinary contribution should be recognised with the award of a special ~~civilian~~ medal.

One overwhelming central challenge, however, remains in Iraq: security. Former Saddam supporters, and increasingly terrorists from outside Iraq linked to al-Qaeda, see progress in Iraq and its potential, and hate all that it represents. They are therefore killing as many innocent people as they can, trying to destroy oil and power supplies and create chaos, so that the path to stability and democracy for Iraq is blocked. At the NATO summit, the Iraqi Government requested NATO's help with the training of the new Iraqi security forces, and NATO agreed it. The crucial task is now to put in place the training, leadership and equipment to give Iraqi police, civil defence and armed forces the capability to take on the terrorists and beat them. The determination of the new Iraqi Government is inspirational, but the challenge, especially around Baghdad, is formidable. None the less, I hope that by the end of July, the Iraqi Government and the multinational force will agree and publish plans to ensure that over time that capability exists. There is simply nothing more important to the stability of Iraq or that of the wider region. Britain, the United States and the rest of the former coalition remain dedicated to helping the Iraqi people in that task.

In addition, NATO as a whole has agreed urgently to consider further proposals to support the nascent Iraqi security institutions in response to Prime Minister Allawi's request.

In respect of Afghanistan, President Karzai gave a typically forceful presentation, both on the progress made in that country over the past two years and on the huge challenges that remain to be overcome. President Karzai explained that more than 5 million Afghans have now registered to vote in the September elections, 3.5 million refugees have returned to Afghanistan, and 3 million girls are in school. Living standards are rising and the economy is growing by 20 per cent. a year. But again, terrorists with the same intent as in Iraq stand in the way.

NATO agreed, therefore, to expand the role of the international security assistance force outside Kabul, with provincial reconstruction teams to help build Afghan force capability. Some of those teams are already set up in the north. The UK is providing two. The next stage will be to establish similar teams in the rest of the country too. In addition, we agreed a package of support for the upcoming elections in Afghanistan, including a role for the NATO response force. Finally on Afghanistan, we now have an agreed process of stability in the command of the international security assistance force for the years ahead. We have offered to provide the UK-led Allied Rapid Reaction Corps, one of NATO's high-readiness headquarters, to lead ISAF in 2006.

The role that NATO is playing in Afghanistan and the new role it is taking on in Iraq reflect the new security challenges that we face. Our adversary is no longer the Soviet Union, but terrorism and unstable states that deal in chemical, biological and nuclear weapons, and the possibility of the two coming together. Both Iraq and Afghanistan face the same struggle for democracy and freedom. Both were used as terrorist bases, and both were horrific examples of repression organised and promoted by their Governments while their people were deprived of even the most basic dignity and human rights. Both now have the hope of a new dawn, but are confronted by the remnants of the past they seek to escape.

Let us be quite plain about what is at stake. If we succeed, the Iraqi and Afghan people prosper, their states become valued partners in the international

[The Prime Minister]

community, and the propaganda of the terrorists—that our purpose is to wage war on or dominate Muslims—is exposed for the evil nonsense it is. Should we fail, those countries would sink back into degradation, threaten their neighbours and the world, and become again a haven for terrorism. The terrorism that we face is not confined now to any one continent, let alone any one country. From Saudi Arabia to the cities of Europe, it is there, active and planning. Since 11 September 2001 in New York we have known its potency. So what now happens in Iraq and Afghanistan affects us here as it does every nation, supportive or not of the actions we have taken.

NATO's focus on these issues shows at least a start to understanding this threat and its implications. But I worry, frankly, that our response is still not sufficient to the scale of the challenge that we face. I repeat what I said at the NATO plenary session: this threat cannot be defeated by security means alone. It also needs us to focus on the causes of it. Progress on the Israeli-Palestinian issue remains a vital strategic necessity, as does the recognition that our ultimate security lies in the spread of our values—freedom, democracy and the rule of law. The more we can assist in the development of these values in the wider middle east, in partnership with reform-minded Governments and people, the better will be our long-term prospects of defeating the threat.

But the battle is here and now in Iraq and Afghanistan. Even for those who passionately disagreed with our decision to go to war, the issues are now clear, the side we should be on without doubt, and the cause manifestly one worth winning. Succeeding in it would be a fitting way to reinvigorate the transatlantic Alliance and heal its divisions.

Finally, on the way back from Istanbul I attended a special European Council. It agreed the Portuguese Prime Minister, Jose Manuel Durao Barroso, as the new Commission President. He is an excellent choice, committed to economic reform, committed to the transatlantic alliance, and committed to a European Union of nation states. It was a good finale to a brilliant Irish presidency of Europe.

Mr. Michael Howard (Folkestone and Hythe) (Con): I join the Prime Minister in welcoming the decision on the new Commission President.

The whole House will, I am sure, wish to join the Prime Minister in paying tribute to the bravery of our armed forces in Iraq, and that of our public servants in that country. The House will also be as one in condemning the killing this week of Fusilier Gordon Gentle. He is the 60th British soldier to have lost his life since the start of the war in Iraq. We send our sincere condolences to his family.

May I also join the Prime Minister in welcoming wholeheartedly the transfer of sovereignty in Iraq? We wish the Interim Government well in the challenges that lie ahead. Their first few weeks are clearly vitally important. Could the Prime Minister therefore answer some specific questions on the implications of the handover?

First and foremost, can the Prime Minister update the House on the immediate security situation? Are there now clear rules of engagement for the multinational forces, clear lines of command, and agreement on the precise nature of political control to be exercised by the Interim Government, including control over sensitive operations? Does he envisage any increase in British troop deployment, and is there now any potential for further troop deployment from non-NATO members, including Arab states?

What are the implications of the handover for the ability of the security services in Iraq to purchase arms with which to defend themselves and carry out their responsibilities? What progress has been made so far in training the security services in Iraq? We welcome NATO's decision to offer assistance to the Government of Iraq with the training of its security forces. Can the Prime Minister inform the House of the likely numbers involved, including the UK contribution? Will all the training take place in Iraq? Can he confirm that France has insisted that there should be no NATO flags or insignia on the uniforms of soldiers sent to help Iraq? What is the basis for such an objection, when all countries are now united behind United Nations resolution 1546, when NATO pledged its

"full support for the effective implementation"

of that resolution, and when it was the Iraqi Government themselves who requested the NATO training support?

What are the prospects for an acceleration in reconstruction work in Iraq, with electricity supply, for example, still falling well short of target, and for better employment prospects for the citizens of Iraq? Following the announcement from the Iraqi authorities that Saddam Hussein has now been transferred to the legal custody of Iraq, what is the position of the other prisoners being held in Iraq?

We welcome the ongoing NATO commitment to enlargement. The Prime Minister said this week that

"it makes sense to build up European military capabilities equally available to NATO and to the European Union".

Does that represent his view of the future balance between the military responsibilities of NATO and the EU?

The Prime Minister also referred to the additional troops to be provided to Afghanistan. What, once again, is the UK contribution to be? Can the Prime Minister tell us more about the nature and size of our proposed contribution to the Allied Rapid Reaction Corps, to which he has referred? What are the prospects of finding enough troops to extend peacekeeping in the longer term, including outside Kabul? The Prime Minister wrote on Monday that the challenge for NATO was to come up with the military resources. Does he think that it has met that challenge?

The NATO Secretary-General recently said, with reference to Afghanistan, that it was "simply intolerable" that he was forced to get out his begging bowl as a standard operating procedure. NATO's members, he said, announced political decisions to undertake missions, but then, he said,

"we suddenly find out that nations are not prepared to make available the necessary capabilities".

What lessons can be learned from this? Is not the presence in Afghanistan precisely the kind of operation in which a post-cold war NATO should have come into its own?

We welcome the measures announced to enhance the fight against terrorism and on non-proliferation, and also the ongoing review of NATO's capabilities, but does the Prime Minister agree that a step change is necessary in the thinking of NATO members themselves? In particular, the communiqué itself calls for greater willingness and preparedness of nations to provide the resources and capabilities required. What progress does the Prime Minister envisage being made in that area?

Does not the Istanbul summit point not only to the progress NATO has already made in adapting to changed circumstances, but to the huge amount that there is still to do? Does the Prime Minister agree that the future development of NATO as a whole is at a crossroads? Will he do his part in ensuing that having helped to win the cold war, NATO is better equipped to help achieve a lasting peace?

The Prime Minister: I agree entirely with the last part of what the right hon. and learned Gentleman said, and I am pleased that we are in agreement on that. The truth is that NATO is changing to reflect the new security threat, but as I implied in my statement, I worry that the nature of that threat and the need to gear up to it are not yet sufficiently understood.

I would answer the question on Afghanistan and our response in this way. If NATO is asked for and sends the NATO response force, that would be a significant step change in its attitude to Afghanistan, but I make no secret of the fact that I would have preferred to have a larger number of troops there from the very beginning. That would have been a better thing and we should have done it, and I agree with the remarks of the NATO Secretary-General. Since that time, we have had the Berlin conference that has donated, or put aside, $8 billion-worth of aid for Afghanistan, and we have had the NATO summit, but we want to be under no illusions at all.

The fact is that in both Iraq and Afghanistan, the problem is not complicated to describe, but simple: it is security. Everything else in those two countries would move ahead at speed if the security situation were better. That is precisely what NATO should be able to do. There is still, at least in certain quarters, not the right sense of urgency—willingness would perhaps be putting it the wrong way—in meeting the challenge that we face.

Listening to President Karzai and the new leaders in Iraq is truly inspirational. In such countries they are dealing with problems that we cannot even contemplate, and they are doing so under threat to their personal safety every day, but in the knowledge that the vast majority of their people are on side with them. We should step up to the mark and help them. The summit marks a move forward, but there is more still to do.

Let me deal with some of the other issues that the right hon. and learned Gentleman raised. In respect of Iraq, the rules of engagement remain pretty much the same for the multinational force, as does the chain of command. The thing that has changed is that, in respect of whether to do a particular operation, the political control is with the Iraqi Government. We are there in a supporting role, but there is no question of coalition or British troops or the multinational force being subject to an order to do things that we do not think are right or necessary. The British troops in the south of the country have already undergone something of a change of posture. Already in the south, there are significant numbers of trained Iraqi police and civil defence people who can take on some of these tasks. Some of the councils have already elected local leaders and they are taking charge of political control. Around Baghdad the situation is more difficult, but in time I hope that we can resolve it.

In respect of the supply of arms and their control and purchase, there is a part of the agreement with the new Iraqi Government that deals with that. Basically, they are obviously subject to restrictions in respect of weapons of mass destruction, but in respect of arms supply they are subject to the same rules as other countries. In the short term at least, we will be supplying; the coalition will have to supply the right equipment.

I suspect that the training will be done mainly in Iraq. It is possible for some to be done outside, but I think that the reality is that we would want it done in Iraq. I had not heard the comments about the flags and emblems, but I am sure that the NATO soldiers will be there as NATO soldiers.

On electricity supply and oil, the only problem is the terrorism. That is why the new Iraqi Prime Minister wants to train specialist units of either armed forces or civil defence people who can guard the electricity supply better. In the long term, of course, we are now letting the contracts to build major new power supply and equipment in the whole of Iraq. Those contracts will obviously make a huge difference to the people in Iraq.

Finally, on NATO in the European Union, as we make clear in the European defence document, NATO remains the cornerstone of our security, but as I think we are proving in Bosnia, there can be a role for European defence. I would only point out that it was unanimously agreed at the summit that the relationship between NATO and the EU is important. Specifically, it endorsed the concept of European Union defence as we set it out.

Mr. Charles Kennedy (Ross, Skye and Inverness, West) (LD): May I join the Prime Minister and the right hon. and learned Member for Folkestone and Hythe (Mr. Howard) in expressing our sympathies to the family of Fusilier Gordon Gentle, who so tragically lost his life this week in Iraq? Whatever views people in the House and across the country legitimately hold, everybody wishes the handover of power from the occupying forces to the interim Administration every chance of success. The handover is in everybody's interests—not least, of course, those of the Iraqi people themselves.

I want to ask the Prime Minister some specific questions arising from both summits and, indeed, the exchanges that have just taken place. I welcome NATO's agreement to help train Iraqi security forces, but I want to press the Prime Minister further. Given the recent statements from the previous Secretary-General of NATO, Lord Robertson, and the new Secretary-General of NATO about the strain imposed on NATO by its operations in Afghanistan, is the Prime Minister satisfied that NATO can prioritise the training of the

[Mr. Charles Kennedy]

Iraqi security forces while maintaining, and if necessary extending, its commitment in Afghanistan? What was the view on that question at the summit?

Where does that decision leave the outstanding consideration for the British Government, namely the possible deployment of 3,000 additional British troops to Iraq? In earlier exchanges on that issue, a number of Liberal Democrat Members made it clear that we do not want to see a significant additional British troop presence outside our existing territorial area of operation and responsibility. When can we expect the Government to announce a decision on a possible significant deployment?

As a result of the handover taking place in Iraq this week, do the Government envisage making public any phased withdrawal of British troops from Iraq, and what is the current status of such considerations? A few moments ago, the Prime Minister referred to the essential political control of the new Administration. If, as a result of the continuing horrible levels of violence, the new Administration decided, for example, that they want to impose martial law, what position would the British Government take on the policing and administration of martial law in Iraq by our forces? Was the Prime Minister's reply to the right hon. Member for Llanelli (Denzil Davies) at Prime Minister's questions a tacit acceptance that, given the status of the new Iraqi Government, weapons of mass destruction no longer exist within Iraq?

Was Sudan discussed, either formally or on the margins, at either the European summit or the NATO summit? The Prime Minister did not refer to Sudan in his statement, and it may be that the issue did not arise. What action are the Government taking to get the Government of Sudan to accept responsibility for the horrendous violence occurring within Sudan's borders? Will they move to give urgent aid to the authorities in neighbouring Chad to help deal with the growing refugee crisis as a result of events in Sudan? What more can the UK do to help ensure that the terrible situation in Sudan does not spill over into Chad? Was the matter discussed as a result of the European Union position on placing monitors in that country?

Finally, we wish the new President of the European Commission well and congratulate him on his appointment. We hope that his period in office will be successful both for him personally and for Europe as a whole. Given that that appointment has been agreed, a subsequent consideration is the appointment of the new Commissioners. The Prime Minister would perform a valuable service and, perhaps, put one or two Labour Members out of their misery if he told us when he expects formally to submit the name of the new British Commissioner and who it will be.

The Prime Minister: The right hon. Gentleman must wait a little longer in suspense for the answer to his last question. I thank him for his immensely constructive contribution—I do not know whether there is any significance in that. *[Laughter.]*

On training, NATO has the resources, but they will be stretched. The vital long-term point concerns capability: leaving aside the United States, NATO contains hundreds of thousands of soldiers, but how many of them are operational, and how many of them can actually fight? The Secretary-General of NATO reminded us that—George Robertson often used to say this—we must obtain capability. If, apart from the modest role that we have assigned to it, European defence has one benefit, it is that it allows us to try to get other European countries to focus on defence capability, which sometimes does not match the number of troops on paper.

I cannot say whether we will need more troops in Iraq, but the matter is kept under constant review, and no decision has been taken.

Mr. Kennedy: When?

The Prime Minister: Well, because the matter is under review I cannot say when I might decide or not decide. All I can say is that no decision to send additional troops has been taken.

As for the phased withdrawal of existing troops, when the Iraqi Government and the multinational force publish the plans—I hope that that will occur towards the end of July—we will be able to see a clear plan for the build-up of Iraqi police, civil defence, specialised units and armed forces, and it may be easier at that point to give people a clearer idea of how the need for British troops will diminish. We will stay in Iraq for as long as it takes to get the job done. Obviously, the whole purpose of the process is to build up the Iraqi security capability so that we can reduce the necessity for the multinational force.

As I said a moment ago, our forces remain under our command, and martial law in Iraq is the latest hare to be set away in that particular debate. The Iraqi Government obviously want to take tough security measures. The terrorists have killed coalition troops, but the principal victims of terrorism in Iraq are innocent Iraqi civilians. Some reports in the newspapers about the thousands of Iraqis who have died since the conflict began, or even since the conflict ended, seem to suggest that that was a result of the coalition's actions. Of course, some situations in which civilians were killed involved coalition forces, but terrorists, whom coalition forces are trying to stop, are responsible for the vast bulk of the killings in Iraq.

I do not believe that the Iraqi Government want to introduce martial law, but they want to take tough security measures. It is perfectly obvious that one reason for the full transfer of sovereignty is to give responsibility to the Iraqis. One can talk about Iraqi public opinion, because now people can express their views, and, as far as I can make out, the Iraqi people's concern about the multinational force is not that its measures were too tough, but that they were not tough enough.

I spoke to the Secretary-General of the United Nations about Sudan yesterday, and we are doing everything that we can. Colin Powell is currently in Sudan, and we continue to urge the Government of Sudan to co-operate in every possible way. I must get back to the right hon. Gentleman on the help that we are providing for refugees who enter Chad, but we are providing significant support for the Government and the people of the region.

Donald Anderson (Swansea, East) (Lab): The current Secretary-General and his predecessor both called Afghanistan a test case for NATO now that the out-of-area debate is over. When the Foreign Affairs Committee was in Afghanistan last month, it was made clear to us that NATO was failing that test. Apart from the praise for the British contribution to the provincial reconstruction team in Mazar-e-sharif, it was clear that several NATO countries were not delivering on their promises and that even if they did supply troops, they were so surrounded with cautions and reservations that they were unable to do their job effectively.

My right hon. Friend says that 5 million of the electorate have been registered, but that is still less than half the total, and only in the easy areas. Can he truly say that he is satisfied that the other NATO members have recognised the seriousness of the situation—that it is indeed a test case—and that this time they will deliver all that is necessary?

The Prime Minister: The honest answer to my right hon. Friend is that I hope that they do. It is very clear how NATO should develop over the coming years. We made a good start at the NATO summit, but I would describe it as a start and, as yet, no more than that. We need the capability and commitment. As regards Afghanistan, as President Karzai pointed out, the people who are being killed are innocent civilians—in particular, women who want to register to vote, because terrorists have an issue with those women. Two female registration officers were assassinated the other day. I hope that if we get the right report back on the NATO response force, we will deploy that force specifically to help with the election process. There may still be many people to register, but 5 million is an extraordinary achievement for Afghanistan.

Sir Peter Tapsell (Louth and Horncastle) (Con): At the NATO summit, did the Prime Minister boast, as he has today, of the part that he has played in handing over to a disarmed transitional Iraqi Government a country that he helped to plunge into blood-soaked chaos—it is in that state now, and getting much worse than it was under Saddam Hussein—all of which was done in the search for non-existent weapons of mass destruction?

The Prime Minister: First, on WMD, let me remind the hon. Gentleman that Saddam used those against his own citizens. We have already found the remains of about 300,000 people in mass graves in Iraq. One million people died or suffered serious injury as a result of the Iran-Iraq war.

Whatever problems Iraqi people may have with the coalition forces, it is extraordinary to suggest that they would prefer Saddam. The hon. Gentleman says that life was better under Saddam, but that is not their view. Their view is that they have the prospect of making their own lives of better, of having democracy and the rule of law, and of having proper civil rights and civil liberties—but that the terrorists stand in their way. Even people who totally disagreed with the decision to begin the conflict can surely see that there is only one side to be on now—that of the Iraqis, the international community, and the American and British soldiers who are making the place better.

Sir Gerald Kaufman (Manchester, Gorton) (Lab): Taking into account what my right hon. Friend said about the vital necessity of progress on the Israeli-Palestinian issue; taking into account, too, the right of the Palestinian people to democracy and freedom; noting yesterday's ruling by the Israeli courts on the huge damage that is being inflicted on the Palestinians by the present line of the Israeli wall; in the expectation of the ruling by the international court next week on the legality of Israeli wall; and taking into account the continued deaths on both sides, including the deaths of Palestinian and Israeli children, will my right hon. Friend now make his top international priority the pursuit of progress on the road map?

The Prime Minister: I entirely agree with my right hon. Friend about the importance of that topic; a very large part of my bilateral meeting with President Bush the other day was devoted to it. That is why the Quartet—the United States, Russia, the United Nations and the European Union—is publishing plans for Palestinian security and economic and political reform. In my view, it is essential that when the disengagement plan goes ahead, we are in a position that at least in Gaza and parts of the west bank, the Palestinians have the beginnings of what can be the nucleus of a viable and democratic state.

That is not to say, in any shape or form, that that will be the end of it. There have to be final status negotiations that allow us—based, as we have said before, on the 1967 boundaries—to create a viable Palestinian state. The primary objective that I am working for is to ensure, first, that the disengagement goes ahead, and then that the international community is ready to step into the vacuum that will come about in respect of Gaza and the west bank. I assure my right hon. Friend that I will continue to make this a huge priority for the Government and for our work in the international community.

Sir John Stanley (Tonbridge and Malling) (Con): Is the Prime Minister aware that the failure of significant numbers of NATO members to deliver on their force commitments to Afghanistan not only threatens the credibility of NATO out of area, but seriously threatens the future of stability and democracy in Afghanistan itself? Will the Prime Minister do his utmost, with his Defence and Foreign Secretaries, to persuade the backsliding NATO members to deliver on their force commitments? Several of us who have recently been in Afghanistan believe that unless the security situation is significantly improved—that means boots on the ground—it will be too late.

The Prime Minister: I agree, and it is for precisely that reason that we insisted that Afghanistan should form the major part of the discussions that we had at the NATO summit. The strategic importance of succeeding there is absolutely obvious. We have taken important decisions, particularly on the deployment of the response force. I hope that we will manage to get that force to support the elections, because that will make a difference. The next few months will be a real test of NATO's commitment.

David Winnick (Walsall, North) (Lab): Arising from what my right hon. Friend said about the rule of law

[David Winnick]

earlier today and in his statement, did he take the opportunity over the weekend to tell President Bush directly that what is being proposed for the British detainees in Guantanamo Bay is simply unacceptable, and that the patience of both Houses of the British Parliament is wearing rather thin? Does President Bush understand the feelings expressed on this issue by those of us who certainly have no time for terrorism, and never will have?

The Prime Minister: It is precisely for that reason that we have been in discussion with the United States over a period of months, and that is why five of the detainees are back. We continue to discuss the fate of the remaining four, although it is important that if we do have them back here we are able to guarantee the security of our own people.

Mr. Robert Jackson (Wantage) (Con): The Prime Minister deserves congratulations on reaching this milestone in Iraq, but I want to ask him about France. Over the past month, the French have blocked the appointment of an excellent British Commissioner to the presidency of the Commission on grounds that imply that we would be permanently excluded from appointments to that position. They have impeded the NATO deployment for training purposes in Iraq, and they are preventing the adequate deployment of NATO forces in Afghanistan. Like the Prime Minister, I count myself as a Francophile, but does he share my concern about what those events may tell us about France's reliability as an international partner?

The Prime Minister: Earlier today I resisted the temptation to speak for American policy, and I think that I am even less qualified to speak for French policy in this regard. All I can say is that we will continue to work with France and with other countries. We secured agreement in Istanbul, eventually, and we will continue to work with France and other countries to ensure that we fulfil our obligations to people. There will be disagreements from time to time, I am afraid, but we just have to try to overcome them.

Jeremy Corbyn (Islington, North) (Lab): Was the use of Diego Garcia discussed at either summit that the Prime Minister attended? Why, on 10 June, was an Order in Council issued that prevents the Chagossian people from returning not only to Diego Garcia but to the outer islands from which they were so scandalously taken in the early 1970s? They won their legal right of return in a court order in Britain in 2000 against which the Foreign Office did not appeal.

The Prime Minister: The reasons are those set out in a statement on 10 June. Diego Garcia was not discussed at either summit that I attended. However, I point out that it is an important base for this country's security. Of course, it is important to take account of the rights of the people there, but I hope that my hon. Friend understands that Diego Garcia has played a vital part in the security of this country over the years.

Tom Brake (Carshalton and Wallington) (LD): Does the Prime Minister support the BBC World Service proposal to establish an Arabic satellite TV channel that could present an alternative view to that of al-Jazeera? Does he believe that that would help to defuse tension in the region?

The Prime Minister: There is some merit in the proposal, but a cost comes with it. We must therefore ensure that it can be done within budget. It is interesting that the new Iraqi Prime Minister, President and Government are now given a somewhat fairer wind than hitherto even in parts of the Arab media. Having an Iraqi face explaining what is happening there and the need for our action makes a tremendous difference. I have had some discussions about the BBC World Service's proposal and there may be something in it, but the budgetary issues must be resolved.

Ann Clwyd (Cynon Valley) (Lab): The coalition and the Iraqis should be congratulated on capturing most of the most-wanted members of the former regime. The trials will start and charges will be made against them. Does my right hon. Friend agree that those who have lingering doubts about the morality of toppling the regime, such as the hon. Member for Louth and Horncastle (Sir Peter Tapsell) and the bishops who have written to my right hon. Friend, remained silent over the past 25 years when Saddam Hussein executed, tortured and ethnically cleansed his own people? Does he also agree that, if we are considering morality, they should feel the same moral outrage as anybody who stood at the side of a mass grave containing hundreds of thousands of people?

The Prime Minister: I entirely agree with my hon. Friend and thank her again for her immensely courageous and important work.

Mr. Andrew Mackay (Bracknell) (Con): Returning to the comments of the Foreign Affairs Committee Chairman and those of my right hon. Friend the Member for Tonbridge and Malling (Sir John Stanley), I underline that those of us who went to Afghanistan and saw President Karzai, many of his Ministers and the commanders of the international security assistance force, left with a clear impression that unless NATO acted quickly we would have a disaster on our hands. Does the Prime Minister appreciate that there is little time, given the approaching elections? Clearly, he is not satisfied by the backsliding of some of his NATO colleagues. What more will he, the Foreign Secretary and the Defence Secretary do in the next few days to ensure that there are more troops in Afghanistan? They are desperately needed.

The Prime Minister: We will continue to put pressure on our NATO partners to ensure that there is no backsliding on the commitments that have been given. The Secretary-General is entirely seized of that view. At the bilateral meeting with President Bush, Afghanistan was as much a topic of the conversation as Iraq. The test will be the deployment of the response force. The Government will want it and there is no reason why it should not go. I accept that the situation is urgent because the elections will take place in September. There has been a tremendous boost to registration—according to President Karzai, about 100,000 people a day are

being registered. However, if they cannot vote properly without fear and intimidation, the elections will not count. I therefore agree that the position is urgent.

Tony Lloyd (Manchester, Central) (Lab): Let me continue on the theme of Afghanistan. My right hon. Friend is entitled to exempt himself from the following criticism, but one of the worrying features of Kosovo and Afghanistan is that the world moves on quickly and loses interest in completing the job. It is vital, for reasons that my right hon. Friend has already mentioned, that we properly finish the job of reconstruction in Afghanistan, for both that country and the signals that that will convey elsewhere. Will he speculate on American reaction to the failure of NATO allies to play a proper role? The Americans have the opportunity to walk away from NATO.

The Prime Minister: My hon. Friend's point is correct. The NATO alliance depends on strong American commitment and people should recognise how vital that is. The Americans have some 17,000 troops in Afghanistan, where the strategy is to put provincial reconstruction teams in the north and west of the country. Problems with various private militias exist there, but none the less the Afghan force capability can be built up reasonably successfully. We have been doing that at Mazar-e-Sharif. The real problem is therefore in the south, where pockets of the Taliban and al-Qaeda exist. That requires a fighting force, which the Americans are providing.

The American contribution is vital to the security of our world. I have always said that the danger is not that the Americans exert their power, but that they could pull up the drawbridge and tell us to get on with our business. We need the Americans. The most powerful contributions at the NATO summit are by the east European countries, which are now democracies and know well the value of the transatlantic alliance.

Mr. Crispin Blunt (Reigate) (Con): Will the Prime Minister share the evidence for the increasing role of foreign terrorists in Iraq? Can he provide a sense of the number of attacks—which involve launching lethal weapons at coalition forces—that come from non-Iraqis?

The Prime Minister: There is no scientific answer to that. The view of the Iraqi Government and leaders is that outside terrorists are increasingly responsible and that, in particular, al-Zarqawi, who is part of the al-Qaeda network, has a big role. Former Saddam elements have access to the weapons that were there in Saddam's time and they join in that action. However, the Iraqi Foreign Minister and Defence Minister, to whom I spoke, said that they believed that they needed to reach out to Sunni elements, and even former Ba'ath people, who could perhaps be brought into some arrangement in the new Iraq and who had all sorts of issues with the coalition that would not apply to an Iraqi Government. Increasingly, they believe that the real problem is outside terrorists using the country as a base for their activities. As I said, I have no scientific basis for that, but that is their strong view and they live there.

Joan Ruddock (Lewisham, Deptford) (Lab): My right hon. Friend has today recognised the continuing violence against women in Afghanistan. Given that only one third of those registered for the election are women, may I endorse the calls for extra NATO troops to be sent as soon as possible, not only for September? Will my right hon. Friend use his best endeavours to ensure that all Departments of the UK Government pay specific attention to the needs of women in both Afghanistan and Iraq in the preparation for democratic elections?

The Prime Minister: My hon. Friend makes a good point. It is one of the reasons for ensuring that we continue our support. In Afghanistan and Iraq, women now play a part in the political process. My hon. Friend is right that fewer women than men are registering to vote in Afghanistan, but President Karzai told me that, in some provinces, the numbers of women are significantly up. It is worth reflecting that, a few years ago, women were effectively unable to play any proper part in the political process in Afghanistan or Iraq.

Mr. Simon Thomas (Ceredigion) (PC): Will the Prime Minister concede that the battle is not only in Iraq and Afghanistan but in Gaza and the west bank? Does he acknowledge the moral authority and right of the Palestinian people to sovereignty? As the Israeli armoured bulldozers and tanks demolish civilian properties, especially in Gaza, what specific steps is he taking now to ensure that the Israeli Government are brought to book on those illegal, collective punishments of a civilian population? Will he give an undertaking to take action so that we can at least try to break the cycle of violence that is currently so destructive in Israel and Palestine?

The Prime Minister: I agree that the Palestinians have the right to a sovereign, independent and viable state, and we are committed to that. I also agree that we must reduce the cycle of violence. However, that depends on both sides—innocent Israeli civilians die in terrorist attacks as well. It is important to recognise that the single biggest obstacle to political progress at the moment is the absence of a proper security infrastructure that allows us to be able to say definitively that the Palestinian Authority are doing what is necessary and what they are able to do to stop the terrorism, so that a political process can begin. It is necessary to have empowered Palestinian Ministers who are able to take those decisions.

Mr. Harry Barnes (North-East Derbyshire) (Lab): Might not the new Iraqi Government wish to avoid a rush to rip-off forms of privatisation at knock-down prices, as occurred in Russia following the fall of communism? Will the British Government act to ensure that undue pressure is not brought to bear on Iraq by the International Monetary Fund, the World Bank and the US to reach that position?

The Prime Minister: It is important that Iraq should take a step-by-step approach to an open economy. The Iraqi Ministers are well aware of that, and are proceeding with care. It is worth pointing out that Mr. Bremer, when he was head of the coalition authority, specifically made it clear that he thought that there were

[The Prime Minister]

limits to how fast Iraq could be opened up to the private sector. The point made by my hon. Friend is well in the minds of Iraqi Ministers.

Mr. John Randall (Uxbridge) (Con): At Defence questions, the Minister of State, Ministry of Defence, the right hon. Member for East Kilbride (Mr. Ingram), said that the United Kingdom would not be supporting the aspirations of Macedonia to join NATO. Will the Prime Minister tell us why that is the case, and whether any applications for new membership were discussed at Istanbul?

The Prime Minister: There has been a meeting between my right hon. Friend the Secretary of State for Defence and the Macedonians. It is important to assess whether people can meet the relevant criteria. There was some discussion of new members at the NATO summit, and I am sure that NATO will continue to expand. I understand the issues that the Macedonians feel strongly about in relation to future membership, but they have to be matched against our criteria.

Mr. Andrew Miller (Ellesmere Port and Neston) (Lab): I know that my right hon. Friend will join me in wishing every success and a safe return to my constituents who are currently serving with the Cheshire Regiment in Iraq. On NATO training, is it our intention to play our part in that equation, and will we be offering the resources at Shrivenham and the wonderful royal college of defence studies to that retraining effort?

[*Interruption.*]

The Prime Minister: I am not quite sure whether my right hon. Friend the Secretary of State for Defence was agreeing to the last part of that question.

The Secretary of State for Defence (Mr. Geoffrey Hoon): Yes.

The Prime Minister: I congratulate the Cheshire Regiment on all that it has done in Iraq and, yes, we shall certainly play our full part in ensuring that the Iraqi forces are properly trained.

Richard Younger-Ross (Teignbridge) (LD): Could the Prime Minister expand on the future of Iraqi detainees? In the light of his letter to the Intelligence and Security Committee, could he also tell us when British intelligence became aware of the abuse of detainees by Americans? He says in his letter that the concerns of the staff were passed on to the US authorities, but can he tell us when they were passed on, when the intelligence officers became aware of them, at what level the US Government were advised of them, and what response we received in reply?

The Prime Minister: I cannot recall off-hand the exact time when those concerns were passed on, or in what form they were passed on. However, I would like to point out that in respect of ourselves and, to be fair, in respect of the Americans, the allegations covered by the Red Cross had already been the subject of investigation and prosecution long before this became a public issue. So far as we are concerned, every complaint has been investigated and, where prosecutions should result, they are resulting. The Red Cross said recently, in relation to those whom we were detaining, that we were making sure that they were treated properly. Everybody from the President of the United States downwards has condemned without equivocation or hesitation the mistreatment of people at Abu Ghraib prison. It is precisely for that reason that people are now being prosecuted.

David Cairns (Greenock and Inverclyde) (Lab): The day after the Afghan conflict began, my right hon. Friend said from the Dispatch Box that dealing with the Afghan opium poppy trade was one of the key aims of the conflict. I welcome the additional troops that have been pledged, but is it not the case that, unless NATO alters its terms of engagement in Afghanistan specifically to include counter-narcotics activity—however that might be defined—we shall continue to see the increases in the poppy yield that we have seen over the past two years, which will inevitably mean cheaper and more readily available heroin on Britain's streets?

The Prime Minister: My hon. Friend makes a good point, and this is an issue that we have consistently raised. President Karzai's view is that the Afghans have to develop their own capability in regard to this issue. Part of our discussion was about how NATO could assist in that. His view is that the situation is changing, in the sense that people now know the risks for the stability of the country involved in becoming some kind of narco-economy. It is fair to say that there have been some successes in eradication, but for a long time under the Taliban this trade provided a main source of income for them. It would certainly help if this became part of the NATO tasks, but we shall have to continue to have that debate.

Hugh Robertson (Faversham and Mid-Kent) (Con): The former Iraqi governing council estimated that Saddam Hussein and his immediate entourage enriched themselves to the tune of $10 billion as a result of institutional corruption during the oil-for-food programme. That money is now being used to fund the insurgency against our troops and the new Iraqi Government. What discussions did the Prime Minister have with other leaders about this issue during the summit, and what specific steps are his Government taking to support calls for a full, independent inquiry that must, necessarily, be independent of the United Nations?

The Prime Minister: We have raised the issue, and we continue to look at the best way of ensuring that we get a proper account of what took place under the oil-for-food programme. I am not yet in a position to say what the right way forward will be, but this has formed part of the discussions that we have had with the United Nations, too. The issue was not specifically discussed at the NATO summit, but it is part of the discussions that we have with our partners in Iraq and, obviously, with the new Iraqi Government. One thing that will happen under the new Iraqi Government is that there will be a great uncovering of what took place, and it will be very educative to allow people to see just how much corruption there was inside Iraq and to see the links

between what happened inside Iraq and outside. I hope and believe that some interesting things will emerge from that.

Kevin Brennan (Cardiff, West) (Lab): Does the Prime Minister acknowledge that many of us who sincerely opposed the military action now equally sincerely wish success to the new Government in Iraq, and not just because the Prime Minister and Deputy Prime Minister of the new Iraqi Government spent some of their exile in Cardiff? Is it not the responsibility of us all to put aside whatever stance we took, either in favour of the war or against it, so as to help that Government to succeed? Does that not apply with even greater urgency to our partners in NATO?

The Prime Minister: I thank my hon. Friend for that question, and I agree with him. An interesting question for people to reflect on is why outside terrorists and al-Qaeda people are trying to get into Iraq and to stop the Iraqis succeeding. It is because they know very well that if the Iraqis succeed, they will fail. Their primary targets now are not the coalition forces—although they will kill members of the coalition forces when they can—but innocent Iraqi people. I agree entirely with my hon. Friend: whatever view people took of the conflict, this is a fight that we can all support. That is why NATO should realise that, whatever divisions there were among the NATO membership about the wisdom of the conflict, there should be none about the wisdom of supporting the new Iraqi Government.

Dr. Vincent Cable (Twickenham) (LD): Following the Prime Minister's rather brief five-line summary of the European Council, could he explain the statements by the French and German Governments that, in return for Mr. Barroso, they would be allocated the key economic portfolios, from which they would try to reverse liberal competition policy, introduce a more protectionist industrial policy and reverse the Lisbon process?

The Prime Minister: I gave only a brief summary of the European Council because, thankfully, it was a brief summit.

The new Commission President will allocate posts. We supported a proposal for a Commission Vice-President who particularly looks after economic policy. I think that Mr. Verheugen, should the Commission President wish to appoint him, would be a very good choice; he has shown himself to be an immensely capable Commissioner. In respect of anything else, there will be the normal discussion and debate with the Commission President, but I would not, were I the hon. Gentleman, believe everything that I read in the papers.

Points of Order

1.30 pm

John McDonnell (Hayes and Harlington) (Lab): On a point of order, Mr. Speaker. Yesterday, the Department for Work and Pensions announced possibly the most significant reorganisation of its local services in the past decade, which would involve the closure of 550 of its 650 local benefits offices. That will affect virtually every constituency in the country, and could result in tens of thousand of jobs being lost in the civil service—yet the announcement was made in a written statement, not in an oral statement in the Chamber. Therefore, Members were given no opportunity to question the Secretary of State. Will you consider the development of a protocol that would provide guidelines for the Government on what matters should be announced in written statements, and what matters should be announced in oral statements, based on their significance to our constituents?

Mr. Speaker: I am grateful to the hon. Gentleman for giving me notice of his point of order. As I said in the House on Monday, not all Government statements can be made orally. If he wishes to bring this matter to the Floor of the House, as he clearly does, there are various ways of doing so. As an experienced Member, he knows as well as anyone what the options are. I am sure that he will find a way of doing so.

Jeremy Corbyn (Islington, North) (Lab): Further to that point of order, Mr. Speaker. Could you give some indication as to the importance of statements? We have no notice of statements being made, other than on the day on which they are made, no opportunity to question them if they are written statements, and no automatic right to question Ministers. Therefore, something as important as the matter to which my hon. Friend the Member for Hayes and Harlington (John McDonnell) refers, or the Orders in Council made on 10 June concerning the Chagos islanders, cannot be challenged other than by the lottery of Adjournment debates.

Mr. Speaker: It would be very difficult for the Speaker to judge which statements were important. Some hon. Members would consider one statement important and another not so important. The Adjournment debate is not the only facility available to the hon. Member for Hayes and Harlington (John McDonnell), whose experience I mentioned: questions can be put to the Leader of the House, asking for a statement or debate, and further parliamentary questions can be put. The picture that I am painting is that there are many ways of ensuring that the Minister concerned is accountable to the hon. Gentlemen.

Northern Ireland (Severe Learning Disability)

1.33 pm

Rev. Martin Smyth (Belfast, South) (~~UUP~~): I beg to move,

That leave be given to bring in a Bill to make provision for identification of persons in Northern Ireland with severe learning disability; to make provision for the assessment of their health, social care and other needs; to make provision for appropriate services for such persons and for independent advocates to act on their behalf; and for connected purposes.

A learning disability is a lifelong condition acquired before, during or shortly after birth, and can affect someone's life in many ways, causing difficulties in learning, communicating or doing everyday things. Two per cent. of the population—or 33,000 people in Northern Ireland—have a learning disability. Just over 16,000 people with a learning disability are in contact with health and social services.

This Bill defines someone with a severe learning disability as

"any person aged 16 or over who has been recognised by a competent professional as having severe impairment of intellectual ability with associated impairment of social and economic competence, originating before birth, at birth or before age 10."

In 2000, there were 1,671 children in the severe learning disability education sector, of whom 325—some 19 per cent.—were profoundly disabled.

Currently, people with a learning disability should have an assessment of their needs in accordance with section 4 of the Disabled Persons (Northern Ireland) Act 1989. Those provisions, however, are less formal, with an outcome that is less clear, and with considerably weaker accountability than those in the proposed Bill. The Bill's provisions on entitlement to services are similar to those in section 3 of the Act, which is entitled "Assessment by Boards of needs of disabled persons". Section 3 has never been implemented, and it seems unlikely to be implemented for all disabled people owing to resource issues. I am introducing the Bill because the needs of people with severe learning disability, their parents and carers are so pressing. Section 1 of the Disabled Persons (Northern Ireland) Act 1989 provides for the recognition of individual advocacy agreed with the disabled person, but that, too, has never been implemented. I therefore bring this Bill before the House because it is important, in my judgment, that those people are looked after.

The Bill confronts the problem of the allocation of, and access to, services for people with a severe learning disability. It also confronts the problems that carers and parents encounter in their struggle to ensure that the person for whom they care has the best possible services. People with a severe learning disability face huge obstacles in accessing the services that they require. There are very real problems of communication. They use a wide range of health and personal social services, reflecting their specific needs. They begin their lifelong service-using careers at birth or in early childhood. They and their families are likely to rely on a range of social care services, including social work support, the development of social and living skills, long-term housing and support services, practical help in everyday care and personal assistance with everyday tasks, as well as access to services for families needing a break from caring.

In contrast with other people who use health and personal social services, services provided for people with a learning disability may be concerned with encouraging independence and learning new skills. Services are provided not to prevent something, or because someone is no longer able to do something, but to develop and build on the individual's ability to maximise their potential. Families are often so caught up with providing much needed support or care that they remain isolated and not informed about services or opportunities for support that are available. People with a severe learning disability must be empowered to help them to live a full and healthy life. They require personal and specific support to lead that full life.

At the same time, caring for a person with a severe learning disability is a lifelong responsibility. Often, there is an over-dependence on family support, which can leave families' lives unacceptably restricted. We need to replace core family support with independent support that increases the individual's contact with the community. The aim is to ensure that the horizon of the person with a learning disability is not restricted by the family's front door.

We must recognise the needs of families as well. The frustration that they experience often leads directly to stress and exhaustion. They have to fight for services again and again. Rather than having easy access to services for the person with a learning disability, many parents find that there is a postcode lottery—that the quality of service depends on where they live rather than on what they need.

There is a difference between the legislation in England and that in Northern Ireland. The Bill provides a route to services, as well as clarity about what is needed. In contrast to provision by the Department of Health in England, there seems to be little published information in Northern Ireland about the criteria used to decide whether people are eligible for services. For instance, on 14 March 2004 the Department of Health produced a document called "Fair Entitlement to Care Services", containing guidance on eligibility criteria for adult social care. Northern Ireland has no community care Act, and the "people first" policy that is our equivalent does not have the same strengths. Eligibility under community care provisions is related to the breakdown of family support and the need for residential care. "People first" does not cover the full range of needs in Northern Ireland.

Parents, particularly those whose children are leaving school, face problems in finding their way through the maze of needs and services. They must move from a relatively structured education environment, with well-established points of contact and relationships, to adult health and social services, where they will have to negotiate a system that is fragmented, diffuse and diverse. There is no clear process to help them identify their needs and those of the person with a learning disability. The difficulties are compounded by the absence of any clear statement of what services will be provided in response to the identified needs. As a result, families must fight to retain services. People with learning disabilities and their families require a clear process, involving clear statements about needs and the

services that will be provided to meet those needs. Many parents talk about the build-up of stress when they must care for an increasingly unhappy family member 24 hours a day, 365 days a year, year in, year out with no respite.

The Bill aims to provide a definition of severe learning disability; an entitlement to an assessment of needs for people with severe learning disability, carried out by a responsible agency; an entitlement to implementation of the recommendations of the assessment by a responsible agency; and an entitlement to an independent advocate to support the person with a learning disability in the processing of the assessment and its implementation. It aims to achieve identification and recognition of the needs of people with severe learning disabilities.

Question put and agreed to.

Bill ordered to be brought in by Rev. Martin Smyth, Mr. David Amess, Mr. Roy Beggs, David Burnside, Mr. Jeffrey M. Donaldson, Mr. Tom Clarke, Lady Hermon, Mr. Eddie McGrady, Lembit Öpik and Mr. David Trimble.

NORTHERN IRELAND (SEVERE LEARNING DISABILITY)

Rev. Martin Smyth accordingly presented a Bill to make provision for identification of persons in Northern Ireland with severe learning disability; to make provision for the assessment of their health, social care and other needs; to make provision for appropriate services for such persons and for independent advocates to act on their behalf; and for connected purpose: And the same was read the First time; and ordered to be read a Second time on Friday 15 October, and to be printed [Bill 130].

Opposition Day

[14TH ALLOTTED DAY]

Regional Government

Mr. Deputy Speaker (Sir Alan Haselhurst): Mr. Speaker has selected the amendment in the name of the Prime Minister. There is a 12-minute limit on Back-Bench speeches. I appeal to Front Benchers and to all hon. Members to bear it in mind that as a result of an important statement time has been lost. I hope that some regard will be paid to the time taken in the principal speeches, so that everyone who wishes to speak will be able to do so.

1.45 pm

Mr. Bernard Jenkin (North Essex) (Con): I beg to move,

That this House deplores the continuing confusion surrounding the Government's regional policy; notes in particular that the disagreement about all-postal voting between the Government and the Electoral Commission has thrown into doubt plans for the referendums in the autumn on the Government's proposed elected regional assemblies in the North of England; further notes the continuing splits in the Government over the powers that the proposed assemblies may be granted; regrets a similar lack of clarity relating to the projected costs of the proposed assemblies and of local government reorganisation; further notes that the Government's information campaign on elected regional assemblies fails to resolve any of this confusion; demands that the draft Bill, setting out in detail the proposed powers of elected regional assemblies promised by the Government, be published in good time to be debated by this House before rising for the summer recess and that Government time be provided for such a debate; and further demands that any referendums should be conducted by a system that restores the voters' choice to vote in person and in secret at polling stations on polling day, rather than by all-postal ballot.

The motion is not about whether we are for or against the principle of elected regional government. The Government's amendment seeks to rerun those arguments in case they can win some support, but that is not what today's debate is about: it is about how the Government have pursued their policy. Whether we are for or against the assemblies is not the point. In fact, if I were for regional assemblies I would be extremely unhappy with the way in which the Government have been pursuing their policy—and there is every indication that the yes campaigns in the three regions and their supporters, including many Labour Members, are in utter despair over the sheer incompetence of the Deputy Prime Minister and his fellow Ministers. Perhaps, indeed, they have not even bothered to show up.

Let us consider the history of the Government's policy on regional administration. Proposals for elected regional assemblies were first included in Labour's 1997 election manifesto, as Labour was committed to both Scottish and Welsh devolution and needed a policy to provide some kind of answer to the infamous West Lothian question, which is really the English question. The issue was fudged; the English were to be offered a sop. However, following the near disaster of the referendum on a Welsh Assembly, when only 50 per cent. of the electorate voted and barely half of them voted in favour, the Government lost their nerve on

[Mr. Bernard Jenkin]

referendums for regional assemblies in England. The proposals for elected assemblies were delayed, and it is only during this second term that the Government have returned to that agenda.

Labour's agenda for constitutional reform has always been a mess. It is based not on any coherent overarching vision for the United Kingdom, but on a series of disjointed measures amounting to little more than a policy designed to cement Labour ascendancy in Labour strongholds. That is why there are to be three referendums in the north of England. The regional assemblies proposed for the north are based on the same principle, and on regional boundaries that were constructed by Whitehall for its administrative convenience, not because of any intrinsic sense of their identity. They do not represent real communities with a historical identity, like Scotland or Wales. That is why the Government's consultation exercise entitled "Your Region, Your Say" received such a derisory response. There were fewer than 8,500 replies from a potential 40 million English people, although the deadline was extended twice.

Nevertheless, with the wrong concept of England's place in the United Kingdom constitution, with so-called regions that had been artificially created and with a complete lack of public enthusiasm, the Deputy Prime Minister proceeded with his White Paper on elected regional assemblies two years ago. From that document it was immediately clear that, unlike the Scottish Parliament and the Welsh Assembly, English regional assemblies would be nothing but toothless talking shops. In almost every paragraph of the White Paper there is mention of "creating strategies", "influencing budgets" and "consultation with stakeholders". Nowhere do we see real devolution of power from Whitehall to regional government. The Government have made great play of the claim that regional assemblies will control hundreds of millions of pounds, but the truth is that a regional assembly would control less than 2 per cent. of public spending in any region. What sort of devolution is that?

Even those who are campaigning for a regional assembly are complaining. In July last year Lord Rooker, a Minister of State in the Office of the Deputy Prime Minister, said in another place that regional assemblies would have

"no new money, no new powers".—[*Official Report, House of Lords*, 15 July 2003; Vol. 651, c. 757.]

That is the benchmark of the policy.

The Under-Secretary of State, Office of the Deputy Prime Minister, the hon. Member for Corby (Phil Hope) said:

"The powers and functions of assemblies were set out in full in the White Paper."—[*Official Report*, 8 December 2003; Vol. 415, c. 347W.]

That seems to be perfectly straightforward.

Ann Winterton (Congleton) (Con): Is not the situation much worse than that? Not only will there be no extra money or powers; in future, if a United Kingdom Government wanted to target further moneys at disadvantaged areas in the north-west such as Manchester or Liverpool, they would be unable to do so because that provision would fall under state aid rules. That would have to go through the Commission, which would decide on it. That is another example of further powers being taken away from the United Kingdom Government.

Mr. Jenkin: My hon. Friend makes her own point in her own way extremely effectively.

In December last year, it started to become clear that the Deputy Prime Minister regarded the policy set out in the White Paper as merely an interim negotiating position. A leaked minute from a private meeting with "yes for the north-west" and others in his Department reveals that he raised the issue of the Barnett formula and that he believed that

"the introduction of regional assemblies would provide a great opportunity to open up the debate."

How is that debate going? The Treasury quickly and comprehensively trashed the whole notion. In January, recognising the failure of the appeal of his proposals to the people of the north of England, the Deputy Prime Minister threw the Government's proposals into further turmoil. When questioned about the powers that an assembly would have, he said:

"There are battles to be had between government departments on what is included. Those are battles I am prepared for."

Perhaps the Minister will expand a little on those battles. What are they about? How are discussions going on the Barnett formula, or police authorities? On that same day, the Deputy Prime Minister said:

"Some of our police authorities are just too small at the moment. Things are changing all the time and I know David"—

meaning the Home Secretary—

"has spoken about the need of maybe changing some police decision-making."

I therefore tabled a question to the Home Secretary, asking what plans he had to place police authorities under the control of elected assemblies. But who should reply? Not the Home Office, but the Minister for Local and Regional Government, who is here today. Clearly, the Home Secretary had heard nothing of those proposals and, perhaps in panic, had passed the question to the Minister for Local and Regional Government, who replied:

"The White Paper . . . sets out the powers of Elected Regional Assemblies."—[*Official Report*, 2 February 2004; Vol. 417, c. 709W.]

Mrs. Louise Ellman (Liverpool, Riverside) (Lab/Co-op): The tenor of the hon. Gentleman's comments suggests that he thinks that the proposed powers for the directly elected regional assemblies are not strong enough. Will he, therefore, support the battle to bring in stronger powers for the assemblies?

Mr. Jenkin: I am pleased that the hon. Lady has confirmed that there is a battle going on; it is called a split, and I shall be talking a great deal more about it.

The yes campaigns urge that assemblies be given greater transport powers, so I tabled a question to the Transport Secretary. The reply said:

"The transport powers of elected regional assemblies were set out in the White Paper".—[*Official Report*, 3 February 2004; Vol. 417, c. 825W.]

So, after months of bluster and false promises about extra powers for regional assemblies, we are back to the hopeless White Paper that no one can sell. The Home Secretary, the Transport Secretary and the Treasury are clearly much better prepared for battles in Whitehall than the Deputy Prime Minister.

Kali Mountford (Colne Valley) (Lab) *rose*—

Mr. Jenkin: I am going to make some progress.

What about the Education Secretary? The Deputy Prime Minister went into battle again. In Manchester, at a public debate hosted by the *Manchester Evening News* in January, the Deputy Prime Minister stated that the proposals in the White Paper were "not fixed in concrete", adding:

"And there are obvious candidates like Learning and Skills Councils."

The following day, he added at a meeting in Newcastle:

"I certainly think that the Learning and Skills Councils should be answerable to the region rather than nationally."

What could be clearer than that?

Clearly, the Deputy Prime Minister was shaping up for the mother of all battles with the Education Secretary, because, when I asked the Education Secretary what plans he had to transfer powers and responsibilities to elected regional assemblies, the reply said, "None". My hon. Friend the Member for Meriden (Mrs. Spelman) then wrote to the Deputy Prime Minister demanding clarification over the powers that the assemblies were intended to have. The reply said:

"The draft Bill will reflect the proposals set out in the White Paper."

Understandably wanting to clear up public confusion, my hon. Friend then issued a press release stating that the Government had clarified that the powers set out in the White Paper would be the powers that regional assemblies would have. However, that was immediately contradicted by an anonymous spokeswoman in the Office of the Deputy Prime Minister, who said:

"Nothing is definitely ruled in and nothing is definitely ruled out. The debate is still ongoing."

In the meantime, the Education Secretary himself went north to explain that he opposed "major structural reform" such as handing the control of learning and skills councils to regional assemblies.

The situation is a farce more ridiculous than anyone could have made up. The Education Secretary has come clean about where responsibility for the control of learning and skills councils will lie; will the Minister for Local and Regional Government now admit to this House that elected assemblies, if they come into existence, will not control learning and skills councils or police authorities? The Deputy Prime Minister might well be having "battles", to use his word, but in Whitehall, as everywhere else, his pet proposals for regional assemblies are met with abject apathy. He and his little vision are the contempt of his colleagues. The truth is that he has lost every single one of his battles.

Chris Grayling (Epsom and Ewell) (Con): My hon. Friend's point about the learning and skills councils is doubly important because, as he knows, they control the funding for all post-16 education, including sixth forms in schools. The proposals to which he has alluded, if they came to fruition, would therefore hand to regional assemblies a significant proportion of the education powers currently wielded by local education authorities and central Government.

Mr. Jenkin: As my hon. Friend accurately describes, that is centralisation within the region, not devolution.

Mr. Gordon Prentice (Pendle) (Lab): One person who could clear up any confusion that may exist in the Government is the Prime Minister. Does the hon. Gentleman have any quotation from the Prime Minister that sets out his view on elected regional assemblies?

Mr. Jenkin: I must have missed that. I regret that I shall have to fail the hon. Gentleman on that, apart from the fact that, by convention, it is the Prime Minister who puts certain policies into his own White Paper. He represents a constituency in one of the regions concerned, and I presume that he visits it and attends public engagements there, but there is nothing on the recent record that shows any significant enthusiasm for these proposals.

The only powers that have been added to those proposed for the assemblies in the White Paper are those that the Deputy Prime Minister continues to steal from local government. This is Labour's real agenda: centralisation within each region. We know from the White Paper that assemblies would suck up powers from local government over planning, housing and transport, and produce strategies in those fields as well as on waste, culture, environmental health and spatial planning, all of which are currently local government responsibilities in respect of which local government has not previously faced interference. The Government have made great play of the powers that have been handed to regional assemblies since the publication of the White Paper, such as fire and rescue services and planning, which are currently county and district based. However, that is just the taking of more powers from local authorities, another centralising measure. The key point is that this truly is fake devolution.

There is significant confusion about the cost of regional assemblies and the reorganisation of local government. It is astonishing that just five months before the referendums are due to be held, the Government have still not given any clear indication of the likely cost of restructuring local government. Let me give the House not my estimate, but that of the leading authority in the country on this issue, Professor Michael Chisholm of Cambridge university. He estimates a cost to residents in two-tier local authority areas of at least £110 per resident. That is based not on optimistic ministerial predictions but on the hard evidence of past reorganisations.

The Minister for Local and Regional Government (Mr. Nick Raynsford): Past reorganisations?

Mr. Jenkin: Yes, past reorganisations.

Mr. Raynsford: Tory ones.

Mr. Jenkin: Oh, I can hear the Minister sneering, but on his present form, and given the state of his own

[Mr. Jenkin]

Department, he cannot possibly be the judge of what is done well or badly. I prefer to rely on academic research. If I am wrong about past reorganisations, let the right hon. Gentleman name one local government reorganisation that has both hit the budget in terms of the cost of reorganisation and yielded the anticipated savings.

Mr. Raynsford: I have the greatest of pleasure in responding to the hon. Gentleman's challenge. Of course, all the reorganisations took place under the previous Conservative Government. They certainly did not meet any targets, which was a result of their incompetence.

Mr. Jenkin: How very convenient for the right hon. Gentleman, but I have a horrible feeling that he might be heading for some of the same experiences that he watched from the Opposition Benches. It is a sad thing when people cannot learn from the mistakes of others, let alone from their own.

We have also yet to hear a realistic estimate of the cost of actually running an assembly. In the White Paper, the Government presented the figure of just £25 million a year, but what evidence is there to back such optimism? The London assembly has just 25 members and cost £60 million to run in 2003–04. That is three times the original Government estimate. An elected assembly would have between 25 and 35 members. Given that personnel costs tend to constitute the highest proportion of any organisation's budget, can the Minister explain how it is that a regional assembly with up to one third more elected members than the London assembly would have half the running costs of the London assembly?

The Government are also completely incapable of justifying their estimate by giving a breakdown of the £30 million. Astonishingly, the Minister has admitted that there are no savings to be made from the abolition of the non-elected regional chambers. I asked him

"what estimate he has made of the costs of abolishing regional chambers . . . where an elected assembly is established; and how those costs would be met."

He replied:

"It will be for the voluntary regional chambers to decide whether they should abolish themselves."—[*Official Report*, 8 March 2004; Vol. 418, c. 1228–9W.]

[Laughter.] My hon. Friend the Member for North-East Bedfordshire (Alistair Burt) has got it. The Government claim that elected assemblies are about reducing bureaucracy, but there could be two regional assemblies in every region. So many of the important questions surrounding the Government's regional agenda remain unanswered.

Yesterday, I received a letter from the Minister, in which he said—presumably while trying to keep a straight face—that

"the priority is for people in the regions to have all the information they need to make their choice and use their vote."

So why will he not give us that information? What have the Government got to hide?

Mr. Eric Pickles (Brentwood and Ongar) (Con): Where is the Bill?

Mr. Jenkin: Where is the Bill, as my hon. Friend asks? Unfortunately and predictably, the Government's so-called information campaign is about giving out anything but clear answers to all the questions that I have raised.

The Government are spending millions of pounds of taxpayers' money on an information campaign that does almost nothing to give the public real information on what the powers will be. It does nothing to inform them of the real costs, or to allay the confusion that surrounds every aspect of the debate. That campaign is not just a total waste of taxpayers' money; it is clearly intended to distort public opinion ahead of those referendums.

We have taken counsel's opinion on the question of compliance with the guidelines in respect of the Government's information campaign. Not only does that campaign fail to inform the public; we are advised that the "Your Say" leaflets produced earlier this year are clearly intended to promote a yes vote in a referendum. They are therefore in breach of the Government's own guidelines on the work of the Government Information and Communication Service. [HON. MEMBERS: "Take them to court, then."] Unfortunately, this is not a legally enforceable matter. The guidelines are not statute, so they are not enforceable by a court of law. The basic conventions of those guidelines state that activities of the GICS

"should be objective and explanatory, not tendentious or polemical; should not be, or be liable to misrepresentation as being, party political".

They continue:

"The emphasis is on the factual basis and exposition of Government policies rather than on partisan argument."

I have in front of me a copy of the "Your Say" leaflet for Yorkshire and Humber. Those on the front cover with their thumbs up are smiling, and those with their thumbs down are straight-faced. It hardly seems logical for people to smile at the thought of paying a new regional council tax. However, that point is not explained in the leaflet.

Kali Mountford: Will the hon. Gentleman give way?

Mr. Jenkin: If the hon. Lady will allow me, I will finish this point. If we look inside the leaflet, we find a series of questions:

"Will the elected assembly make a real difference to your life?"

The unequivocal answer given is yes. The next question is:

"Would it represent the whole region?"

The answer given is yes. A further question is:

"Would the assembly work for the whole region, not just the cities?"

The answer given is yes. Another question is:

"Would an elected assembly work well with local government?"

The answer given is yes. And finally:

"Will elected regional assemblies reduce bureaucracy?"

The answer given is yes.

The Government's guidelines on the GICS state that the Government must ensure that

"the presentation of arguments and counter-arguments take account of the need to avoid criticism that public funds are being used to disseminate party political propaganda".

Where are the counter-arguments?

Mr. Raynsford *rose—*

Mr. Jenkin: If the right hon. Gentleman will answer that question, I will give way to him.

Mr. Raynsford: I am very grateful to the hon. Gentleman for giving way. Perhaps I can give the counter-argument that he himself will have read from the counsel opinion to which he referred. When asked to give an opinion as to whether the leaflets were tendentious and pursued party political grounds, the learned counsel whom the Conservative party consulted said:

"In my opinion, however, the leaflets do not play on any association between the Labour party and the benefits of regional assemblies nor advocate the policy in favour of regional assemblies on party political grounds."

Will the hon. Gentleman now withdraw?

Mr. Jenkin: No, I will not; I will continue, because the right hon. Gentleman did not answer my question. Where are the counter-arguments? The Government still have no idea what the constituencies of assembly members would be. Is the right hon. Gentleman not aware that people in Middlesbrough and Teesside fear that an assembly for the north-east would be dominated by Tyneside? Is he not aware that people in Northumberland fear that metropolitan interests would dominate the rural agenda? The Government's assurances that an assembly would represent the whole region are clearly polemical and tendentious.

As for regional assemblies reducing bureaucracy, we need only look to the London assembly, the Welsh Assembly or the Scottish Parliament. The Scottish Parliament employs more officials per head of population than any other Parliament in the world. The number of press officers has more than doubled since devolution—from 30 to 72; the number of Ministers has increased from four to 12; and the number of special advisers has increased from two to 11. In the three English regions, two thirds of the population of each region currently live under single-tier local government, so a regional assembly would certainly represent an extra tier of bureaucracy—of paid politicians and bureaucrats. This hardly matches the claim that elected assemblies will reduce bureaucracy. The Government have failed to spell out the arguments in favour of regional assemblies as advanced in these leaflets, and the arguments against.

However, there is a subtle but highly significant distinction to be made between official Government policy—that regional assemblies should be established in those regions where the people have voted in favour of an assembly at a referendum—and the Government's intended outcome, which is a party political position: that people in the three northern regions vote yes in the referendums.

I sent our legal advice—from the leading chambers in this field—to the Cabinet Secretary, which is why the Minister has a copy. Today, I received Sir Andrew Turnbull's reply, which the Minister will also doubtless have. In it, Sir Andrew disputes counsel's opinion, from which the Minister has just quoted. Sir Andrew wrote:

"The suggestion that such explanation should eschew the fact that the Government is in favour of regional assemblies seems rather artificial."

That is not a very strong statement. He continues:

"However, contrary to what seems to be suggested at paragraph 25 of the opinion, we do not consider there is a requirement for Government publicity to explain both the case in favour of regional assemblies and the case against it."

If I may, I shall quote again from the guidance that the Cabinet Office is meant to enforce:

"In such cases, subject matter, presentation and handling are again crucial, particularly when publicity deals with issues on which there is no consensus."

There is no consensus. It continues:

"The presentation of arguments and counter-arguments take account of the need to avoid criticism that public funds are being used to disseminate party political propaganda."

Nothing could be clearer than that. That is the point of the opinion with which the Government disagree, so it is invidious and misl—I am sorry; I should not use the word that I was about to use. It is invidious and not correct for the Minister to claim the opinion in support of his position. It is clearly a criticism of the Government's position.

Mr. Raynsford *rose—*

Mr. Jenkin: The right hon. Gentleman will have time to reply in due course. I am sure that he is going to take a little snippet out of the opinion, but the fact is that he should explain why it was necessary for Sir Andrew Turnbull to dispute the legal opinion with which he was presented.

How all that contrasts with the scrupulous way in which Donald Dewar approached the Scottish referendum in 1997! Nothing better demonstrates how Labour is at the heart of the corruption of our constitution. Sadly, there is no legal redress here, but it serves to underline how desperate the Government are to try to fix the results of these referendums.

Lately, I have seen the new TV adverts, and they are even more biased than anything yet seen. If the Government believed in truth, fairness and properly informed debate, they would halt the information campaign now—but there is no hope of that.

The latest twist in the web of confusion is over the conduct of the ballot itself. The Electoral Commission is due to deliver its report and recommendations on the recent all-postal pilots in September. However, in last week's debate, the Under-Secretary of State for Constitutional Affairs, the hon. Member for Shipley (Mr. Leslie) announced that if the Electoral Commission were to conclude that all-postal voting

[Mr. Jenkin]

was unsafe, the referendums would have to be postponed. Yesterday, the Minister for Local and Regional Government was reported as saying:

"If there were to be a delay it would mean putting the thing back beyond a General Election."

How convenient that would be for the Government. He added:

"If there were to be a suggestion that some new regulations were required, then a delay would take place."

That is what he said. That, Mr. Deputy Speaker, seems like a foregone conclusion.

Last year, reporting on the pilot schemes at the June elections, the Electoral Commission recommended changes to the legislation such as individual voter registration and an extension of police powers to arrest people at any location on reasonable suspicion of impersonation. That would require changes to legislation. After the postal pilots earlier this month, it is inconceivable that the commission would not issue similar, if not more stringent, recommendations in the report later this year.

We know that the Electoral Commission would prefer the Government to wait until its report is published before laying the orders for the referendum in Parliament, although the Minister has sought to deny that. However, my hon. Friend the Member for Gosport (Mr. Viggers), representing the Speaker's Committee on the Electoral Commission, stated quite clearly earlier this week:

"The commission believes that there would be benefit in Parliament having available to it the Electoral Commission's evaluation reports on the June pilot before taking a decision on whether to approve the orders specifying the form of the referendum."—[*Official Report*, 28 June 2004; Vol. 423, c. 16.]

Yet again, the Government have ignored the advice of the very commission that they set up to advise them. However, to appease their critics, they have thrown open the question of whether the referendums will actually take place at all.

Mr. Colin Pickthall (West Lancashire) (Lab): In praying in aid what the Electoral Commission may or may not be saying, how does the hon. Gentleman square what he said with the remark of the hon. Member for Rutland and Melton (Mr. Duncan) in this place last week:

"I do not care what the Electoral Commission said."—[*Official Report*, 22 June 2004; Vol. 422, c. 1208.]

Mr. Jenkin: It is quite clear. We did not support the establishment of the Electoral Commission. We think that these decisions should ultimately be taken by Parliament. The Electoral Commission is a quango, but a quango established by the hon. Gentleman's Labour colleagues to advise the Labour Government on policy. It is extraordinary that, having set up such a body, the Government consistently ignore its advice—and at taxpayers' expense.

Irrespective of whether the referendums will actually take place, the announcement last week will have been of grave concern to those campaigning both in favour of and against regional assemblies in the north of England. As the Minister will know from his Department's propaganda campaign, advertising space and leaflet printers have to be booked weeks in advance of publication. However, if there is no guarantee that the referendums will actually go ahead, how can the yes or no campaigns commit to contracts and liabilities for their forward campaigns? Will the Government underwrite those commitments, so that designated organisations will be compensated if the referendums are cancelled? Under what legislation would the Government have the power to do that?

If the referendums are postponed after the official campaigns have been designated, will the Government confirm that they will not seek to recover the grant given to those campaigns? We know that the Electoral Commission has floated the idea of reimbursing the designated campaigns for expenditure incurred before they receive the grants, but would that still happen if the referendums were to be postponed before the grants were issued?

What is the Government's real agenda behind all this mess? Is it merely to take account of a report from the Electoral Commission—a quango that they created but have so often ignored—or is it to use the Electoral Commission as a convenient alibi for cancelling the referendums, if it is convenient to do so? We know, as the hon. Member for Pendle (Mr. Prentice) pointed out, that the Prime Minister is less than enthusiastic about these referendums. After suffering a record humiliation at the local elections, he is no doubt even less inclined to receive another kicking—to use the Deputy Prime Minister's words—before the next general election.

We know that many in the Government are opposed to holding the referendums. Andrew Marr of the BBC reported that three senior Ministers to whom he had spoken believed that the Government would lose all three. We know that the Labour Party is split on the issue. We know that Lord Haskins, chairman of the yes campaign in Yorkshire, has told Labour MPs in Yorkshire that the referendums should indeed be postponed. We have even had a Yorkshire Labour MP saying that the Prime Minister was "scared to tell John"—the Deputy Prime Minister—that he has to "pull the plug".

The Deputy Prime Minister was due to meet Labour MPs in the three northern regions yesterday to discuss whether the Government should continue with the referendums. Well, what happened? Perhaps the Minister would like to inform the House of the outcome of those discussions because they clearly have a bearing on the public interest. [HON. MEMBERS: "It's tonight."] Oh, the meeting is tonight, so perhaps we will have a statement tomorrow. I will table a question to elicit an answer.

It is all too clear that, if the Government look likely to lose the referendums by the time the Electoral Commission is due to report in September, they will cancel them. Perhaps the Minister will assure the House that whatever is decided will apply to all three referendums. It would surely be invidious for just one or two of the referendums to be allowed to go ahead because they were deemed to be politically convenient for the Government.

Our position on the referendums is clear. The people in the north of England have been promised a referendum on regional assemblies. We should make

sure that that promise is kept. There are two simple steps that the Minister can take to reduce the confusion surrounding the Government's policy and to ensure the referendums are held on schedule.

Mr. A. J. Beith (Berwick-upon-Tweed) (LD): Perhaps the hon. Gentleman can clarify. I understood the Conservative position—it has certainly been expressed in the House—to be that the people of the north of England should not have a referendum in which they would be entitled to choose whether to have a regional assembly. Is the hon. Gentleman now insisting—if so, I welcome it—that they should have such a referendum?

Mr. Jenkin: The simple fact is that the Government have announced that the referendums are going ahead, and the legislation has been passed. A promise has been made to the people of the north of England, and it is reasonable for politicians to want to keep other politicians to their promises. If I may say so, I certainly understand if the right hon. Gentleman is joining some of the other yes campaigners in hoping that the referendum will not go ahead. May I ask the right hon. Gentleman himself whether he believes that the referendums should go ahead?

Mr. Beith: I put a question to the hon. Gentleman. Is he now prepared to say that the people of the north of England should have the opportunity to vote on whether or not they want a regional assembly? The last time that question was addressed from the Conservative Front Bench, the answer was that they should not be given that opportunity. My view is that they should.

Mr. Jenkin: This far down the track, a promise having been made to the people of the north of England that they will have their say, I say let the people speak.

The Minister could reduce the uncertainty and confusion by taking two steps. First, the Government must publish the draft Bill detailing the powers that the elected assemblies would have, so that we could put an end to the endless battles in Whitehall, in time for debate in both Houses before the summer. Secondly, the Government must restore the option of voting in person at the ballot box for the regional referendums. That would not only obviate the need to wait for the Electoral Commission's report in September—there is one reason—but restore public confidence in the voting system for the referendums.

Mr. Kevin Barron (Rother Valley) (Lab): I do not believe that anyone should second-guess what the outcome of the Electoral Commission's work will be. However, one of last year's pilots in the May local government elections was held in my constituency. The report that was produced in July said that there was no difference at all between all-postal votes, any other form of postal votes or anything else. It seems likely to me that the Electoral Commission will give the go-ahead.

Mr. Jenkin: I have already explained that the Electoral Commission is unhappy with the current state of the legislation on all-postal voting. I should have thought that the experience of the large-scale postal pilots would be as evident to the right hon. Gentleman as to everybody else: there were lots of problems.

A new problem is likely to arise in all-postal referendums: the possibility of massive vote harvesting. The Government must abandon the principle that ballot papers should be sent out in the post to anybody and everybody whether or not they have requested them. That is a recipe for electoral fraud, and it invites the misuse of those ballot papers. If interest and party—*[Interruption.]* The Under-Secretary, the hon. Member for Corby (Phil Hope) says, "If you can't win the vote, fix the electoral system," but it is his party that is fixing the electoral system. If ballot boxes were good enough for the Scottish and Welsh referendums, why are they not good enough for the people of the north of England? That is the tried and tested voting system that people want; they do not want new-fangled ideas.

The danger of vote harvesting is that the unscrupulous will make use of the ballot papers of the disinterested. We know that apathy as regards elected regional assemblies is rife, and that turnout is likely to be well below 50 per cent. In that case, ballot papers are likely to be floating around in bins and skips all over the place. It is a recipe for chaos, confusion and mismanagement of the electoral process.

Kali Mountford: I am grateful to the hon. Gentleman for giving way on that point, as I consider it an outrageous slur. Does he have any evidence to prop up that slur and the allegations he has just made? What possible objection could he have to an election turnout of more than 50 per cent.—not ballot papers in bins, but ballot papers counted?

Mr. Jenkin: The Electoral Commission wants individual voter registration, which requires provision in legislation. In place of that, however, Parliament decided that for the electoral pilots there should be witness declarations of voter identity.

Mr. Geoffrey Clifton-Brown (Cotswold) (Con): Does my hon. Friend agree that a further simple step to reduce fraud would be for postal votes to be issued only to those people who request them? After all, that is the system at present.

Mr. Jenkin: I fully agree with my hon. Friend; that is the only safe way to conduct elections. Without individual registration, and having no provision in legislation for the declaration of identity to be witnessed, there is no way that the authorities will be able to tell the scale of any fraud.

England is the mother of Parliaments. The democratic institutions in this country used to set the standards for countless democracies throughout the world. The English constitution was the inspiration of Locke and Montesquieu—the philosophers who in their turn were the inspiration of the founding fathers of the American constitution. Our Parliament here at Westminster has established countless constitutions for new nations around the world, yet now, after centuries of nurturing and developing the world's benchmark for democracy, we are faced with constitutional chaos, which the Government have created in a remarkably short period.

Earlier this month, we saw a collapse in public confidence in the voting system unprecedented in modern times. In the style of a dictatorship, the

[Mr. Jenkin]

Government declared the all-postal pilots to have been "successfully completed", and less than five months away from referendums on significant constitutional change, we are told that they may never take place. If they do, they are likely to be a farce.

No wonder politics is becoming the despair of voters across the country. If the Government are truly interested in raising turnout at elections, they should look more closely at the way in which they conduct the government and stewardship of our constitution, rather than seeking short-term increases in participation through the use of voting gimmicks.

2.24 pm

The Minister for Local and Regional Government (Mr. Nick Raynsford): I beg to move, To leave out from "House" to the end of the Question, and to add instead thereof:

"welcomes progress the Government is making in implementing its proposals for elected regional assemblies set out in the White Paper, Your Region, Your Choice: Revitalising the English Regions, based on the principles of increasing prosperity, pride and democracy in the regions; applauds the opportunity afforded to people in the three northern regions of England to have their say about whether they want an elected assembly for their region; welcomes the decision to hold the referendum by all-postal ballot while noting the Government's preparedness to give a clear undertaking not to proceed with all-postal referendums as planned if the Electoral Commission produces convincing evidence leading to the conclusion that it would be unsafe to do so; welcomes the Government's decision to have one assistance and delivery point per 50,000 electors, giving the choice as to whether to return their vote by post, to deliver it by hand, or to vote at a place supervised by electoral officials; further notes the Boundary Committee's estimates of the savings from local government restructuring in regions which choose to establish an elected regional assembly; looks forward to the publication of the draft Bill which would establish elected assemblies, once the date for the referendums has been set by Parliament; commends the Government's endeavours to ensure that people voting in the referendums have information on which to base their choice; and notes that the principal confusion about regional policy appears to be on the Opposition benches."

The Opposition claim that there is confusion in regional government policy, but after listening to the hon. Member for North Essex (Mr. Jenkin) there can be little doubt in the Chamber that it is the Opposition, and the hon. Gentleman in particular, who are confused.

When we last debated elected regional assemblies, on 11 February, the spokesman for the Opposition was the right hon. Member for Skipton and Ripon (Mr. Curry), and I am delighted to see him in the Chamber this afternoon. He had given, as is his wont, serious thought to the issue. In a speech in 2000, he said:

"In its potential to restore some vigour to local democracy, and to offer a constitutional settlement, regional government deserves real consideration."

Two years later, he added a further acute observation:

"There is actually a case for regional devolution, and it is silly to pretend that that case does not exist. There are two arguments in favour of regional devolution. One is that there is a serious problem with representative democracy in Britain today. We have passed power out of the hands of people who are accountable . . . The second argument for regional devolution is that, at some stage, we have to address the problem of the government of England. I happen to be passionately opposed to the idea of an English Government."

The hon. Member for North Essex referred to the English Parliament; it was probably a slip of the tongue, so I hope that he will correct it. This is the British Parliament. I agree with the right hon. Member for Skipton and Ripon who is passionately opposed to the idea of an English Government.

Mr. Jenkin: I said that England is the mother of Parliaments.

Mr. Raynsford: When the hon. Gentleman checks *Hansard* tomorrow, I think he will see that his reference was to an English Parliament, but I leave him to make the subsequent correction.

I shall continue quoting from the speech made by the right hon. Member for Skipton and Ripon. He said:

"I can think of nothing more destructive for the United Kingdom than a wholly imbalanced power centred in an English Government, faced with the powers of the much smaller nationalities in the United Kingdom. Devolution to regions of the United Kingdom can provide an answer to this problem."—[*Official Report*, 26 November 2002; Vol. 395, c. 318–19.]

The right hon. Gentleman of course had some difficulties in reconciling his entirely sensible approach with the mindlessly negative approach that the dominant forces in his party had adopted on regional assemblies. How it must have reminded him of debates about Europe when he had comparable difficulties with the Eurosceptics. He sought to square the circle by arguing that he was not opposed in principle to regional devolution but that he could not support the Government's proposals because they did not give the regions sufficient powers.

While that undoubtedly helped the right hon. Gentleman out of the difficulty of reconciling his views with his party's, I am not sure that there was any solid basis for claiming that the Tory party wanted more devolution to the regions. No doubt had he continued in his post, we would have seen proposals for extending the powers of elected regional assemblies and enjoyed a constructive debate about them. Sadly, he no longer speaks for his party and in his absence there have been no proposals—none—from the official Opposition to give more powers to elected regional assemblies.

Mr. David Curry (Skipton and Ripon) (Con) *rose—*

Mr. Raynsford: Of course I give way to the right hon. Gentleman.

Mr. Curry: I had a feeling that the right hon. Gentleman might give way.

I rescind not one jot of what I said. If we look to some sort of regional devolution to balance the distribution of power within the United Kingdom as a whole, it follows that there must be an analogy between the powers devolved to places such as Scotland and, to a lesser extent, Wales and those devolved to English regions. If that were to happen, sensible people would want to see whether it could be made to work. But that is not on offer. What is being offered to the English regions is a hollow echo even of what was offered to Wales, so sensible people will not want to follow a course that merely submits to the Government's agenda of pure tokenism.

Mr. Raynsford: As I pointed out to the right hon. Gentleman, he made a perfectly sound case for giving more powers to the regions and I put it to him that what is on offer to the English regions is broadly comparable to what was offered to the people of London who voted in favour of it and now have their city-wide authority, which fulfils most of the same functions that are proposed for the English regional assemblies. I hear what he says; if he is sincere in his objective, what representations has he made to his party to advocate greater powers for elected regional assemblies and why does he think that the current Opposition Front Benchers appear so lacking in interest in extending the powers of elected regional assemblies?

Mr. Curry: The right hon. Gentleman will have observed the London elections and noted the turnout. He will also have noted the turnout at the referendum on whether to have a London assembly and the turnouts in Scotland and Wales even with the relatively substantial powers of the Parliament and the Assembly. What does he think the turnout would be for the Yorkshire and Humber regional assembly, on the basis of the powers set out in the White Paper, at the second set of elections to that assembly? Would it be above or below 10 per cent?

Mr. Raynsford: The turnout at the recent election in London—the first re-election of the Greater London authority—showed an increase on the turnout at the previous such election. That may or may not support my case, but it certainly does not support the right hon. Gentleman's. We have a genuine and serious issue in encouraging turnout and participation in the democratic process, not just for the GLA or the Scottish Parliament, but for English local authorities and, indeed, for the British Parliament. The 59 per cent. turnout at the last general election is not something about which any of us can feel comfortable, so we have issues to address, but the intelligent and serious debate that I looked forward to having with him when he spoke on this subject for the Conservative party is very much the way forward; the current mindless opposition to proposals for regional devolution is not.

Mr. Edward Davey (Kingston and Surbiton) (LD): In answer to the right hon. Member for Skipton and Ripon (Mr. Curry), the Minister said that the powers on offer to the English regions are broadly similar to the powers given to the Greater London authority. I have to tell the Minister that that is completely incorrect. The GLA's powers over transport in relation to the roads that the Highways Agency used to maintain in the capital, buses, the London underground and the police are completely and utterly different. If he is now saying that those powers will be included in the draft powers Bill, that is a major statement, but if he is trying to say that the powers are broadly similar, he is simply incorrect.

Mr. Raynsford: The hon. Gentleman served on the Committee that considered the Greater London Authority Bill and he has taken a close interest in this issue, but I remind him that the powers in relation to economic development, the oversight of the regional development agency, strategic planning, public health and supporting the overall development of culture in the area are all broadly comparable. I entirely accept that transport is an exception because London has its own unique transport body, Transport for London. That is not replicated in the English regions, but, under our proposals, they will have rather greater powers than the GLA in relation to housing capital allocations. Yes, there are some differences, which is why I used the words "broadly comparable", but I rest my case on the fact that, in terms of broad comparability, we are talking about strategic powers to govern the whole region, not becoming involved in day-to-day service delivery, which rests with the local authorities. We have followed that model both in London and the English regions.

I want to pose a question to the hon. Member for North Essex who, in the absence of the elusive hon. Member for Meriden (Mrs. Spelman), is speaking for the Conservatives now.

Mr. Jenkin: The reason why my hon. Friend the Member for Meriden (Mrs. Spelman) is not here is that, when she put herself forward for this debate, it was expected that the Deputy Prime Minister might come to answer for his policy. He did not have the courage to do so.

Mr. Raynsford: That is particularly cheap. The Deputy Prime Minister has never had the slightest hesitation in speaking in the House and elsewhere in defence of his policy, but he is not always able to attend every debate. We work as a team, and I have spoken frequently on this subject and will continue to do so. I was simply observing the absence of the hon. Lady.

Do the Conservatives want more powers to be devolved to elected regional assemblies or are they totally opposed to regional devolution? Answer comes there none. That is a classic illustration of the confusion at the heart of the Conservative party, and I fear that we will not get any clarification.

Joyce Quin (Gateshead, East and Washington, West) (Lab): Was my right hon. Friend struck, as I was, by the complete absence from the speech of the hon. Member for North Essex (Mr. Jenkin) of any plan by his party to regenerate or empower the regions, and by the fact that he proposed no strategy whatsoever?

Mr. Raynsford: My right hon. Friend is absolutely right: the Conservatives have nothing to offer. Indeed, they have an appalling track record in the line that they have adopted on devolution over the past seven years. They have got it wrong every single time that an important constitutional and democratic advance has been made in this country over the past seven years. They opposed devolution to Scotland. They were wrong. They eventually had to change their minds. They opposed devolution to Wales. They were wrong. They eventually had to change their minds. They opposed devolution to London. They were wrong. They eventually had to change their minds. Today, we have witnessed another U-turn, prompted by the rather sharp question from the right hon. Member for Berwick-upon-Tweed (Mr. Beith). They previously opposed holding referendums in the north, but they now say that they want them. With such an appalling track record for changing their tune, who would trust what they have to say about any proposal for devolution?

Mr. Clifton-Brown: May I ask the Minister about something for which he is responsible and about which he is supposed to be talking today, which is not Opposition policy? On 5 May 2004, he gave me an answer that shows that the maximum chamber budget is £2.5 million in the north-west and that the rest of the budgets are somewhat less than £2 million. Will he say something about the elected regional assemblies' budgets? Are we talking about that sort of sum? He has almost spent such a sum on the campaign, let alone all the parliamentary time and political trouble that we are having. If the budgets will be of that order, what on earth are we all doing?

Mr. Raynsford: If the hon. Gentleman had read the White Paper and the literature that we have been publishing as part of the "Your Say" campaign, he would know that the money that will be deployed by the elected regional assemblies will be approximately £300 million for the north-east, approximately £700 million for Yorkshire and Humber and approximately £1.1 billion for the north-west. Those are the direct spending figures. In addition, there will be considerable influence over other matters. We are talking of substantial sums. He is wrong to draw a comparison with the current chambers, which are voluntary associations and supported by the Government to perform co-ordination functions in relation to regional strategic planning and to the work of the regional development agencies. Those roles are very different from that of elected regional assemblies.

Mr. Clifton-Brown: I am glad that the Minister gave those figures, because they are still tiny in comparison with what the Government offices for the regions control. Will he say something about the relationship between the elected regional assemblies and the Government offices? Will the assemblies have any control over those budgets, or will they still be controlled directly from Westminster?

Mr. Raynsford: As has been explained on many occasions, some of the functions will transfer from the Government offices, but it is implicit in our proposals that service delivery should essentially remain a local function—the responsibility of local authorities—and it is right and proper that expenditure on items such as education should continue to be local. The amounts discharged by regional bodies will not be vast in relation to the overall sums spent in the regions, because much of that will be spent by local authorities. My understanding of the Conservatives' position is that they do not want powers to be taken from local authorities and handed to elected regional assemblies. We do not either. That is why we are distinguishing the strategic role of elected regional assemblies from the service delivery role of local authorities. The inevitable consequence is that large sums will continue to be spent in the regions by local authorities that are not within the remit of the regional assembly.

Mr. Jenkin: I am glad that the Minister confirms my assertion that less than 2 per cent. of public money will be spent by regional assemblies. Will he also confirm that that money will be ring-fenced and subject to Government targets, as is stated in the White Paper—unless he is changing that as well? Will he also bear it in mind that the alternative policy to setting up regional assemblies, which represent centralisation within the regions, is for Whitehall to give some of its powers back to local government, which is where people really feel those powers belong?

Mr. Raynsford: Once again, the hon. Gentleman has his facts wrong. If he reads the White Paper, he will see clearly that we propose a single pot for the elected regional assemblies, not ring-fenced funds. Perhaps he would like to reflect on the fact that, once again, he has got his facts wrong. If he had bothered to do more research into what we are doing, he would recognise that we are engaged in reversing many of the centralising actions of the last Conservative Government. The new prudential borrowing regime, which has been introduced this year for local authorities, ends the pernicious regime introduced by the Conservative Government under which all local authority borrowing decisions were subject to central control. A little more humility on his part about the failures of the Conservative party in government would be appropriate.

Alistair Burt (North-East Bedfordshire) (Con): Will the Minister give way?

Mr. Raynsford: No, I will not give way. I want to make some progress.

A little more humility on the consistent failure of judgment that the Conservative party has shown on the regional issue would also be appropriate. The Conservatives have now been obliged to concede the case for the Scottish Parliament, the Welsh Assembly and the Greater London authority. If devolved government is appropriate for the 15 million people who live in Scotland, Wales, Northern Ireland and London, why is it not appropriate for the 2.5 million people in the north-east, the 5 million people in Yorkshire and Humber or the 6 million people in the north-west?

The policy of the Conservatives is confused and inconsistent. They opposed regional chambers, but now they support them. The regional chambers are now populated by more than 150 Conservative councillors—indeed, Conservatives chair two of them. Of course, they opposed the introduction of regional development agencies, but now we do not know what they think. In October 2003, the hon. Member for Runnymede and Weybridge (Mr. Hammond), who is also sitting on the Conservative Front Bench, said:

> "we realise that business communities in many regions recognise that RDAs do a worthwhile job. I have talked to representatives of RDAs and told them that we would expect a Conservative Government to engage with them to consider how to address the issue of democratic deficit. We are not committed, as we were previously, to their outright abolition. We will engage with them."—[*Official Report*, 16 October 2003; Vol. 411, c. 178WH.]

Does that mean that the Conservatives would abolish RDAs or keep them? How would they address the democratic deficit? Would they engage with RDAs centrally or regionally? We look forward to hearing how the official Opposition intend to resolve those issues, because we have received no answers to date.

The previous Conservative Government created the Government offices for the regions in 1994 at a time when they recognised the need for a regional dimension to the machinery of government. The Conservative

party is now not sure whether to discount its own legacy, as some of its Back Benchers clearly would like it to, because the UK Independence party claims that regional policy is a European conspiracy—we heard a touch of that earlier in the debate. What a sad example of the decline of the Conservative party from a party of government to a confused rabble, marching to the drum of the anti-European fanatics who increasingly determine its policy, and sacrificing principles and consistency for shameless opportunism. By contrast, the Government have shown a clear and consistent regional policy: to take power from the most centralised system of government in the western world and give it back to the people in Scotland, Wales, London and now the English regions.

Mr. Curry: While the right hon. Gentleman is pursuing such a noble cause as devolution, will he give us an insight into whether the balance of funding review of local government is likely to give significantly greater power back to local government and rebalance the relationship between central and local Government?

Mr. Raynsford: The right hon. Gentleman makes a good try, but he will know that our first responsibility after the completion of the balance of funding review will be to report to the House, which we will do. I cannot anticipate the results today.

It is our responsibility to extend democracy so that decisions that ultimately affect the English regions are taken in the English regions by people elected by each of the English regions, and to create jobs, growth and a better quality of life for all our people.

Elected regional assemblies will lead to more accountable regional government. They will take power from central Government, not local government, and give the people a new political voice. They will tackle the big strategic issues that need to be handled, and are already handled, at the regional level, such as planning for homes, land, jobs and transport, consideration of the environment and the promotion of arts, sports, public health and public safety throughout the regions. Through elected assemblies, people will have control and influence over how significant proportions of central Government money are spent in their region. That represents a clear opportunity for devolution to the English regions, but it is up to people who live in regions to choose in a referendum whether they want an elected regional assembly. No region will be required to have an elected assembly if it does not want one—it is entirely a matter of choice. The Conservative party claims to support such choice until we come to proposals for regional referendums.

Mr. Edward Davey: Will the Minister confirm here and now that there will be referendums on elected regional assemblies this coming autumn?

Mr. Raynsford: If the hon. Gentleman will bear with me for a moment, I shall deal with that specific issue and give him the detailed answer that he wants. However, I would first like to cover other points that have been raised on the powers of assemblies and the way in which they will work.

Mr. Pickthall: The Minister might know that I am a 100 per cent. supporter of regional government. Unfortunately, the campaign in which we are engaged shackles that to changes to local government. How would my right hon. Friend advise me to deal with the situation in my constituency, in which the proposals for changes to local government that are consequent on the regional campaign are universally despised? I can almost guarantee that 74,000 electors in my patch will vote against regional government, not because of regional government itself but because of what is happening to their local authority.

Mr. Raynsford: We think it is right to streamline existing two-tier local government structures where there is an elected regional assembly, to avoid the proliferation of bureaucracy. As my hon. Friend knows, we are continuing to consider specific proposals from the boundary committee for England that were submitted to us about five weeks ago, so we will not be in a position to give a definitive answer for a further week. However, my hon. Friend will know that his local authority has made substantial representations about the possible impact of the boundary committee's proposals on West Lancashire, which we are examining closely. He will understand that I cannot say more at the moment because we are in the consultation period, but we will clarify the issues when we lay the appropriate orders before the House.

We believe in giving people a choice. The Conservative party claims to support choice, but does not believe in it. It does not believe in devolution. It is devoid of creative ideas and is opposing just for the sake of it. Conservative Members claim that there is confusion about the powers to be devolved to elected regional assemblies, but they have no proposals to clarify or extend their powers—they are simply making an opportunistic attack.

Our White Paper made it clear that elected assemblies will have powers to make a difference in key areas such as jobs, planning, housing, transport, culture and the environment in the regions. Elected regional assemblies will set the economic development agenda for their regions and work with regional development agencies to enhance regions' competitiveness and economic performance. They will also have a powerful influence on quality-of-life issues within regions. Those were always key elements of our proposals for elected regional assemblies, but as we said in our White Paper:

"the Government is keen to further decentralise responsibility for policy and delivery where this will improve regional outcomes . . . There are likely to be further proposals for the decentralisation of responsibilities to assemblies as time goes on."

Mr. Jenkin: The phrase from the White Paper that the right hon. Gentleman cites is simply code for saying, "We cannot agree in the Government what the powers of these elected regional assemblies should be, and we are still arguing about it." Our point is that there is a split in the Government on regional assemblies, and there is now a split on whether the referendums should be held at all.

Mr. Raynsford: I regret giving way to the hon. Gentleman because he added nothing to the debate by repeating the entirely inaccurate allegations that he made in his speech.

[Mr. Raynsford]

It is important for the debate to have a proper and serious tone, so let me explain the three main new policy developments affecting assemblies' powers that have been made since the regions White Paper was published. First, the June 2003 White Paper on fire and rescue services announced that responsibility for fire and rescue services will transfer to a regional level in regions that choose to have an elected assembly. That mirrors the effective arrangements that already exist in London and will help to ensure that fire and rescue services are properly equipped to respond to the many new challenges that exist, not least those posed by international terrorism that require co-ordination beyond the level of existing fire authorities.

Mr. Philip Hammond (Runnymede and Weybridge) (Con): The Minister repeated that regional fire authorities will be created where there are elected regional assemblies, but the Office of the Deputy Prime Minister's business plan, which appeared earlier this week, says that regional fire and rescue structures would be imposed only where elected regional assemblies were created and

"elsewhere to promote an effective regional dimension".

Will the Minister confirm whether regional fire and rescue authorities will be imposed under any circumstances where elected regional assemblies have not been created?

Mr. Raynsford: The hon. Gentleman was a member of the Committee that debated that at enormous length, so he knows perfectly well what the arrangements are.

Mr. Hammond: That is different.

Mr. Raynsford: No, it is not. My explanation is exactly the same as the one I gave in Committee, and I am sorry that the hon. Gentleman has forgotten it. The clear commitment that we have given time and again is that where people vote for an elected regional assembly, it is right that there should be a regional fire and rescue service that is democratically accountable to that assembly, as is the case in London. Otherwise, regional management boards will be brought together by the existing fire and rescue authorities to deal with matters that need to be handled at a regional level, including resilience planning, anti-terrorist arrangements, procurement and so on. The hon. Gentleman knows all that—it is exactly what we have always said, and it remains our policy.

Mr. Hammond: Is the ODPM business plan wrong when it sets an objective of delivering

"regional Fire and Rescue Authorities in regions voting for an Elected Regional Assembly, and elsewhere to promote an effective regional dimension"?

Are those words wrong?

Mr. Raynsford: The wording is designed—and I am sorry that the hon. Gentleman is having difficulty with this—to support the creation of regional fire and rescue authorities in areas where there is an elected regional assembly.

Mr. Jenkin: That is not what the business plan says.

Mr. Raynsford: Would the hon. Gentleman contain himself and listen to the reply that I am trying to give the hon. Member for Runnymede and Weybridge?

Elsewhere, the aim is to have appropriate structures to ensure that things that need to be discharged at a regional level are so discharged. That has been explained time and time again. I know that the hon. Member for North Essex does not want to believe it because he has a conspiracy theory about regionalisation. He is wrong and, as on so many issues, the Opposition are showing that they do not understand the policy of devolution.

Richard Younger-Ross (Teignbridge) (LD): I was not here for the beginning of the right hon. Gentleman's speech, but people would be more convinced that the Government were in favour of regional governance if regional authorities were given the same powers in relation to regional fire authorities as the Welsh Assembly. A number of regional assemblies will cover areas bigger than Wales but will have fewer fire protection powers than the Assembly.

Mr. Raynsford: The hon. Gentleman made that point in Committee. The model that we have broadly followed is the model used by the London assembly, with the distinctions that I highlighted in response to the hon. Member for Kingston and Surbiton (Mr. Davey). We envisage a strategic authority in the English regions. London is to all intents and purposes an English region, and it is appropriate that other English regions should have broadly comparable arrangements.

I was speaking about changes to the fire service. We announced in February 2004 that we would strengthen the powers of elected assemblies in respect of regional planning. The third new development concerns the involvement of stakeholders—business, trade unions, the voluntary sector, faith communities, representatives of rural areas, young people and ethnic minorities, and other interest groups—in the work of elected regional assemblies. Following consultation, we concluded that elected regional assemblies should be subject to a duty to introduce proposals for involving stakeholders in their work. How they do so will be for them to decide—that is the nature of devolution—but they cannot ignore the concerns of stakeholder groups. That is all part of the new, more inclusive approach towards arrangements for governance that we are putting in place.

Mr. Mark Francois (Rayleigh) (Con): Will the Minister give way?

Mr. Raynsford: No, I should like to make progress as I have given way many times.

From the outset, we made it clear that our proposals are designed to add value and minimise bureaucracy, which is why we have proposed small, streamlined bodies consisting of 25 to 35 members. At the same time, we made it clear that three tiers of Government below the national level—regional, county and district—are too many. We therefore insisted that if people voted in a referendum for an elected regional assembly in their region, that must be accompanied by unitary local government throughout the region, which follows the

pattern in Scotland, in Wales and in London. The boundary committee has now completed its review and set out options for unitary local government in Cumbria, Lancashire, Cheshire, Northumberland, Durham and North Yorkshire. The residents of those two-tier counties will have a say on their preferred option in the referendum, which is another advance in letting people express their preferences—something that the Opposition never did when they imposed wholesale reorganisation on local government in the 1990s.

Mr. Gordon Prentice: We know that there will be fewer local authority councillors in the new local government configuration proposed by the boundary committee, but can my right hon. Friend estimate the number of councillors that we will lose?

Mr. Raynsford: As my hon. Friend knows, that will depend on the proposed configuration, but as I said in response to our hon. Friend the Member for West Lancashire (Mr. Pickthall), we are not in a position to give figures until there has been a proper consultation on the committee's proposals. However, we will do so, and my hon. Friend the Member for Pendle (Mr. Prentice) will know that the boundary committee's proposals involve a significant reduction of the existing 50 local authorities in the six northern counties to a total of between seven and 19.

Mr. Francois: I thank the Minister for his courtesy in giving way. A few minutes ago, he mentioned regional planning, which is intimately connected to the issue of housing and regional housing boards. He knows that that is extremely controversial in Essex, where the Government's attempts to increase the amount of housing is a principal reason for the effective slaughter of the Labour party on 10 June. It even lost Thurrock, which it has held for decades. Why does the Minister think that the Labour party was slaughtered in Essex on that day?

Mr. Raynsford: I regret giving way to the hon. Gentleman, because this is a debate about devolution and elected regional assemblies. To the best of my knowledge, he has not shown any interest in having such an assembly in Essex, so I should like to get back to the agenda and talk about elected regional assemblies in those parts of the country where referendums will take place.

I should like to say a few words about the way in which the referendum is conducted. During the parliamentary passage of the Bill that enables the referendums to be held, many concerns were voiced about turnout, and we agreed that it was vital to do everything possible to encourage participation. We have, as hon. Members know, conducted an extensive programme of electoral pilots at local government elections that demonstrated very clearly the scope of all-postal ballots in achieving dramatic increases in participation, in many cases doubling the number of voters in traditional ballots. In its evaluation of the 2003 pilots, the Electoral Commission concluded that, subject to certain safeguards, all-postal elections should be adopted as the norm for future local government elections. Against that background, we concluded that it would be sensible to use all-postal balloting in the three northern referendums. We announced our decision last autumn and it was welcomed by the Electoral Commission. That is the basis on which we have been proceeding, with the agreement of the Electoral Commission.

Following the June 2004 elections, we held further discussions with the Electoral Commission, which once again will conduct an evaluation of the electoral pilots that must be completed by 13 September. In those discussions, the commission suggested that we delay laying the orders necessary to allow the referendums to be held until after its evaluation of the June pilots was published. We in turn pointed out that because of the specific commitments already given to Parliament about the referendum period and the provision of information to all electors, it would not be possible to hold the referendums this autumn if the orders were not agreed before the summer recess. In seeking a sensible way forward to try to meet both concerns, we gave an undertaking to the House last week, which I am happy to repeat today. To enable the autumn timetable to be met we need parliamentary approval of the orders in July, but we undertake not to proceed with the all-postal referendums as planned if the Electoral Commission's evaluation of the 2004 pilots produces convincing evidence leading to the conclusion that it would be unsafe to do so.

Mr. Edward Davey: I thank the Minister for clarifying that safeguard, but when he and the Under-Secretary of State for Constitutional Affairs, the hon. Member for Shipley (Mr. Leslie), gave that explanation to the House last week, there was no suggestion, as I recall, that the laying of orders went against the initial advice of the Electoral Commission. Why did Ministers not make it clear to the House that the commission had advised against proceeding with the laying of orders?

Mr. Raynsford: The position is exactly as I have described. I had discussions about the matter with Sam Younger, who hoped that we would delay the referendums until after the evaluation. He said so on the basis of advice from his chief executive that it would be possible to hold referendums in autumn even if the orders were not approved by the House in July. I pointed out to him, after taking advice from my officials, that that was not the case. Our figures suggested that if there were a delay and the orders were not agreed by the House before Parliament rises in July, the later timetable would mean that the election period would straddle Christmas. It is not sensible for a referendum to be held in the last two weeks of December and the first week of January, and I explained to Mr. Younger that in the circumstances the sensible way forward was the one that we announced to the House last week and which I have repeated today. The orders need to be agreed to allow us the certainty to proceed, and to satisfy the timetable that we have pledged to honour. At the same time, we will not proceed if the report that the commission will publish on about 13 September makes it clear that it would be unsafe to do so.

That seems to me the sensible way forward that balances both concerns: the concern to avoid unnecessary delay and prolonged uncertainty, which are not good things for people in local authorities affected by reorganisation, or in the northern regions that are

[Mr. Raynsford]

keen to get a decision one way or the other on elected regional assemblies. Prolonged uncertainty would not be in their interest. We do not see an argument in favour of unnecessary delay. We do see an argument for allowing an opportunity to take stock, consider the Electoral Commission's report and then act accordingly.

Joyce Quin: I am grateful to my right hon. Friend for the explanation that he has given. If, by any chance, the Electoral Commission said that it would be unsafe to proceed, would it be possible to go ahead with the autumn timetable under the ballot box system, rather than the all-postal system?

Mr. Raynsford: My right hon. Friend raises some interesting questions, but the situation is more complex. There are a number of possibilities. The hon. Member for North Essex suggested the possibility of a requirement for the individual registration of all electors. That would require legislation and would take a long time, so it would be impossible to meet the timetable. If there were some administrative changes to give greater safeguards against the possibility of fraud, those might be introduced in a way that allowed all-postal ballots to take place according to the timetable agreed. Equally, there might a case for reverting from an all-postal to a traditional ballot, but that would require different orders, and time would be needed to take them through the House.

All those factors indicate that the sensible course of action is not to prejudge the outcome, but to allow an opportunity to reflect on the Electoral Commission's report, as and when it comes out, and to enable us to proceed as we originally proposed and as was agreed by the commission if it does not produce convincing evidence to suggest that it would be unsafe to do so. That is the sensible way forward.

Mr. Hammond: The Minister has twice used the phraseology that the Under-Secretary of State for Constitutional Affairs, the hon. Member for Shipley (Mr. Leslie), used last week, saying that there would be a delay if the Electoral Commission declared that it would be "unsafe to proceed". That is a very high test to set. The right hon. Gentleman is reported in the *Yorkshire Post* yesterday as having said:

"If there were to be a suggestion that some new regulations were required then"

a delay

"would take place."

A suggestion that new regulations may be required is very different from a declaration by the Electoral Commission that it would be unsafe to proceed. Can the Minister tell the House which is the test that he will apply?

Mr. Raynsford: The hon. Gentleman will understand that I was referring to exactly the point that I was making in response to my right hon. Friend the Member for Gateshead, East and Washington, West (Joyce Quin). The outcome will depend entirely on what particular proposals—*[Interruption.]* The hon. Gentleman asked a question. I hope he will contain himself while I try to answer it.

There are a number of possibilities. There could be suggestions that safeguards would require legislation or regulations. There could be suggestions that certain administrative arrangements might be necessary to enhance the security of the poll. I do not want to anticipate or prejudge the outcome of the Electoral Commission's report. I want to be able to consider it thoughtfully when we have seen it and to reach an informed judgment as to whether or not there is convincing evidence to suggest that changes should be made—and if so, the necessary changes that ought to be made to the arrangements.

Mr. Curry: Assuming we go ahead with a postal ballot, the right hon. Gentleman states, and it is stated in the Government amendment, that there will be one assistance and delivery point per 50,000 electors. In Leeds, Bradford or Sheffield, two or three square miles may well embrace 50,000 electors. In the whole of Craven in my constituency there are not 50,000 electors, so somebody could find themselves 40 or 50 miles away from the single ballot point. Will the right hon. Gentleman take sparsity into consideration and reconsider the proposal in the light of geography rather than population?

Mr. Raynsford: The right hon. Gentleman makes a fair point, but he will recall that the proposal was made against a background where the number of assistance and delivery points attracted criticism in the House when we debated the matter last week. In response to concerns, we have significantly increased the number of assistance and delivery points. It is never possible to provide a single point for the convenience of every community—*[Interruption.]* Would the hon. Member for North Essex like to intervene?

Mr. Jenkin: Why does the Minister not provide the certainty that everybody wants by going back to polling stations, which offer a convenient location for everybody to vote in person and would provide certainty about the process and certainty that the referendums would take place? He will not do so because he knows that if he goes back to the ballot box system, which was good enough for Scotland and for Wales, the turnout will be a humiliation for him and the Government.

Mr. Raynsford: Once again, I rather regret giving way. The hon. Gentleman has added nothing to the debate. He knows perfectly well that there is substantial evidence that all-postal voting increases turnout substantially. He may not want people to exercise their democratic rights, but we do. It is right that people should be given greater opportunities, but it is also right that people who expressed a wish for more assistance and delivery points should have their concerns met. That is why we have responded by increasing the provision of assistance and delivery points, while continuing with the recommendation that was

supported and endorsed by the Electoral Commission to hold the referendums by all-postal ballots in order to ensure the maximum level of participation.

Mr. Barron: The hon. Member for North Essex (Mr. Jenkin) said earlier that a postal vote should be available only to people who had applied for it. Upstairs in my office I have a letter of complaint from a constituent of mine whose mother received a two-page letter from the right hon. and learned Member for Folkestone and Hythe (Mr. Howard) that could be only described as party political propaganda, saying that if she wanted an application form, that would be arranged for her so that she would be able to have a vote. I know that hon. Members in all parts of the House do that, although I have never done it in my 21 years as a Member of the House. It is a lot safer for somebody to have a ballot paper sent to them through the post than to be prompted in the way that my constituent's mother was prompted down in Folkestone.

Mr. Raynsford: The point that my right hon. Friend highlights is the Conservative party's extraordinary propensity to say one thing in the House and do something quite different elsewhere. The hon. Member for North Essex might do the House a service if he placed a copy of that letter in the Library of the House, so that Members could see how the Conservative party behaves in relation to postal voting.

Mr. Edward Davey: I am keen to get the Minister to be clear about the timing of the final decision on the date for the referendums. As I understand it, the Electoral Commission must, in law, report by 13 September on its review of the all-postal pilots last June. How soon after that do the Government intend to reply to the Electoral Commission and give their decision on whether voting in the referendums will be by all-postal ballot or at polling stations?

Mr. Raynsford: The hon. Gentleman asks a good question. He will know that the September parliamentary Session is due to come to an end on, I think, 15 September, which is why it would not be possible, as the Electoral Commission had hoped, for us to take orders through in September, after it had published its report. There simply is not time for that. The orders would have to be taken through the House in October, which would lead to the consequence that I described—a polling period over Christmas, which would be thoroughly undesirable.

We aim to reach a decision as soon as possible after seeing a copy of the Electoral Commission's report. I cannot give a precise date at this stage, but clearly that would be our aim, and it is necessary that we do so, because a few days after that would be the point in time at which the Electoral Commission would agree the registration of yes and no campaigns, and the referendum period and process would be under way. So a fairly quick decision would be needed in response to the commission's report, and we would certainly endeavour to give that response.

Mr. Gordon Prentice: Is it not very regrettable that the orders are to be taken through the House by the end of next month and we will be voting on them without the benefit of the advice from the Electoral Commission? When that advice is published, the decision will be made not in the Chamber or by anyone in Parliament, but by the Executive. That must surely be wrong.

Mr. Raynsford: My hon. Friend must not have been listening when I spoke earlier about the need to reconcile the two timetables. If he wants a long period of uncertainty in his region, what he is advocating might be the right way forward, because it would simply cause delay, but I do not think that his constituents and most people in his region and the other northern regions want a prolonged period of uncertainty. They want the referendums, which they have been expecting for a long time, to be held this autumn. That is our intention and we intend to keep to the timetable.

Of course, different considerations apply to a referendum as against an election. The absence of candidates both eases the timetable for printing ballot papers and, in many commentators' view, greatly reduces the likelihood of fraud, as no one has a personal interest in being elected. We should not assume a straight read-across from what may or may not have happened in the June council elections to the autumn referendums. We should also bear it in mind that several of the allegations that have been made about abuse of postal ballots related to regions that did not have all-postal pilots.

Having said that, we are absolutely committed to maintaining the integrity of the balloting process, and we want to look carefully at the Electoral Commission's conclusions in its evaluation of the June pilots before confirming that we will proceed with the all-postal referendums as planned. The commitment that I have given allows that, while at the same time avoiding what would otherwise be an inevitable delay in the referendum timetable.

Mr. David Heath (Somerton and Frome) (LD): I have been listening carefully to the right hon. Gentleman, but because of the importance of ensuring the integrity of the electoral process, will he accept that it is the Department for Constitutional Affairs that deals with electoral matters, not the Office of the Deputy Prime Minister, and it should be the Department for Constitutional Affairs that considers the Electoral Commission's report and responds to it, not the right hon. Gentleman?

Mr. Raynsford: The responsibility is shared between the Department for Constitutional Affairs, which has responsibility for national elections, and the Office of the Deputy Prime Minister, which has responsibility for local government elections and for the referendums. However, we work closely with the Department for Constitutional Affairs. The Under-Secretary of State for Constitutional Affairs, my hon. Friend the Member for Shipley (Mr. Leslie), is here and we have worked together closely.

We believe that elected regional assemblies offer a great opportunity for the northern regions. We want to take power from Whitehall and give it to the people. We want greater prosperity, more growth, more jobs and more investment. Regional assemblies mean a new form of government—smaller, more focused, involving elected and non-elected stakeholders in decision

[Mr. Raynsford]

making; a new vision, strengthening the prosperity of the north; and greater democratic accountability. That will give the regions a greater sense of pride and a new political voice. Our principles for devolving power to elected regional assemblies are clear. A vote for regional government means more democracy, more growth and better government. That is the choice that we are offering the people of the north, but it is ultimately for the people of each region to take the decision in the referendums.

The House should reject the Opposition motion and in doing so affirm its commitment to democracy, to devolution and to choice.

3.12 pm

Mr. Edward Davey (Kingston and Surbiton) (LD): The Liberal Democrats come to the debate with a great deal of sympathy for the Government's regional devolution programme. We supported the paving Bill during its passage through the House; indeed, Liberal Democrats in the other place helped the Government with some constructive amendments that they accepted, which we believe have made the process far more acceptable.

We also agree with the Government in their criticisms of the Conservative Opposition. In government, the Conservatives had little regional policy, and that is why many parts of our country suffered so badly under 18 years of Conservative government. We have heard today from the Conservative Front-Bench spokesman that they still have no regional policy; they are still confused. The Minister quoted their former spokesman, the right hon. Member for Skipton and Ripon (Mr. Curry), who had a very different view from that of current Conservative Front-Bench spokesmen. In previous debates, the hon. Member for Runnymede and Weybridge (Mr. Hammond) has often spoken about the people of the north-east having an aspiration for self-government, but he has never elucidated how he would recognise and implement that. There is huge confusion on the core principle of regional policy among Conservative Members, so we must take their criticisms with a pinch of salt.

The Government have acted on aspects of devolution and we have supported them with respect to Wales, Scotland and London. We did not agree with all the details; we thought that some aspects of devolution were far too limited and should have gone further. Nevertheless, it was a step in the right direction. Equally, the proposal to set up elected regional assemblies is weak—it is limited in the powers that are being devolved—but it is a step in the right direction, and it would be wrong not to give the people the chance to vote for that. If we got in the way of that, we would put back the potential for regional devolution many years.

The Government are right to act on devolution, and we saw that today with the publication—

Andy Burnham (Leigh) (Lab): Will the hon. Gentleman confirm that the Liberal Democrats in the north-west will fully engage with the yes campaign for a north-west regional assembly?

Mr. Davey: We believe in devolution within our own party. *[Interruption.]* It is interesting that Conservative Members laugh. They just do not understand that devolution is about pushing power down. The national Liberal Democrat party will not tell the regional Liberal Democrat parties what to say. The regional Liberal Democrat party in Yorkshire and Humber has had a conference and voted to support the yes campaign; the regional Liberal Democrat party in the north-east has had a conference and voted to support the yes campaign; and the regional Liberal Democrat party in the north-west is about to have its conference. I do not know what it will vote. I will not tell it which way to vote because it is its decision. That is what devolution is about. It is interesting that the Conservatives have not understood that. That goes to the heart of the debate.

Mr. Beith: If the Conservative party had acted on the basis that there should be no devolution in political parties, its Members of the Scottish Parliament would have spent the first few years of that Parliament campaigning for its immediate abolition, which they did not do.

Mr. Davey: As usual, my right hon. Friend puts his finger right on the button. The Conservative party is confused even now between its English party and its Scottish party.

Alistair Burt *rose—*

Mr. Davey: I am keen to take the hon. Gentleman's intervention, because I am sure that he is confused too.

Alistair Burt: Absolutely. The hon. Gentleman advances an interesting proposition about the devolution of party policy and the way it is put together. Is he honestly telling the House that his party has no national policy on whether it supports regional assemblies? If so, will he explain some other areas of devolution in party policy, because that might explain why leaflets in Liberal areas in different parts of the country give completely different stories in relation to a variety of policies?

Mr. Davey: On the last point, the hon. Gentleman is talking absolute nonsense. Across the country, we campaign strongly on issues such as post offices, pharmacies, council tax, Iraq and many others. The hon. Gentleman is clearly absolutely confused. I simply say to him that it is quite in order for a national party to believe in elected regional assemblies, but to give the decision on whether to support that to the regional party. That is completely logical and it is called devolution.

Mr. Parmjit Dhanda (Gloucester) (Lab): The south-west is an interesting case in point. If Liberal Democrats in Cornwall argued for a Cornish assembly, would the hon. Gentleman support that?

Mr. Davey: We have made it clear on many occasions that we believe that there should be a review of regional boundaries. We do not believe that the administrative boundaries of the Government office for the south-west constitute sensible boundaries for the south-west.

During the passage of the paving Bill we argued for a review of regional boundaries to cover the sort of point that has just been made.

The Government were right to move on devolution and today we saw a report from the university of Sheffield explaining how the division between the north and the south has got significantly worse, despite efforts by this Labour Government to redress that. It has not been getting worse simply during the last few years, but for decades. When one stands back and tries to analyse why the trend has occurred, and whether it has something to do with industrial change or other economic forces, one sees that the fundamental reason why the problem has occurred in Britain but not in other western democracies is political centralisation. We are the most centralised country in the western world and because of that we have financial and economic centralisation, and all the forces of power in the country go into that central political power. Until we break that up, until we have regional devolution and have centres of political power across the UK, we will not see the reversal of that trend, which has been going on for decades. Such a change must be made if we are to tackle problems in the north. There can be other types of regional policy—indeed, we have seen them in the past. There have been economic incentives and grants, and the garden city initiative launched by Lord Heseltine in Liverpool, which did not work. Those types of regional policy did not work because they were not underpinned by political devolution. That is why the Government are right to take the direction they are taking, and why the Tories are utterly misguided yet again in opposing it.

Mr. Heath: May I ask my hon. Friend not to add credence to the concept of a single north-south divide? The divide is actually between London and the home counties, and the rest of the country. The west country is just as disadvantaged as the north and needs just as much the opportunities for regional government.

Mr. Davey: My hon. Friend makes a valid point. The north-south divide is a simplification. There are people in Kingston and Surbiton who would say that the constituency is homogenously prosperous, but it is not. Parts of the royal borough of Kingston, which is usually considered a prosperous area, are very poor. Of course, these debates are based on generalisations and simplifications, but there is still a general truth in the idea that there has been a north-south divide, with demographic and economic shifts, and that we need to reverse the trend through political action.

Mr. Gordon Prentice: Will the hon. Gentleman give way?

Mr. Davey: I am afraid I want to make progress.

Although the Government are right to go down the path of regional devolution, there has been some confusion in aspects of the way in which they have handled the matter. I wish to deal with three of them in turn: first, the current debate about all-postal voting; secondly, the powers that the draft powers Bill may or may not contain; and, thirdly, the future course of devolution after the three referendums.

The Liberal Democrats support the general proposition that the referendums should be conducted with all-postal ballots, primarily because the problems that arise with such ballots in local elections will not arise in an event such as a regional referendum. The incentive for individual candidates to defraud the system and their ability to try to harvest votes—an issue mentioned by the hon. Member for North Essex (Mr. Jenkin)—are much reduced because of the scale of the vote. Furthermore, the logistics of an all-postal ballot over a whole region are much simpler. Many of the arguments against all-postal ballots in local elections do not apply to regional referendums.

Mr. Jenkin: I accept some of the hon. Gentleman's arguments, but there is a real problem in respect of vote harvesting. Turnout in the referendums is likely to be low, and there will be many multiple occupancy homes or blocks of flats where the mail is left on the doorstep. Large numbers of ballot papers may simply be left in that way, and it would be easy for any organisation to collect and use them. If such fraud occurs, its scale will be almost impossible to detect. What is to prevent an unscrupulous organisation or indeed an unscrupulous party—and there are one or two—from destroying the process by organising the use of unused ballot papers? There is a very serious danger that there will be enough such activity seriously to distort the result.

Mr. Deputy Speaker: Order. I do not want to stifle debate, but interventions must not be too long. We are rapidly running out of time. I am not being unfair to the hon. Gentleman, but the Front Benchers have taken an awfully long time so far.

Mr. Davey: I am grateful to the hon. Member for North Essex, because he made a serious point. Of course there remains the possibility of vote harvesting, but it is less likely to arise than in a local election ballot. That is my major point, but I am concerned that the Government, in the orders that they have laid before the House, are moving from including the declaration of identity on the all-postal ballot form. I know that the declaration was unpopular with some Labour Back Benchers, but we felt that it was one device for ensuring scrutiny and defending the integrity of the all-postal ballot system. The Government's proposals on alternative security arrangements seem flawed.

Mr. Raynsford: Does the hon. Gentleman recall that the Electoral Commission recommended that the separate confirmation and scrutiny of identity was not a particularly sensible way forward? Will he consult the Electoral Commission on the issue and assess its view?

Mr. Davey: The Electoral Commission was keen on a voter registration system as the better way of proceeding. We are keen on such a system in the longer term, when it can be set up. In the meantime, before it is set up, as we and the Electoral Commission want, we think that the declaration of identity is the best interim proposal for guaranteeing the integrity of the postal ballot.

The reason we are in this position and why we have to wait for the Electoral Commission's review of the June elections is that the Deputy Prime Minister did not listen

[Mr. Davey]

to the commission in the first place. All the problems that we saw on 10 June and in the run-up to the elections could have been avoided if he had listened to Sam Younger and his colleague on the Electoral Commission, and also listened to this House. This House and the other place were strong in setting out arguments to the Government and trying to get them to think again. The Government failed, and they caused the problems by doing so. As those problems have had to be reviewed and scrutinised, we now have to wait for a decision on the all-postal ballots and whether the referendums will occur. The delay is the Deputy Prime Minister's fault, and he should apologise.

Andy Burnham: As we had three pilots—it was the nature of the exercise that they should be pilots—in the three northern regions, is there not a much better chance that the referendum process will run smoothly?

Mr. Davey: There were four pilots, and they were very different beasts from what is proposed for this October.

I am afraid that the problem is even greater than I have suggested so far. A lot of public confidence has been undermined by the shenanigans that we saw in the run-up to 10 June. Some members of the public feel that the all-postal ballot system is not secure, and they have less confidence in it as a result. That is a great shame, and it is something that the Electoral Commission and this House will have to consider. Such people may be wrong, and the Minister may say that the press have created a misperception, but it is still a fact that people feel that way. As we go ahead in trying to use all-postal ballots in events such as the referendums, we will have to walk carefully. There is some confusion in the way in which the Government have gone about conducting the process, and I very much regret that they were not more open with Parliament last week about the fact that the Electoral Commission had given advice on the matter.

The other area of confusion is the powers that the elected regional assemblies will have. That is an important point in relation to whether the referendums occur. As the hon. Member for North Essex said, there is a suspicion—I am sure that the Minister will deny that this is the case—that the Electoral Commission report that will be published in September will be convenient for the Government, as it will give them a chance to think about whether they want the referendums in the first place, whether they can win them and whether their own party is happy to proceed with them. The reason they have got to that position is that they know that what is on offer in terms of regional devolution is weak. Even the devolutionists in their party are concerned about that. The Government must reflect carefully on that point before they publish the draft powers Bill. If they were to devolve many more powers, they would change the tone of the debate both within their own party and within the three northern regions. That would galvanise the referendum campaigns and allow the Government to proceed with the referendums with greater certainty and confidence after they receive the Electoral Commission report in October or November.

Mr. Hammond: Has the hon. Gentleman noticed that a new delay in the publication of the draft powers Bill is slipped away in the last few lines of the Government amendment, which states that the draft powers Bill will be published

"once the date for the referendums has been set by Parliament"?

The draft powers Bill will be published only after Parliament approves an order that has not been laid yet, and only three weeks of this Session remain.

Mr. Davey: That will not be a problem because the orders setting the dates for the referendums will be published within the next week or two, and the draft powers Bill will be published before the recess. Will the Minister confirm that time scale?

Mr. Raynsford: I am happy to confirm that, as we have always stated, we intend to publish the Bill before the summer recess. The orders must be agreed first, because the referendums cannot occur without them, in which case there would be no need to publish a Bill for people to scrutinise. We have indicated our intentions and the sequence of events. I remind hon. Members that this is the first time that a Bill will be published to allow people to receive information about proposals before a referendum. That did not happen in Scotland, Wales or London, and the Government, who seek to give the public more information, have taken a major step forward.

Mr. Davey: I am glad that the Minister has confirmed the timetable, and I hope that he will abide by his intention to publish the draft powers Bill before the recess. We discussed that issue in private, on the Floor of this House and in an exchange of correspondence when we considered amendments to ensure that the Regional Assemblies (Preparations) Bill went through both Houses. The publication of the draft powers Bill should launch enthusiasm for the referendums, and if the Bill contains more powers, it will change the tone of the debate.

Today, the Minister discussed powers concerning stakeholders, fire services and planning. If those are the only extra powers over and above those mentioned in the White Paper "Your Region, Your Choice" enthusiasm for the referendums will not be fired. Stronger powers, such as powers over the Highways Agency and other aspects of transport policy, should be devolved and included in the draft powers Bill. Powers relating to the Learning and Skills Council should be devolved, because they form a vital part of the economic development agenda in the regions. Powers over the many quangos that currently make up regional government should also be devolved.

One argument for regional devolution is that it will make regional government accountable to the people. We currently have many quangos, particularly in the sphere of environmental policy. They already operate on a regional basis, and surely they are candidates to be accountable to elected regional assemblies. I hope that the Government will clear up the confusion on future powers for the regional assemblies when they publish the Bill in the next few weeks.

Finally, boundaries are a key issue to which people keep returning, and the Minister may not be able to deal with it in his winding-up speech—I touched on it earlier. Outside the three northern regions, the boundaries of

which were not contested except perhaps in the case of Cumbria, huge contention exists about whether the boundaries set by the previous Conservative Government for administrative purposes make sense for political purposes. It is in the Government's interest to make it clear as soon as possible that those boundaries will be reviewed. If they want to roll out regional devolution across England—we believe that they should—they must do it with the wax and wane of the political culture in the different regions, but the administrative boundaries bequeathed by the Conservative Government will not allow that to happen. We know from debates in this House that the Government understand that point, and the sooner they clear it up, the better.

Richard Younger-Ross: Does my hon. Friend accept that a review of those boundaries is needed urgently? At the moment, fire authorities in those regions are establishing one control room for each region. We could end up in a situation in which the regional fire boundaries restrict the review of administrative boundaries.

Mr. Davey: My hon. Friend makes an excellent point. That goes to show why the Government should have listened to us when we debated the Regional Assemblies (Preparations) Bill. If that review had taken place earlier, the Government would not have got into such a mess not only on fire services, but on other aspects of public policy.

We will not support the Conservatives in the Lobby tonight, because parts of the motion are defective; that is why we tabled our own amendment. Furthermore, it is a bit rich for the Conservatives to criticise the Government about confusion on regional policy when they do not even have a policy and are internally divided. However, the Government cannot take my party's support for granted. We will argue, through the orders, the passage of the draft powers Bill and the referendums for more powers for regional government. If the Government do not listen, they will regret it.

3.35 pm

Joyce Quin (Gateshead, East and Washington, West) (Lab): I am grateful to be given the opportunity to speak in the debate and to follow the hon. Member for Kingston and Surbiton (Mr. Davey), whose commitment to regional government I very much welcome, although there were parts of his speech, particularly on postal ballots, that I shall attempt to refute.

The hon. Gentleman is right to be as surprised as I was when I heard that the Opposition had chosen as their theme the confusion in Government ranks over regional policy. That is a classic case of motes and beams, as the Opposition have themselves been very confused over their regional policy; I will not repeat the arguments that my right hon. Friend the Minister advanced to demonstrate that. The right hon. Member for Berwick-upon-Tweed (Mr. Beith) mentioned another aspect of the Conservatives' confusion—their view on whether referendums should be held.

I, too, have noticed an element of confusion. At business questions last week the hon. Member for Mid-Worcestershire (Mr. Luff) accused the Government of rushing the regional government process, whereas the hon. Member for North Essex (Mr. Jenkin) has conceded that it was part of the Government's manifesto way back in 1997, and again in 2001. In fact, for many of us it has seemed a rather leisurely process—we are grateful that we have reached this point and hope that there will be no slippage in the timetable that the Government envisage.

Mr. Hammond: Since we are all aware that the right hon. Lady does not intend to stand for re-election to this House, can she confirm whether she intends to stand for election to a north-east regional assembly should one be voted for in a referendum this autumn?

Joyce Quin: I am not tempted to pre-empt the judgment of the people of the north-east in the referendum, but I have certainly said that given my long-standing commitment to regional government I would very much like to be involved in it. I hope the hon. Gentleman is not implying that I speak out of some kind of self-interest, because if he looks at my maiden speech to the House in 1987, he will see that I called for a regional government for the north-east at that time. He cannot accuse me of inconsistency, even if he does not agree with my views.

I do not believe that the Government are confused on this issue, because they made their commitment to regional devolution clear from the outset. The White Paper was a good beginning, and they were right then to embark on a series of consultations in the regions, which, certainly in the north-east, were well attended and gave the Government further food for thought as to how the process might develop. Indeed, page 12 of the White Paper clearly stated that regional government is a process and that further powers would be likely to be devolved in due course. That is welcome.

I hope that in their draft powers Bill the Government will strengthen the powers that are envisaged for regional assemblies. However, we must be honest and admit that these issues are discussed within Government. When I was a Minister, different views were expressed in different Departments about how many powers should be devolved in the general devolution process. I am sure that animated discussions are continuing, but I urge the Government, in view of their undoubted commitment to devolution, to press as far as they possibly can for additional powers, because the more powers the bodies are seen to have, the more obviously credible and relevant they will seem in the minds of voters when they come to cast their votes.

However, I stress that what is on offer is a useful beginning and that creating a public, democratically accountable voice is important. When talking to colleagues from Scotland and Wales about the advantages of devolution, I have been struck by the fact that they do not initially speak of it in terms of the specific powers of their respective Parliament and assembly, but of the public debate that it has wrought in those territories about the needs, problems and opportunities there. That can be true for the regions of England.

Devolution will help people in the regions to have better access to decision makers. When I was the Minister responsible for prisons and probation, I spent

[Joyce Quin]

a couple of days with the Scottish prison and probation services. I was struck by the way in which the scale of the operation in Scotland meant that one could get all the relevant people around the table and devise a common strategy. It is much more difficult to do that in England, with its huge population and large area.

The devolved assemblies have shown especially to the business community but also to others that devolution can make decision making accessible to those who are affected by the decisions. That has also happened in London, especially in economic development and the involvement of the business community in the London assembly's decisions. They are useful examples on which we can reflect.

The hon. Member for Kingston and Surbiton rightly referred to the work of academics in Sheffield on the continuing regional disparities in our countries. It is important to tackle that. Setting up a regional tier allows a focus on the distinct economic needs of our regions that has not previously existed. My region of the north-east has a higher proportion of manufacturing industry than other regions. Regrettably, it has a lower staying-on rate post-16 at school. It has a higher dependency on the European Union market than any other UK region—approximately 76 per cent. of our exports go to the rest of the EU. Wales comes next, with 71 per cent.

Our regional economy has distinct regional features, which the one-size-fits-all economic policy from central Government to which we have become accustomed does not tackle. It is important to focus on the challenges and the ways in which regional government, with its single pot that will allow it to order spending priorities to some extent, can deal with them. Regional governments will consider many important issues.

The Sheffield study shows the brain drain in the UK economy. It is staggering to examine the figures for the number of graduates who are trained in universities in Yorkshire and Humber and the north-east but travel out of those regions to look for work. A brain drain is statistically evident from the Sheffield information and we should be perturbed about it and consider methods of tackling it. Although the Government's proposals are modest, they are at least an important step forward.

Let me briefly consider the electoral system for the regional referendums. I urge the Government to continue to support all-postal ballots for those elections. I strongly disagree with the Liberal Democrats about that. The tactics that Conservative and Liberal Democrat Members of both Houses adopted were tantamount to sabotaging the all-postal pilots. I am dismayed that so little account was taken of the experience of some of us in our local areas. In Gateshead, some wards had experienced three consecutive years of all-postal ballots, with no requirement for a witness declaration and no evidence of fraud. It was also exasperating to read some of the press accounts of the process, because so much of the press seems to have assumed that this was the first experiment in all-postal ballots. It simply was not. Again, the press failed to look at the beneficial experiences of areas such as mine.

This time round, the experiment was less successful, because of the uncertainties that remained almost right up to the election date as a result of the way in which proceedings in both Houses had taken place, and because of the disincentive effect of the witness statement requirement. It was not that voters were dishonest; it was simply that some voters living on their own found the witness statement rather intrusive, given the fact that they had not had to cope with such a requirement in the previous three years. They also had to deal with two envelopes instead of one, and there was extra paperwork involved. We came across examples of people being unable to find their second envelope, so they could not cast that vote. This was not a helpful way forward. I agree with what the Minister said when he referred to the Electoral Commission's view of the process.

This week I received a letter from a constituent saying that it was the first time he had not voted in an election, and that that was because of the witness requirement, which he found perplexing and intrusive. He has instructed me to raise with the Prime Minister directly the need to abandon that particular feature. Also, when I took a taxi from my home to Newcastle central station on Monday, the driver asked me why we had had to have a witness declaration in the recent elections when we had never had one before. He pointed out that the system had worked perfectly well before. It is frustrating that so little account was taken in the House and in the press of the experience gained from the very successful trials in my area.

Mr. Edward Davey: Can the right hon. Lady confirm that, in areas that did not have all-postal ballots, there has always been a requirement for a witness statement? In the rest of the country, they are not a new thing.

Joyce Quin: I can confirm that what the hon. Gentleman says is right. When people have applied for postal votes, they have gone through that procedure. However, the sudden introduction of the requirement caused a great deal of confusion in an area that had successfully piloted all-postal ballots for three years without witness declarations. It also caused irritation, because some people felt that perhaps they were not now trusted with a postal ballot, although they had voted in that way without any difficulty in all the previous all-postal experiments.

Mr. Clifton-Brown: Can the right hon. Lady confirm that there were indeed problems in her area? Her area has been all-postal for some considerable time, yet the turnout this time was 7 per cent. lower than at the previous local election. Can she also confirm that 18 public libraries had to be opened to take postal ballot papers because the ballot papers had been delivered late, despite the fact that her area has been an all-postal pilot area for several elections?

Joyce Quin: Indeed; I believe that the drop in turnout was related to the witness requirement, which had not operated in the past, and to changes that were imposed on the local authority at the last minute and which it tried heroically to deal with. On the hon. Gentleman's point about ballot boxes, the council has actually provided ballot boxes in libraries and other locations at

every all-postal election, so that—contrary to what the Conservative Front-Bench spokesman said about people being forced to vote by post—people would have the option of going to their town hall or elsewhere to vote in person if they so wished. That is a very satisfactory way of doing things, because it allows people who want to vote in person the chance to do so. I would have thought that the hon. Gentleman would welcome that.

I would have liked to make many other points, but my time has run out. I shall conclude by saying that, while previous Governments have attempted with varying degrees of success to devise effective regional policies at national level, what the present Government are doing is perhaps unique. That is because they are endeavouring to combine an active national regional policy with an active policy of devolution of power, empowering the regions to make more decisions themselves in the light of their own needs, problems and opportunities. It is my strong belief that, in adopting such an approach, the Government deserve our full support.

3.49 pm

Alistair Burt (North-East Bedfordshire) (Con): It is a pleasure to follow the right hon. Member for Gateshead, East and Washington, West (Joyce Quin), whose speeches are consistent and who has represented her area extremely well. She made a speech that indicates why the House will miss her when she eventually moves on and stands down. She gave a cogent explanation.

Having listened to the right hon. Lady, to the Minister for Local and Regional Government, and to the hon. Member for Kingston and Surbiton (Mr. Davey), however, I am not persuaded. I recognise that there is a regional element to the United Kingdom and to its governance, but I am not persuaded that this is the best way to deal with the expression of regional opinion. I represent North-East Bedfordshire. Like my hon. Friend the Member for Rayleigh (Mr. Francois), I represent an area that has taken a decision not to have a referendum and not to be subjected to a regional assembly. I resent the petulant way in which the Minister dismissed my hon. Friend, who sought to intervene on the basis that we were not having a referendum for a regional assembly. We are either ahead of the curve in deciding not to do so, or behind it. It is our country, too, however, and our views on regional government are just as valid as anyone else's. I hope the right hon. Gentleman will reconsider the way in which he dealt with my hon. Friend.

I go back to first principles. What government is all about is providing the clearest connection between the voter and those who are elected. One of the problems that has emerged in our society is that people feel, for all sorts of reasons, that that relationship has become stretched and strained. They therefore become resentful of it. I am not convinced that adding this tier of representation will do anything to deal with that particular problem.

My experience has been varied. As many Members of the House know, most of my life has been spent in the north of England, where for a number of years I represented Bury, North—a metropolitan area, where all the services were provided through one form of unitary authority. For a period, I was also sponsor Minister for Manchester, Salford and other areas in the north-west, so I had an understanding of the work of the regional office and the regional programme, which the previous Conservative Government put in place. I would say to the hon. Member for Kingston and Surbiton, who has probably not spent too much time outside his area, that the improvements made in Leeds, Manchester, Liverpool and Newcastle—the extraordinary growth and development in the late 1980s and 1990s, through a variety of programmes—have helped to make those cities the modern cities that they are today.

Having come to Bedfordshire, I now have experience of parish, town, district, borough and county. I am not convinced that extra tiers of government necessarily make governance any better. I am not convinced that an extra tier of regional government will clarify for people what they expect from their regional assemblies and local authorities.

I have not heard any real clarification from the Minister today. We do not know precisely what will be done by the assemblies. For instance, we did not get an answer as to whether learning and skills councils will be taken under the control of the regional assembly, as the Deputy Prime Minister apparently wants, or not, which appears to be the preference of the Department for Education and Skills. Which is it to be? Until those things get answered, constituents in the areas affected are entitled to understand—

Mr. Dhanda: Will the hon. Gentleman give way?

Alistair Burt: Only once, because a lot of Members want to speak.

Mr. Dhanda: I appreciate the hon. Gentleman giving way. He makes the point about the various tiers of government, and says that adding one would only make things worse. He also describes some of the real developments in the north-west, where there have been unitary authorities. Does he not agree that by taking out the district and county authorities, as this structure will do, and having a single unitary authority, we are reducing the number of tiers of government by having a regional assembly?

Alistair Burt: I take the hon. Gentleman's point, but it is not mine. My point was that the activity of a Government who were really interested in those cities, combined with the local authorities that were there, made sure that the investment took place and that changes were made that produced the modern cities that we see today. Regional government was not necessary to achieve that.

What evidence is there that larger, more regional tiers of authority deliver better services, and that, were they not there, things would be worse? In my experience, we had the creation and then abolition of the Greater Manchester council, which the hon. Member for Manchester, Blackley (Mr. Stringer) will remember well. When the abolition of that council, which covered a wide area, was proposed, there were complaints from politicians that services would deteriorate and that

[Alistair Burt]

nothing would ever be the same again. From the population, however, there was not a peep. As far as I am aware, when the council was abolished there were no proposals to bring it back. If those who represent the unitary metropolitan authorities in the area wish to do so, the House would like to hear from them. In any case, I do not think it can be proved that better services are delivered when a tier of authority covers a wider area.

When the European constituencies changed from single-Member to regional, was there any evidence that constituents identified more closely with those who represented them? No. Most of us have just been through the horrific experience of the European elections—going around with candidates in areas where they were barely known, and where there was no relationship between them and the electors. The percentage of people voting in those elections has continued to fall. I see no evidence that the regional relationship has improved the relationship between voters and those for whom they vote. A Labour MEP in the eastern region, Eryl McInally, resigned her seat before the elections, citing as one of her reasons the lack of connection between the region and her electors. I think that the same problem is likely to occur in regional assemblies and governments.

It is tempting to believe that a Government known for their centralising and rather authoritarian tendency have found a new way of casting some of their problems on to the proposed assemblies. Most of us would agree that one of the most difficult things with which our local areas deal—by and large we do not deal with it, for which we are grateful—is planning. We know of the problems that planning generates. The Government have asked Bedfordshire to take 51,000 extra houses by 2021. The local authorities have been bypassed; this is a Government decision. At least that means that the Government will ultimately be responsible, and that electors can express their opinion at the ballot box. Regional assemblies, however, will prove convenient to the Government, who will be able to slip proposals over to them. The real accountability for decisions will move, and the Government will not take the hit that they deserve to take.

It is a convenient dodge to move the planning function from those who are most responsible for it at local level, and who know most about it. If the Minister suggests in his winding-up speech that there will be no such dodge, I shall be very interested; but most people think otherwise. We cannot imagine that a Government who have been as centralising and authoritarian as this really want to hand anything down. They talk of powers moving from the centre to local government. Chapter 4 of the White Paper suggests that regional assemblies will have responsibility

"for issues such as investment and regeneration, improving housing and public transport and developing tourism."

It claims that

"functions are generally not being taken from local government, which will continue to focus on local service delivery and community leadership".

Most of those functions are handled at local level, but most local councillors want to make decisions rather than being responsible only for delivery, which is what they have become over the years.

What will happen, surely, is that the regional bodies will make the decisions and expect the delivery to be handled by local councillors. What, then, is the point of local councillors? And if all regional assemblies are to do is have influence with others, what is the point of being on a regional assembly? The assemblies will have power, but if they take power from anywhere it will come not from here but up from local level.

I could be completely wrong about regional government, of course. I might have been carried away by my own party's policy and my experiences over the years. I could be alone in my view. I took the precaution of asking the Deputy Prime Minister, through a written parliamentary question, how many letters he had received from individuals supporting an elected east of England regional assembly. I wanted to test my opinion. Had I got it terribly wrong? Did thousands of people think differently?

The eastern region—consisting of Norfolk, Suffolk, Cambridgeshire, Hertfordshire, Essex and the jewel in the crown, Bedfordshire—has a population of 5.4 million. Can the House imagine how many of those 5.4 million people rallied to the side of the Deputy Prime Minister by writing to him in support of his proposal for a regional assembly? One. One individual, out of 5.4 million, thought that what the Government were coming up with was a good idea. In all fairness to the Deputy Prime Minister, in the light of that response the ODPM decided not to propose a referendum on an elected assembly in the eastern region.

That is marvellous, but the hunt is on. Who was that one person in the six counties? I am announcing today a search to find that one individual in the six-county area who stood shoulder to shoulder with the Deputy Prime Minister. Is it a relative? Is it a friend? Who it is we do not know, but there are a lot of Labour MPs in that area, and they obviously did not write in. Whoever it was, we need to find them.

The serious question is this: at the end of the day, will regional assemblies and regional government provide what the people are asking for? Will there be one more policeman on the beat because of a regional assembly, one more nurse in a ward, one more bus on the road or one more train on the track? We all know the answer. There will be more politicians, more money and no answers to the problems that people want solved. That is why regional assemblies are a bad idea, whether in Bedfordshire, which has already said no, or in other places, which I hope will say no very soon.

4.1 pm

Mr. Graham Stringer (Manchester, Blackley) (Lab): May I first say how much I have enjoyed the consultation meetings that the Government have carried out in the north-west, where their objective is to give information? I enjoyed debating with my right hon. Friend the Minister for Local and Regional Government in front of the St. Helen's chamber of commerce. As ever, he was courteous and knowledgeable, and we had a good debate. We argued and disagreed, and my right hon. Friend put his points forcefully, as he regularly does, but that was not an information-giving session. Similarly, it was not an information session when the Deputy Prime Minister

came to Manchester and used the opportunity to show his knowledge of expletives in response to my view. The Deputy Prime Minister was being passionate, as he always is, and that was clearly not a cool, information-giving session.

I have listened carefully to the debate. I recall a great deal about the 1980s, when I suppose my party went a little mad and the electorate noticed and did not vote for us very much. When I listen to this debate, I think that the party has gone a little mad again, but that no one has really noticed. When I sit down and coolly analyse what we are offering the people of the north-west, the north-east and Yorkshire and Humber, I realise that we are telling them, "Yes, you can pay more council tax. You will get no more money—no more resources will be reallocated from the centre, but you will have the costs of running a new regional assembly and the costs of a local government reorganisation. You might even, if you are foolish enough to vote for a regional assembly, have a body that the Government will not cap if it decides to impose unlimited council tax." The White Paper says explicitly that the Government are considering removing their own right to cap regional assemblies.

That is a particularly unattractive proposal to put to the people, and it is certainly not regional government. My right hon. Friend the Minister made a mistake when he talked about regional government. What is on offer is regional assemblies. The Government offices for the north-west and the other Government offices will carry on delivering their business, and the regional assemblies will have no control over them. There will not be regional policy. Virtually every penny that will be spent by the elected regional assemblies will have come, via some path such as a quango or a more direct route, from local government.

I never thought that I would sit here with Conservative Members, some of whom were part of the Government who took those resources and powers from local government to put them elsewhere, and listen to my own Government saying that they will not give those powers and resources back to local government but will give them to a regional assembly.

Deep in the heart of this debate there is a lack of a real concept of what local democracy and local government are about. Regional assemblies certainly do not constitute an improvement in democracy. People elected to such assemblies in the north-west will represent a third of a million people—in some cases, nearly 7 million people—and replace elected councillors.

What would a real regional policy look like? A real regional policy requires active discrimination and intervention in favour of those regions that have suffered from economic and social disparities. I do not have time to go through the figures on income, death and morbidity, which are far worse in the regions than in London and the south-east, but to deal with such issues we need to intervene and to transfer resources. Yet nothing in this package transfers resources to the north-west or elsewhere. In fact—Opposition Members will not agree with this—our national policy is really a regional policy for the south-east. On looking at the real causes of regional disparities, one finds that huge quantities of money are being spent in the south-east disproportionately on transport and cultural issues.

In the north-east, which my right hon. Friend the Member for Gateshead, East and Washington, West (Joyce Quin) talked about, 6p is spent per capita on cultural services such as museums and art galleries, yet the figure for London is £10 per head. Is that fair? Could it possibly be one reason why we have the economic and social disparities that these proposals will do nothing to address?

We need to put civil servants and resources into the regions. I welcome the BBC's decision, announced today, to put some of its resources into Manchester and the regions, but why has it taken so long? The BBC has introduced two new television channels and three new radio stations, but now, because it is under pressure as a result of a number of mistakes, and because it wants to review the licence fee, it is saying, "Yes, we remember the regions and we will look to provide some support."

Andy Burnham: I agree with my hon. Friend's analysis of regional disparities, but surely a no vote in a referendum in the north-west would send the message that we are happy with the status quo and with London domination of our public life and resource allocation. Even if the proposal is not everything, as the Liberal Democrats are suggesting, surely it is better to accept it and build on it.

Mr. Stringer: People would conclude from a no vote that we had rejected a proposal that offers no improvement on what is currently on offer; in fact, it offers something worse. The pressure that Members can bring to bear on various issues would in fact be diminished if we had a regional assembly. The case for more money would not be made any better. The Government would say, "We've not given you any more money and we've given you very few powers, but you can get on with things now." The arguments that we have been advancing will be dismissed and we will be told, "Go to your regional assembly and deal with such matters there." That is my worry.

The other argument, following the line of thought of my hon. Friend the Member for Leigh (Andy Burnham), is that a regional assembly will provide one powerful voice that the Government will listen to. I do not accept that either, for one simple reason. My right hon. Friend the Minister, the Deputy Prime Minister, the Prime Minister and other Front Benchers know the various facts and figures, but there is nothing new here. For whatever reason, the spatial distribution of expenditure as determined by the Government is staying as it is. They would learn nothing new as a result of having a regional assembly. As has been suggested, it is much more likely that there will be a greater disarray of voices, rather than one voice.

Let us consider what will happen if the regional assembly's policy disagrees with that of Liverpool, Blackburn or Manchester. Is the leader of Liverpool city council—currently a Liberal Democrat—going to say, "We think that your planning policies for Liverpool are right"? Of course not. They will go to the Government with a completely different story, and I do not blame them. The same is true for Manchester. An extra voice is created and local government resources are centralised. It makes it easier for the Government to say

[Mr. Stringer]

that the regional assembly says one thing, Chester says another, somewhere else yet another—so the Government will carry on doing what they want. I do not accept the arguments in favour, as my hon. Friend the Member for Leigh understands.

I shall conclude, because I know that other hon. Members want to contribute. When the figures on how much money goes into London and how much into the regions are discussed, it is sometimes said that London is subsidising the rest of the country. I find that offensive. It would be good for London if less were spent on things that could be done elsewhere in the country. Every time we look for a new amelioration—affordable housing, London weighting and so forth—we are subsidising congestion. It makes life in London more difficult and life in the country more difficult. What we need is a fairer balance that would enable London to do what it is best at—it is a great world city, a financial capital of Europe and has an enormous amount going for it—but that would even out the money to help the regions. That would be better both for London and the regions. I do not believe that what is on offer deals with the fundamental problems of the regions.

Joyce Quin: I do not disagree with my hon. Friend when he makes the case for central Government to take regional issues seriously and take regional needs into account in the allocation of spending, but it is not an either/or issue. Surely it is possible to have an elected regional assembly while also having an active national regional policy adopted by the central Government.

Mr. Stringer: That brings me back to my earlier point about whether having a regional assembly amounts to a step forward. I know that many Government Members genuinely believe that it is a step forward, but I believe that it is more likely to prove a step backwards by cementing into place unjust spending patterns. That is why I have come to the conclusions that I have outlined.

I often see my hon. Friends asking for extra support, but it is difficult to get the Government to respond to regional issues. Let us consider the Government response to the Office of the Deputy Prime Minister: Housing, Planning and Local Government Committee report on regional disparities. Every time a suggestion was made, the Government basically said that they had national priorities rather than regional ones.

I often raise airspace policies with the Government. We know that the skies over London are congested and that there is capacity in regional airports, so we could open up the skies and more aeroplanes could use those airports. That does not happen because of vested interests in the south-east, which is where civil servants and the headquarters of BAA are based. At the present time, Pakistan International Airlines could run services from Pakistan via Manchester to New York, but it is prevented from operating that flight by the vested interests of the south-east.

Andy Burnham: Can I put this further point to my hon. Friend? I understand his argument about why it may be harder to secure resources in the regions, with the Government perhaps saying, "There is your regional assembly; now get on with it." However, the experience of London clearly shows the opposite. Since the Greater London authority was set up, we have seen, for example, the Olympic bid and congestion charging. London's issues have become national issues—housing shortages for key workers is another example—and under the GLA we have probably seen resources brought into London rather than taken away.

Mr. Stringer: I know quite a lot about the decision to make an Olympic bid. It was a decision taken by the GLA and the Government, which Ken Livingstone supported only afterwards. It was wrong that everyone else was excluded. London has been doing well because the central Government are putting more money into London than Ken Livingstone can spend, as he told the Select Committee at a recent hearing on the congestion charge.

I do not support the Government's proposals, because it will be bad for the Labour party when they are rejected. I hope that the Government will not hold the referendums but if they do, I am sure that the people of the north-west will reject them.

4.14 pm

Mr. David Curry (Skipton and Ripon) (Con): It is a pleasure to follow the hon. Member for Manchester, Blackley (Mr. Stringer) who ran one of the great metropolitan cities of the United Kingdom and knows a great deal about what he was telling us.

This morning, I picked up *The Daily Telegraph*, which is not something I do lightly, and saw a curious map in which greater Grimsby appeared as a London suburb. The hon. Member for Great Grimsby (Mr. Mitchell) may be perturbed by that revelation. I was relieved to find that I was just outside the band of London influence, but the map served to concentrate the mind on some of the real regional development issues that we should consider. We should be testing the regional assembly proposals against such an assembly's capability to address some of the issues that we all acknowledge.

I do not want to spend a great deal of time talking about the assemblies. That is familiar territory. The Government's proposals for new political structures are irrelevant to most of the development needs of the English regions and I cannot think of a single criterion for regional development that would be met by the existence of an assembly, or of anything that could be delivered that could not be delivered without one.

I recently attended a debate in the Baltic Exchange—unfortunately, the right hon. Member for Gateshead, East and Washington, West (Joyce Quin) has left the Chamber—and looked down at the river. When I worked in Newcastle, there was dereliction on both sides of the river. There has been an amazing regeneration in that area, and it has been delivered without a regional assembly. Indeed, with a regional assembly, it would probably have cost twice as much, gone heavily over budget and taken three times as long to deliver.

What is the key marketing purpose of the regional assemblies? The weaknesses of the proposals have been well rehearsed. Even with whatever last-minute enhancements the Government are likely to come up with, there will be a new tier of government for most of the people in the three regions where single-tier,

metropolitan authorities exist already. Members of the assemblies will lack any mandate of the sort understood by Members of this Chamber.

The assemblies will not replace existing bodies. As the hon. Member for Manchester, Blackley has just said, the Government offices for the regions will not disappear and will not be subservient to regional assemblies. Indeed, regional assemblies will have to refer to the Government offices for the regions for authorisation to do most of what they want to do—even to make nominations to regional development agencies. They will be unable to nominate anyone without reference to the Government, so the tutelage of the Government offices for the regions will remain.

Furthermore, despite the three additional points to which the Minister for Local and Regional Government referred, the amount of public expenditure that will come directly within the purview of the assemblies will be less than 3 per cent. of public expenditure in the regions. That is small beer by anybody's standards. If those bodies are so vital and will open the doors to so many opportunities, it seems almost criminal of the Government not to extend that remarkable opportunity to people in the south-west, for example, who would no doubt jump at the chance to write their own destiny—to use the enthusiastic words of the Deputy Prime Minister.

As the hon. Member for Manchester, Blackley said, the key point is that the Government propose no rebalancing of expenditure. Let us compare public expenditure per capita in the north-east with that for Scotland, and then consider income, or wealth, per head in those two regions. They are in inverse proportion, because of the famous Barnett formula. If I were in the north-east and felt that my regional assembly would enable me to address that imbalance and that I would gain some of Scotland's advantages, I might be tempted. However, I am not tempted, because no one has mentioned that. Occasionally, over cups of tea around the country, the Deputy Prime Minister has mumbled about what a terrible thing the Barnett formula is, but I am not aware that any political party is seriously committed to redressing its injustice, which seems to be increasing.

The Government are confused about their wider regional agenda. There are proposals for regional assemblies in some areas and for unitary councils. The Government made a mistake when they said that there could be regional government only with unitary councils. Large parts of Europe have much more local government than us. Local councils are much, much closer to the people—for example, in France about 2 per cent. of the entire population are elected in some shape or form—so we should be cautious about galloping towards the idea that size always means efficiency. Sometimes, for democracy, we might have to pay a little price in efficiency just to be closer to the people. Sometimes, the Government's proposals might appear terribly logical, but they are counter-intuitive in relation to the democratic process.

The Minister is tempted by the idea of unitary authorities, although I have no doubt that he will reaffirm his commitment that, if the vote is no, the unitary proposals die. The Government have proposals for city mayors and prescribe various mechanisms for the management of our local authorities, but they are bound by the enormous gendarmerie of inspection and control that the Government have erected.

To return to a question that I asked the Minister, it is interesting that the balance of funding review is due virtually this month, before Parliament rises for the summer. If the Government are serious about decentralisation, no doubt there will be bold proposals to return business rates to local councils. I believe in doing that: it does not involve the danger or spectre that the business community believes it would. There is a lot to be said for buying the business community into the democratic fabric of local communities. I do not imagine that that will be included in those proposals. I suspect that we will see a bit about business paying more because its percentage has been decreasing. We will probably see a bit about regional banding. We will probably hear one or two remarks suggesting what could happen sometime in the future and that perhaps we ought to keep in sight local income tax, but I would be amazed if anything fundamental happened in that review.

What would be my personal formula? I think that executive mayors are a good idea. I would like to see the great cities of the north run by executive mayors and demanding more powers. A personality is very important to give direction and to project a city externally. Whether or not we like the present Mayor of London or approve of his policies, we cannot deny that he has projected a personality about London in his period as mayor of that city.

We need to consider the regional development agencies. I am sympathetic to the idea that skills at any rate ought to be combined with the discharge of major economic development functions. Perhaps those in the RDAs are the people to do that, but they have tended recently to become too diverse in their activities. They need focusing on the core economic development issues, so that they do not spread themselves too widely. I would like them to be called back to order in that regard.

In my region and, indeed, in the north-west, the universities are a colossal asset. There are some world-class universities, and they are co-operating closely to create almost a trans-Pennine university campus that will attract investment and research facilities. That is the region's greatest asset. If we address the skills issue, which is obviously at a lower level, we will have the education infrastructural framework that we need. I should like the trans-Pennine links to be developed. I am not convinced by the Government's proposal to stretch an arm up towards the north-east, right through the Vale of York. I do not see the logic in that; I would much rather remain with the trans-Pennine core, as an effective development area.

We need improved transport links, but not just in the region; what really matters are the transport links to London. There is no point in pretending that London does not exist or in regretting the dominance of London in our national life. People want to get to and from it quickly. The more easily they can get to London; the more likely they are to establish their business out of London.

Not least, we need to assert the cultural identities of cities. Sport and cultural activities have been demonstrated to be powerful regenerators of our cities.

[Mr. David Curry]

People identify a city by its cultural and sporting activities, as well as by its business climate and culture. Those roles are best performed by cities. Our culture has grown out of an urban culture. Our civilisation itself has tended to grow out of our cities. Cities are the motors for regional development and they are not readily compatible with the sort of regional assemblies that the Government are talking about. The assemblies are an irrelevant distraction. They enable nothing, they facilitate nothing, they invigorate nothing, and quite frankly, it would be better if they were nothing.

4.24 pm

Mr. Gordon Prentice (Pendle) (Lab): I see I have been left with one minute in which to speak, despite the fact that I had a long and interesting speech to make—too bad. Let me make one point in the 60 seconds available to me. The whole issue has become over-personalised because people associate the regional agenda with the Deputy Prime Minister. Leaflets circulated by the Conservatives in my area do not condemn Labour's regional assemblies, new Labour's regional assemblies, or even Blair's regional assemblies, but read, "Say no to Prescott's regional assemblies".

If my party is serious about winning the referendums, I wish the Prime Minister would make his position clear. His current position is rather opaque and I do not think he is convinced by the idea at all. The Deputy Prime Minister has set the agenda, but that has alienated the opinion not only of a lot of Opposition Members, but of some Labour Members. The Deputy Prime Minister will be speaking to my colleagues from the three northern regions in about 35 minutes.

The regional assemblies are a complete diversion, and I agree with the thoughtful speech made by my hon. Friend the Member for Manchester, Blackley (Mr. Stringer). I fear that having been given a good kicking by the electorate on 10 June, we will get another good kicking in October. Before I entered the Chamber for the debate, a colleague from the House of Lords said to me, "Gordon, we are inventing new elections to lose." That is our problem.

4.26 pm

Mr. Philip Hammond (Runnymede and Weybridge) (Con): I am delighted that the hon. Member for Pendle (Mr. Prentice) managed to speak, albeit briefly.

Conservative Members support the principle of decentralisation—moving decision making to the lowest appropriate level based on coherent accountable units close to the people affected by decisions. However, as my right hon. Friend the Member for Skipton and Ripon (Mr. Curry) pointed out earlier, the Government's proposed elected regional assemblies will not represent a genuinely decentralising measure. In the words of Lord Rooker, there will be "no new money" and "no new powers" will flow to them. They will suck powers up from local authorities instead of down from central Government. We are already seeing that happening with housing, planning and fire and rescue services.

As my hon. Friend the Member for North Essex (Mr. Jenkin) said, we are being offered expensive and largely toothless talking shops with more politicians, more bureaucrats and more red tape. Decisions will be made further away from people, rather than closer to them. The assemblies will have no new powers other than those sucked up from local authorities. They will represent more big government that will spend more precious taxpayers' money without delivering a single extra doctor, policeman, teacher or social worker, and without offering real solutions to the genuine issues arising from the massive structural economic change that has occurred throughout the three northern regions over the past two and a half decades.

Andy Burnham: The hon. Gentleman says that regional assemblies will lead to more politicians. With the abolition of county councils, can he be absolutely sure that that will happen? Surely the proposal would lead to fewer elected politicians.

Mr. Hammond: The hon. Gentleman knows that the north-east, for example, is already overwhelmingly made up of single-tier local authorities, so an assembly would impose an additional tier of government.

It is little wonder that outside the narrow confines of the political class, the Deputy Prime Minister's obsession has signally failed to grip the imagination of the people who are supposed to be enthused by it. It is little wonder that the evidence points to a growing sentiment in all three northern regions, especially Yorkshire and Humber and the north-west, that the proposed extra tier of government is simply not the answer to the regions' problems and that the Government's proposal reflects Labour's tired philosophy that more government equals better government, and that constant change equals progress.

As is so often the case, Labour is hedging its bets. Ministers talk about the importance of allowing the electorate to decide whether to have regional government in referendums, but they have already embarked on an agenda of reallocating responsibilities and functions from local government to regional forms of government, irrespective of whether elected regional assemblies come into being. The Government's amendment congratulates them on their endeavours to ensure that the electorate are well informed about regional assemblies. In truth, however, it is the Government, in the name of spreading clarity, either deliberately or through incompetence, who have created confusion and uncertainty about the extent of the powers, responsibilities and costs of elected regional assemblies.

The Minister's typical response to any criticism is to wrap himself in the mantle of democracy and proclaim that he merely wishes to allow the people in his selected regions to have a choice. It is clear that that commitment to choice is subordinate to Downing street's fear of another debacle on the scale of 10 June and the parliamentary Labour party's blind panic in the face of looming defeat and the damage that the Deputy Prime Minister's agenda could do to its chances at the general election. The champions of democracy proclaim that the people must decide, but it is apparent that they will only be allowed to do so if it is to Labour's electoral advantage.

Our debate has demonstrated that if the people are to decide, they must have clear and accurate information about the question that is put to them; they must be

allowed to express their decision through a fair and effective voting system and they must know the costs of the proposals that they are asked to judge. They are entitled to honest and impartial information, not Government propaganda. The Government appear to be distancing themselves from the holding of referendums before a general election, but if they go ahead it is clear on the available evidence that the last thing they are seeking is an objective test of the mood of the population in those three regions. They are instead attempting to manipulate the process with all the powers at their disposal to achieve the outcome that they desire.

I fully recognise the Minister's problem—with just four months to go, in the analysis of the British Chambers of Commerce, there is a

"lack of interest in and awareness of the prospect of elected regional assemblies."

The more people know about elected regional assemblies, the less they like the idea. It will be difficult for the Minister to rise to the Deputy Prime Minister's challenge of delivering a yes vote in the regions and achieve a turnout that gives some credibility to the whole process. He is torn between those two objectives, and his efforts to increase turnout are likely to pull against his objective of securing a yes vote. Sadly, in his pursuit of a resolution to the dilemma, the principal victims are clarity and transparency. Genuinely open and informed debate has been sacrificed to his overriding need to achieve a yes vote on a half-reasonable turnout. That is the opposite of the genuinely democratic process advanced in ministerial propaganda and the self-congratulatory Government amendment.

The soundings exercise was intended to determine whether there was any genuine interest in the holding of a referendum. It was not objective, and was conducted at the discretion of the Deputy Prime Minister, who managed to determine on the basis of 833 positive responses from a population of 5 million in Yorkshire and Humber that there was a desire to hold a referendum in the region. The electoral system itself gives rise to problems. The Minister conceded early on that the Government would not impose elected regional assemblies on people if turnout was "derisory", although he has resisted all attempts to pin down what constitutes such a turnout. The Government therefore concocted the idea of all-postal referendum ballots in the hope that that would achieve a turnout that was not derisory. They are therefore in the absurd position of seeking to lay orders for an all-postal ballot before the post-mortem on the 10 June fiasco is complete. They have had to build in a reverse gear to enable them to cancel or postpone the ballots if the Electoral Commission report is damning or if it suits them to interpret it in that way.

There is a perfectly good solution at hand—it was identified by the right hon. Member for Gateshead, East and Washington, West (Joyce Quin) in an early intervention—that will allow certainty about the date of the referendums, will prevent the result of the ballot being tinged by doubts about the integrity of all-postal voting, and has the benefit of being familiar to the electorate at large. It is the traditional system of ballot box voting, but the Government will not adopt it because they want to keep open the option of backing out of their commitment to the referendums if they decide later in the year that it is electorally advantageous to them to do so.

Having fudged the consultation on the level of interest and rigged the balloting system, the third prong of the Deputy Prime Minister's approach has been a propaganda campaign at the taxpayers' expense under the guise of information dissemination—a total waste of money, pushing a dud idea to an indifferent audience without even, as the hon. Member for Manchester, Blackley (Mr. Stringer) described to the House, paying lip service to making an attempt at a dispassionate presentation of the arguments. The Deputy Prime Minister has been running around the country sowing confusion and obfuscation in all directions and, every time he is challenged, retreating behind the mantra that the powers will be as per the White Paper, only to sally forth the next day flying more kites and creating more confusion and doubt.

The truth, as my hon. Friend the Member for North Essex pointed out, is that there is a battle royal going on within the Government. Despite the big talk earlier of interdepartmental battles to be waged by big John, it seems that it was little Jeff who was right all along—at the end of the day, there will be no new powers and no new money.

Will the Minister confirm to the House, as many hon. Members have asked him to do in his winding-up speech, that the draft Bill will be published before the end of the Session, and that it will contain precise powers and not be structured simply as an enabling Bill, so that when the electorate go to the polls in October they are clear as to the powers and the costs of the regional assemblies if they vote for them? Will the Minister further confirm that the Bill will published at a time and in a manner that enables a debate to take place in Government time in this House and the other place, ideally before the recess, but if not in the September session, so that the important issues that will be raised by the detail of the draft Bill can be fully debated and reported in the regional press? Only in that way will the democratic process be properly conducted to the benefit of the country and the whole of its electorate.

4.37 pm

The Parliamentary Under-Secretary of State, Office of the Deputy Prime Minister (Phil Hope): The debate should be renamed. It has not shown confusion in the Government's regional policy, but it has shown a great deal of confusion in the Opposition's regional policy. They voted against Scottish devolution, and then had to accept it; they voted against Welsh devolution, and then had to accept it; and they voted against the Mayor and the Assembly in London, and then had to accept it.

The Opposition opposed regional chambers, in which there are now 150 Conservative councillors sitting in active support. The Opposition opposed regional development agencies but now want to engage with them, although I am not sure what that means. We discovered in the debate today that although the Opposition opposed the referendums in the first place, they now insist that they take place—a damascene U-turn if ever I saw one. They do not seem to want more politicians but they oppose unitary structures. The right hon. Member for Skipton and Ripon (Mr. Curry)

[Phil Hope]

seemed to suggest that up to 2 per cent. of people in this country should become councillors. That would be about 1 million councillors—rather too many, I think.

Mr. Curry: I was merely pointing out that the United Kingdom is relatively light on elected representatives, compared with almost every other country in the European Union, so we should not be frightened by the idea that we have people to represent the citizen, rather than always assuming that the only way to go is towards fewer councils covering larger areas.

Phil Hope: Opposition Front Benchers complained throughout the debate that they do not want more politicians at regional level. The Opposition cannot have it both ways.

The Opposition's attitude to regional policy is as confused as the membership of their Front-Bench team. It is one of our favourite pastimes on the Government Front Bench to try to guess which of the eight members of the Opposition Front-Bench team will bother to turn up at various debates on regional government. I led a debate on the Northern way in the Regional Affairs Committee, at which the hon. Member for Poole (Mr. Syms) represented the Conservatives—in fact, he was the only Conservative present.

The hon. Member for Meriden (Mrs. Spelman), who is one of the sponsors of the motion, cannot be present. We understand that she is in Birmingham campaigning in the by-election. I hope she reminds people there of her commitment to reintroduce the poll tax, and the shadow Chancellor's proposals to cut £57 million from Birmingham city council's budget if the Conservatives were ever to return to power.

The Liberal Democrats have their own internal confusions, which we have heard about today, so there is no change there. More worrying is the proposal of the hon. Member for Kingston and Surbiton (Mr. Davey) that we should have a boundary review. Nothing would delay elected regional assemblies more than having a boundary review. The consultation would result in inordinate delay.

As the right hon. Member for Skipton and Ripon, my right hon. Friend the Member for Gateshead, East and Washington, West (Joyce Quin) and the hon. Member for Kingston and Surbiton said, this debate, as highlighted by the Sheffield university report, is all about bringing economic development, democracy and accountability for public spending to the regions. It is about developing regional policy.

The first generation of regional policy was essentially the ambulance work of getting Government help to the regions in the early 1930s. The second generation, in the 1960s and 1970s, was all about large capital and tax incentives, about which we heard something this afternoon, to get people to locate in the regions. Both those approaches were inflexible and top-down. Neither did enough to close the gap between areas of high unemployment and areas of low unemployment—regional disparities, as the Sheffield university report shows, continue to grow.

We are now in the third and new generation of regional economic policy measures that seek to strengthen the indigenous sources of growth in the regions.

Mr. George Howarth (Knowsley, North and Sefton, East) (Lab): My hon. Friend is now on some interesting territory. He, like me, supports the Greater London authority, which is, in effect, a city region. If a city region model is appropriate for London, why should it not be appropriate for conurbations such as Merseyside and Greater Manchester?

Phil Hope: The report shows the value that the core cities give to economic regeneration in the regions, but the point about the Greater London assembly, which was made in today's debate, is that it provides the model for the regional assemblies for the north-west, north-east and Yorkshire and Humber. It has been particularly successful in standing up for London, and we want similar assemblies to stand up for the northern regions, to attract investment, to create democratic accountability and to sponsor the regional economic growth that is so important.

We are committed to a far-reaching and radical programme of constitutional change and devolution. We have been transforming this country from what it was in 1997—one of the most centralised in the western world.

A number of different points have been made about powers. I cannot go through all the details, but it was interesting how in today's debate even Front-Bench spokesmen, the right hon. Member for Skipton and Ripon, the hon. Member for Kingston and Surbiton and others on both sides of the argument were all saying that what we want is stronger devolution; we want more powers and more spending to be devolved to the regions. This is the start of that exact process. This is the opportunity for those regions to grab back central Government's power, to stand up for themselves, and to start this process, going forward into this third generation of regional economic development, which both sides of the House appear to support—even my hon. Friend the Member for Manchester, Blackley (Mr. Stringer), who seemed to be arguing for more discrimination for the north. This is not about discrimination; it is about handing power back so that people in the north can have the resources and the powers that they require.

Time is running out, but I assure the House that we will be introducing a Bill, as my right hon. Friend the Minister for Local and Regional Government said in his opening remarks. We are on course to publish it in July once the dates for the referendums have been set, and we will ensure that those votes will be held in a postal referendum because the people deserve the opportunity to have their say, and postal voting, as we have seen from the experience in June, increases turnout. We have made the commitment not to proceed with all-postal referendums, as planned, if the Electoral Commission produces convincing evidence leading to the conclusion that it would be unsafe to do so. That is the proper reaction of a Government who are committed to encouraging participation in the democratic process, but who are equally committed to protecting the integrity of the balloting process as well.

Opposition Members made a number of points about the information campaign, and we even had a quote from a QC on which the Tories wasted a lot of money. Sir Andrew Turnbull, the Cabinet Secretary, has replied to the Opposition Front-Bench spokesman, saying:

"I am entirely satisfied that the Your Say campaign does not break any of the principles set out in either the legislation or the guidance."

The Government have made a clear commitment and the regional development agencies have already achieved much in boosting the regional economies. It is time to go further. We believe that elected regional assemblies can further improve regional economies, offering democratic joined-up government and a new perspective, vision and opportunity to the regions. The Opposition's motion is incoherent and backward looking. It reflects the confusion of a party that has got it wrong in every devolution debate in the past decade and that would deny the people of the northern regions a choice.

It will be for the people of the regions to choose in a referendum whether they wish to have a regional assembly. Our policy for elected regional assemblies is about choice—a choice for the people, and a choice to provide a better future for the north.

Question put, That the original words stand part of the Question:—

The House divided: Ayes 119, Noes 320.

Division No. 209] **[4:45 pm**

AYES

Amess, David
Ancram, rh Michael
Atkinson, David *(Bour'mth E)*
Baldry, Tony
Baron, John *(Billericay)*
Beggs, Roy *(E Antrim)*
Bellingham, Henry
Beresford, Sir Paul
Blunt, Crispin
Bottomley, Peter *(Worthing W)*
Bottomley, rh Virginia *(SW Surrey)*
Brady, Graham
Brazier, Julian
Browning, Mrs Angela
Burns, Simon
Burnside, David
Burt, Alistair
Butterfill, Sir John
Cameron, David
Cash, William
Chapman, Sir Sydney *(Chipping Barnet)*
Chope, Christopher
Clappison, James
Clarke, rh Kenneth *(Rushcliffe)*
Conway, Derek
Cormack, Sir Patrick
Cran, James *(Beverley)*
Curry, rh David
Davies, Quentin *(Grantham & Stamford)*
Davis, rh David *(Haltemprice & Howden)*
Djanogly, Jonathan
Dorrell, rh Stephen
Duncan Smith, rh Iain
Fallon, Michael
Flight, Howard
Forth, rh Eric
Francois, Mark
Gale, Roger *(N Thanet)*
Garnier, Edward
Gibb, Nick *(Bognor Regis)*
Gillan, Mrs Cheryl
Goodman, Paul
Gray, James *(N Wilts)*
Grayling, Chris
Green, Damian *(Ashford)*
Grieve, Dominic
Gummer, rh John
Hague, rh William
Hammond, Philip
Hawkins, Nick
Hayes, John *(S Holland)*
Hermon, Lady
Hoban, Mark *(Fareham)*
Hogg, rh Douglas
Howard, rh Michael
Howarth, Gerald *(Aldershot)*
Jack, rh Michael
Jackson, Robert *(Wantage)*
Jenkin, Bernard
Johnson, Boris *(Henley)*
Knight, rh Greg *(E Yorkshire)*
Laing, Mrs Eleanor
Leigh, Edward
Letwin, rh Oliver
Lewis, Dr. Julian *(New Forest E)*
Liddell-Grainger, Ian
Lidington, David
Lilley, rh Peter
Loughton, Tim
Luff, Peter *(M-Worcs)*
McIntosh, Miss Anne
Mackay, rh Andrew
McLoughlin, Patrick
Maples, John
Maude, rh Francis
Mawhinney, rh Sir Brian
Mitchell, Andrew *(Sutton Coldfield)*
Murrison, Dr. Andrew
Norman, Archie
O'Brien, Stephen *(Eddisbury)*
Osborne, George *(Tatton)*
Ottaway, Richard
Page, Richard
Paice, James
Paterson, Owen
Pickles, Eric
Portillo, rh Michael
Prisk, Mark *(Hertford)*
Randall, John
Redwood, rh John
Robathan, Andrew
Robertson, Laurence *(Tewk'b'ry)*
Roe, Dame Marion
Ruffley, David
Shepherd, Richard
Simmonds, Mark
Smyth, Rev. Martin *(Belfast S)*
Soames, Nicholas
Spicer, Sir Michael
Spink, Bob *(Castle Point)*
Spring, Richard
Steen, Anthony
Swayne, Desmond
Syms, Robert
Tapsell, Sir Peter
Taylor, Ian *(Esher)*
Taylor, Sir Teddy
Tredinnick, David
Trend, Michael
Trimble, rh David
Turner, Andrew *(Isle of Wight)*
Viggers, Peter
Waterson, Nigel
Watkinson, Angela
Widdecombe, rh Miss Ann
Wilshire, David
Winterton, Ann *(Congleton)*
Winterton, Sir Nicholas *(Macclesfield)*
Yeo, Tim *(S Suffolk)*

Tellers for the Ayes:
Hugh Robertson and
Mr. Geoffrey Clifton-Brown

NOES

Adams, Irene *(Paisley N)*
Ainger, Nick
Ainsworth, Bob *(Cov'try NE)*
Allan, Richard
Anderson, rh Donald *(Swansea E)*
Anderson, Janet *(Rossendale & Darwen)*
Armstrong, rh Ms Hilary
Atherton, Ms Candy
Austin, John
Bailey, Adrian
Baird, Vera
Baker, Norman
Barnes, Harry
Barron, rh Kevin
Beard, Nigel
Beckett, rh Margaret
Begg, Miss Anne
Beith, rh A. J.
Bennett, Andrew
Benton, Joe *(Bootle)*
Best, Harold
Betts, Clive
Blackman, Liz
Blizzard, Bob
Bradley, rh Keith *(Withington)*
Bradley, Peter *(The Wrekin)*
Bradshaw, Ben
Brake, Tom *(Carshalton)*
Breed, Colin
Brennan, Kevin
Brooke, Mrs Annette L.
Brown, rh Nicholas *(Newcastle E Wallsend)*
Brown, Russell *(Dumfries)*
Browne, Desmond
Bruce, Malcolm
Bryant, Chris
Buck, Ms Karen
Burgon, Colin
Burnham, Andy
Burstow, Paul
Byers, rh Stephen
Cable, Dr. Vincent
Cairns, David
Calton, Mrs Patsy
Campbell, Alan *(Tynemouth)*
Campbell, rh Sir Menzies *(NE Fife)*
Campbell, Ronnie *(Blyth V)*
Caplin, Ivor
Casale, Roger
Caton, Martin
Cawsey, Ian *(Brigg)*
Chidgey, David
Clark, Dr. Lynda *(Edinburgh Pentlands)*
Clark, Paul *(Gillingham)*
Clarke, rh Tom *(Coatbridge & Chryston)*
Clarke, Tony *(Northampton S)*
Clelland, David
Clwyd, Ann *(Cynon V)*
Coaker, Vernon
Coffey, Ms Ann
Connarty, Michael
Cook, Frank *(Stockton N)*
Cook, rh Robin *(Livingston)*
Corbyn, Jeremy
Corston, Jean
Cotter, Brian
Cousins, Jim
Cranston, Ross
Crausby, David
Cruddas, Jon
Cryer, Ann *(Keighley)*
Cunningham, rh Dr. Jack *(Copeland)*
Cunningham, Jim *(Coventry S)*
Cunningham, Tony *(Workington)*
Darling, rh Alistair
Davey, Edward *(Kingston)*
Davidson, Ian
Davies, rh Denzil *(Llanelli)*
Davies, Geraint *(Croydon C)*
Dean, Mrs Janet
Denham, rh John
Dhanda, Parmjit
Dobbin, Jim *(Heywood)*
Dobson, rh Frank
Donohoe, Brian H.
Doran, Frank
Dowd, Jim *(Lewisham W)*
Drown, Ms Julia
Dunwoody, Mrs Gwyneth

Eagle, Angela *(Wallasey)*
Eagle, Maria *(L'pool Garston)*
Edwards, Huw
Ellman, Mrs Louise
Ennis, Jeff *(Barnsley E)*
Etherington, Bill
Fitzpatrick, Jim
Fitzsimons, Mrs Lorna
Flint, Caroline
Foster, Don *(Bath)*
Foulkes, rh George
Francis, Dr. Hywel
Gardiner, Barry
George, rh Bruce *(Walsall S)*
Gerrard, Neil
Gibson, Dr. Ian
Gidley, Sandra
Gilroy, Linda
Goggins, Paul
Griffiths, Nigel *(Edinburgh S)*
Griffiths, Win *(Bridgend)*
Grogan, John
Hain, rh Peter
Hall, Mike *(Weaver Vale)*
Hall, Patrick *(Bedford)*
Hancock, Mike
Hanson, David
Harman, rh Ms Harriet
Harris, Tom *(Glasgow Cathcart)*
Harvey, Nick
Havard, Dai *(Merthyr Tydfil & Rhymney)*
Healey, John
Heath, David
Henderson, Doug *(Newcastle N)*
Hendrick, Mark
Hepburn, Stephen
Hesford, Stephen
Hewitt, rh Ms Patricia
Heyes, David
Hill, Keith *(Streatham)*
Hinchliffe, David
Holmes, Paul
Hood, Jimmy *(Clydesdale)*
Hoon, rh Geoffrey
Hope, Phil *(Corby)*
Hopkins, Kelvin
Howarth, rh Alan *(Newport E)*
Howarth, George *(Knowsley N & Sefton E)*
Hughes, Beverley *(Stretford & Urmston)*
Hughes, Kevin *(Doncaster N)*
Hughes, Simon *(Southwark N)*
Hurst, Alan *(Braintree)*
Illsley, Eric
Ingram, rh Adam
Jackson, Helen *(Hillsborough)*
Jamieson, David
Jenkins, Brian
Johnson, Alan *(Hull W)*
Jones, Helen *(Warrington N)*
Jones, Jon Owen *(Cardiff C)*
Jones, Kevan *(N Durham)*
Jones, Lynne *(Selly Oak)*
Jones, Martyn *(Clwyd S)*
Kaufman, rh Sir Gerald
Keeble, Ms Sally
Keen, Alan *(Feltham)*
Keen, Ann *(Brentford)*
Kelly, Ruth *(Bolton W)*
Kennedy, rh Charles *(Ross Skye & Inverness)*
Kennedy, Jane *(Wavertree)*
Khabra, Piara S.
Kidney, David
Kilfoyle, Peter
King, Ms Oona *(Bethnal Green & Bow)*
Lammy, David
Laws, David *(Yeovil)*
Lazarowicz, Mark
Lepper, David
Leslie, Christopher
Levitt, Tom *(High Peak)*
Lewis, Ivan *(Bury S)*
Lewis, Terry *(Worsley)*
Linton, Martin
Lloyd, Tony *(Manchester C)*
Llwyd, Elfyn
Love, Andrew
Lucas, Ian *(Wrexham)*
Luke, Iain *(Dundee E)*
McAvoy, Thomas
McDonagh, Siobhain
MacDonald, Calum
McDonnell, John
MacDougall, John
McIsaac, Shona
McKenna, Rosemary
McNamara, Kevin
Mactaggart, Fiona
McWalter, Tony
McWilliam, John
Mahon, Mrs Alice
Mann, John *(Bassetlaw)*
Marsden, Gordon *(Blackpool S)*
Marshall, David *(Glasgow Shettleston)*
Marshall-Andrews, Robert
Martlew, Eric
Meacher, rh Michael
Michael, rh Alun
Milburn, rh Alan
Miliband, David
Miller, Andrew
Mitchell, Austin *(Gt Grimsby)*
Moffatt, Laura
Mole, Chris
Moore, Michael
Moran, Margaret
Morgan, Julie
Morley, Elliot
Morris, rh Estelle
Mountford, Kali
Mudie, George
Mullin, Chris
Munn, Ms Meg
Murphy, Denis *(Wansbeck)*
Murphy, Jim *(Eastwood)*
Naysmith, Dr. Doug
Norris, Dan *(Wansdyke)*
O'Brien, Bill *(Normanton)*
O'Brien, Mike *(N Warks)*
Oliver, Bill
Organ, Diana
Osborne, Sandra *(Ayr)*
Owen, Albert
Picking, Anne
Pickthall, Colin
Pike, Peter *(Burnley)*
Plaskitt, James
Pollard, Kerry
Pond, Chris *(Gravesham)*
Pope, Greg *(Hyndburn)*
Pound, Stephen
Prentice, Ms Bridget *(Lewisham E)*
Prentice, Gordon *(Pendle)*
Prescott, rh John
Price, Adam *(E Carmarthen & Dinefwr)*
Primarolo, rh Dawn
Prosser, Gwyn
Pugh, Dr. John
Purchase, Ken
Purnell, James
Quin, rh Joyce
Quinn, Lawrie
Rammell, Bill
Rapson, Syd *(Portsmouth N)*
Raynsford, rh Nick
Reed, Andy *(Loughborough)*
Rendel, David
Roche, Mrs Barbara
Rooney, Terry
Ross, Ernie *(Dundee W)*
Roy, Frank *(Motherwell)*
Ruane, Chris
Ruddock, Joan
Russell, Bob *(Colchester)*
Russell, Ms Christine *(City of Chester)*
Ryan, Joan *(Enfield N)*
Salter, Martin
Sanders, Adrian
Sarwar, Mohammad
Sedgemore, Brian
Shaw, Jonathan
Sheerman, Barry
Sheridan, Jim
Shipley, Ms Debra
Short, rh Clare
Simpson, Alan *(Nottingham S)*
Singh, Marsha
Skinner, Dennis
Smith, Angela *(Basildon)*
Smith, rh Chris *(Islington S & Finsbury)*
Smith, Jacqui *(Redditch)*
Smith, John *(Glamorgan)*
Smith, Llew *(Blaenau Gwent)*
Soley, Clive
Southworth, Helen
Spellar, rh John
Squire, Rachel
Starkey, Dr. Phyllis
Steinberg, Gerry
Stevenson, George
Stewart, Ian *(Eccles)*
Stoate, Dr. Howard
Strang, rh Dr. Gavin
Straw, rh Jack
Stringer, Graham
Stuart, Ms Gisela
Stunell, Andrew
Sutcliffe, Gerry
Tami, Mark *(Alyn)*
Taylor, rh Ann *(Dewsbury)*
Taylor, David *(NW Leics)*
Thomas, Gareth *(Clwyd W)*
Thomas, Gareth *(Harrow W)*
Timms, Stephen
Touhig, Don *(Islwyn)*
Trickett, Jon
Turner, Dr. Desmond *(Brighton Kemptown)*
Turner, Neil *(Wigan)*
Twigg, Derek *(Halton)*
Twigg, Stephen *(Enfield)*
Tyler, Paul *(N Cornwall)*
Tynan, Bill *(Hamilton S)*
Vis, Dr. Rudi
Ward, Claire
Watts, David
Webb, Steve *(Northavon)*
White, Brian
Whitehead, Dr. Alan
Williams, rh Alan *(Swansea W)*
Williams, Betty *(Conwy)*
Williams, Hywel *(Caernarfon)*
Williams, Roger *(Brecon)*
Willis, Phil
Wilson, Brian
Winnick, David
Wood, Mike *(Batley)*
Woodward, Shaun
Worthington, Tony
Wright, David *(Telford)*
Wright, Tony *(Cannock)*
Wyatt, Derek
Younger-Ross, Richard

Tellers for the Noes:
Gillian Merron and Charlotte Atkins

Question accordingly negatived.

Question, That the proposed words be there added, *put forthwith, pursuant to Standing Order No. 31 (Questions on amendments), and agreed to.*

MR. DEPUTY SPEAKER *forthwith declared the main Question, as amended, to be agreed to.*

Resolved,

That this House welcomes progress the Government is making in implementing its proposals for elected regional assemblies set out in the White Paper, Your Region, Your Choice: Revitalising the English Regions, based on the principles of increasing prosperity, pride and democracy in the regions; applauds the opportunity afforded to people in the three northern regions of England to have their say about whether they want an elected assembly for their region; welcomes the decision to hold the referendum by all-postal ballot while noting the Government's preparedness to give a clear undertaking not to proceed with all-postal referendums as planned if the Electoral Commission produces convincing evidence leading to the conclusion that it would be unsafe to do so; welcomes the Government's decision to have one assistance and delivery point per 50,000 electors, giving the choice as to whether to return their vote by post, to deliver it by hand, or to vote at a place supervised by electoral officials; further notes the Boundary Committee's estimates of the savings from local government restructuring in regions which choose to establish an elected regional assembly; looks forward to the publication of the draft Bill which would establish elected

assemblies, once the date for the referendums has been set by Parliament; commends the Government's endeavours to ensure that people voting in the referendums have information on which to base their choice; and notes that the principal confusion about regional policy appears to be on the Opposition benches.

Mr. Andrew Robathan (Blaby) (Con): On a point of order, Mr. Deputy Speaker. As you know, Solicitor-General's Question Time takes place tomorrow at 12.20 pm. I was in the Lobby earlier and have just received a letter from the Solicitor-General's secretariat to say that my question has been transferred. I appreciate that the transfer is not your responsibility, but such short notice is surely a discourtesy not only to me but to the work of the House of the Commons. Furthermore, the Solicitor-General is responsible for prosecutions, with which the question deals, yet she has transferred it. Will you advise me on that?

Mr. Deputy Speaker (Sir Michael Lord): As the hon. Gentleman rightly says, that is not a matter for the Chair. However, he has registered his concern, which will now be on the record.

Business Deregulation

Mr. Deputy Speaker (Sir Michael Lord): Mr. Speaker has selected the amendment in the name of the Prime Minister.

5.1 pm

Mr. Stephen O'Brien (Eddisbury) (Con): I beg to move,

That this House regrets the decision of the Government to replace 'deregulation' with 'better regulation' and condemns its failure to deliver deregulation for British business; is alarmed that the Government is unable to quantify the number of new regulations generated since 1997; deplores the fact that the total cost of major regulations to business approved since 1998 now exceeds £30 billion, and notes with concern the negative consequences this is having and will have on small businesses in particular; further condemns the Government's decision to agree to a European Constitutional Treaty that will extend the legislative competences of the European Commission; calls on the Government to take urgent measures to reduce the burden of domestic and European regulation on British business; and further condemns Labour MEPs for voting in the European Parliament in favour of the Agency Workers Directive and the extension of the Working Time Directive in the UK.

I draw to hon. Members' attention my declaration in the Register of Members' Interests. I have given the Secretary of State for Trade and Industry notice that I cannot be present for the winding-up speeches, and I am therefore disappointed that she has chosen not to turn up and focus on such an important subject. It is yet another example of her refusal to come to the House for a debate in Opposition time. She was not present when we held an Opposition day debate on post offices. As ever, the Government pretend that they need put up a Secretary of State only when a member of the shadow Cabinet is present. That is nothing to do with them. I am the Secretary of State's shadow and she should be here because business deregulation is a major issue for the future competitiveness of this country. There is a lack of will on the Government's part to take that seriously.

I welcome the debate, on Conservative initiative and in Opposition time, on the vital topic of business deregulation. If previous Conservative Administrations had not clearly understood and acted on the importance of setting business free, Britain would remain the sick man of Europe rather than being one of its eminent models of flexibility, at least until recently.

However, it is already clear that the 21st century global economy will be unrecognisable from that of the latter half of the 20th century. Liberalisation of markets through the World Trade Organisation, the enlargement of the European Union, the birth of the tiger economies, the prodigious rise of China and India, which compete not only on the basis of low wages but on high skills—each has 750,000 graduates every year—are all factors that drive up competitive pressures as never before.

Against such a background, it is time to audit the Government's actions—or, more accurately, inaction—on deregulating business since 1997 and to examine the implications of their policies for our productivity growth and competitiveness. I shall highlight the Conservatives' political will and practical, deliverable programme in government to identify and reverse the drivers of over-regulation of British business, which has suffered under the Labour Government.

[Mr. Stephen O'Brien]

In the 2001 manifesto, the Labour party made the following commitment:

"We will cut the time small firms spend on dealing with regulation".

That followed the Prime Minister's pledge in 1998:

"Where regulations or alternative measures are introduced, this should be done in a light touch way".

In the light of the Prime Minister's enthusiasm for a political debate based on reality rather than myth, I hope that the Minister—I had hoped it would be the Secretary of State—will acknowledge that the evidence suggests that, far from decreasing the amount of time that UK businesses, large and small, spend dealing with red tape, the Labour Government have increased it by an average of six hours a week per employer.

A CBI survey from the end of 2003 showed that 95 per cent. of UK businesses—an incontestable statistic in any survey—confirmed that they were having to spend more time dealing with red tape than they were five years ago. The most recent KPMG survey of small and medium-sized enterprises found that

"complying with regulations and red tape"

was the single issue of greatest concern, eclipsing other worries such as skills shortages, the rise in insurance premiums, and pension scheme deficits. In fact, the burden of regulation, which particularly and disproportionately affects small businesses, is now getting so out of control that a Select Committee report from the other place, published earlier this year, on the accountability—or rather, the lack of it—of regulators includes the following evidence from a group of financial advisers:

"The FSA handbook is vast and almost incomprehensible—the only way to look at it is via the search engine on the FSA website as apparently if printed out it would stand nine feet high".

It is dispiriting—if not surprising, against such crushing regulatory odds—that a fortnight ago, HSBC cut 3,500 jobs from its British work force, taking the total of UK job losses to 7,500 over the past 12 months. HSBC blamed the £200 million extra cost of new financial regulations.

Mr. Nick Hawkins (Surrey Heath) (Con): In the light of the important points that my hon. Friend has just made, would he agree that one of the things that particularly irritates businesses—especially small businesses, including many in my own area—is that when they try to ask the relevant Government Department legitimate questions about regulations, they are often told that they have to look at the Department's website? Many small businesses do not have the time or the facilities to spend hours looking at Government websites. The Government have an obsession with this. Does my hon. Friend agree that the point that he has just made particularly concerns small businesses?

Mr. O'Brien: My hon. Friend is entirely right. His understanding of the position is accurate. Naturally, I am glad that there is a website for people to visit; in many ways, that is progress in itself. At the same time, however, this shows the Government's lack of experience and achievement in customer service, given that the taxpayer's money—businesses' money—is being used to provide a service to the very businesses that feel let down by the Labour Government on the ground that the information is not being produced in a customer-friendly way. A recent survey showed that only 17 per cent. of businesses recognised the schemes that were available to them from the Department of Trade and Industry. Furthermore, the Secretary of State herself has said that many of the schemes are not a useful use of taxpayers' money.

I was a former FTSE 100 manufacturing industrialist and small business operator before I entered Parliament five years ago, so I understand that a certain level of regulation will always be necessary. I also know from my experience of actively doing business in more than 10 countries on the continent that some EU legislation, particularly in relation to the internal market, has been positive in working against protectionist practices on the continent.

However, speaking from the perspective of someone who has had to comply with, rather than produce, business regulations, I see two things very clearly. First, it comes as no surprise to me—although it may to Ministers, who have no direct experience at the sharp end of business—that, as the Government have increased the time businesses have to spend dealing with red tape by more than 200 per cent. since 1997, as the last week's Peninsula survey confirms, there has been a corresponding reduction in productivity growth. That growth rate is currently barely more than half of what it was between 1993 and 1997.

Secondly, if an extra £30 billion has been placed on UK businesses since 1998—as the latest British Chambers of Commerce burdens barometer has calculated—it was inevitable that UK competitiveness has plummeted from fourth place in 1997 to 15th place today, as the World Economic Forum rankings testify.

Mr. John Redwood (Wokingham) (Con): I am grateful to my hon. Friend for giving way, and I have declared my interests in the Register.

Is it not the case that 600,000 manufacturing jobs have already been destroyed under this Government, many of them by excessive regulation and taxation? They have been destroyed by the very Government who came to power saying that they were going to be good for manufacturing. Is that not a disgrace?

Mr. O'Brien: I am grateful to my right hon. Friend. No one is more assiduous than he in standing up for the interests of the wealth-creating and risk-taking part of our economy.

I mentioned the example of HSBC. Things have been tough for manufacturing for some time, however, particularly given the globalisation of manufacturing. Many have gone out of business that need not have done. The Government, through their control and command, have placed on those businesses regulations that have been both burdensome and unnecessary, to seek to achieve changes of behaviour that winning businesses would in any event have adopted for themselves. That is not a position that the UK can afford to be in.

David Frost, the director general of the British Chambers of Commerce, is absolutely correct when he says:

"Business is being held back by administrative costs and burdens. The great strength of the UK economy is its flexibility and if we are to successfully compete globally we must maintain this flexibility."

Precisely for that reason, I have recently written twice to the Secretary of State, asking her to censure, and distance herself from, Labour MEPs who have voted on more than one occasion to scrap the UK opt-out from the 48-hour working week component of the working time directive, worth at least £9 billion a year to employers. Likewise, they have voted in favour of the temporary agency workers directive, which the CBI says would cost up to 160,000 jobs if implemented in the UK.

I regret to say that the Secretary of State has not answered either of my letters—and even worse, she has not bothered to turn up today. Until she is prepared to admit that the behaviour of her MEPs is unacceptable, she and her team will have to accept the charge that she and they are dangerously relaxed about the loss of UK plc's hard-won flexibility, against which she fought tooth and nail in opposition and on which the Liberals would only ever have an opportunity to chunter, as they would not understand the position—*[Interruption.]*

As we are no doubt about to be reminded—as the Liberals seek to say things from a sedentary position, which is where they are best left—the Government have taken superficial action to reduce the burden of regulation against UK business. On the surface, it is difficult to reconcile the various taskforces and eye-catching initiatives launched since 1997 with the fact that the *Financial Times* recently carried an editorial in which it asserted that this Government are so ideologically enamoured of regulation that it has become "the new Clause Four". Businesses effectively regard increased regulations as taxes by another name.

This Government's failure to take substantive action to deregulate, and their stubborn commitment to over-regulation, is explained by three factors. First, there is the natural inclination of a Labour Government to big government state interventionism. That has shown no sign of abating under nannying new Labour. According to the House of Commons Library, in the six full calendar years of Labour Government, the number of regulations passed total 23,322. On average, that is 3,887 per annum or 14.95 regulations every working day. That is up 53 per cent. on the number under the last Conservative Government.

Secondly, there is the burgeoning bureaucracy that naturally accompanies a big state. That bureaucracy is now so unaccountable that the Better Regulation Task Force recently admitted that it does not even know how many regulators there are—not "regulations", as it is misprinted in the Order Paper, although it does not know how many of those there are either. That is precisely the problem: it does not know what the cost of regulation is as a proportion of GDP.

Thirdly, on top of those domestic factors, there lies the superstructure of a centralising European Commission, whose legitimacy is not derived from a direct democratic mandate but a technocratic imperative to legislate and to regulate.

The combination of those three—an interventionist Labour Government, an out-of-control bureaucracy and a power-hungry European Commission—amounts to a hurricane-force storm of over-regulation, which the UK may not have the means to weather in the new, ferociously competitive global economy. That nexus of circumstances has created a serious structural presumption by this Government in favour of regulating in response to any given problem. In a context like that, the Government's initiatives to promote so-called better regulation are tokenistic and ineffectual.

Take regulatory impact assessments, for example. When they sign off an RIA, Ministers are required to assert that the benefits justify the costs. That, however, is a very different proposition from saying that the benefits must outweigh the costs. Justifying regulation is a considerably more subjective and ideological exercise than an objective measurement of estimated financial costs and benefits, which, incidentally, reveals that in 2002-03, the recurrent costs of regulation recorded in RIAs were almost 10 times the recurrent benefits.

Regulatory impact assessments are potentially useful instruments, but they are used neither effectively nor efficiently by this Government. That is demonstrated by a recent parliamentary answer that I received from the Minister for Small Business and Enterprise, who is in his place, on the subject of the costs to business of regulation:

"Information in relation to the estimated benefits and costs to business is provided in the regulatory impact assessment and is best read in the context of each individual RIA."—[*Official Report*, 22 June 2004; Vol. 422, c. 1319W.]

Reading the estimated impact on business of regulation on a case-by-case basis is the worst strategy that could be adopted. If the problem of over-regulation is ever to be confronted successfully, it will be essential to replace that short-sighted approach to so-called better regulation with the more dynamic approach to deregulation pursued by an incoming future Conservative Government. That would represent a significant culture change, as it would involve assessing regulations by reference to their cumulative impact on business—in other words, in their totality, a favourite Labour word, rather than in isolation, and having regard to the actual drivers of regulation as well as the existing stock of statutory instruments.

I have given my full support to an excellent ten-minute Bill proposed by my hon. Friend the Member for Tunbridge Wells (Mr. Norman), who is present. It would require the independent post-auditing of regulatory impact assessments and their independent assessment in the first place. That would help to ensure that the collective costs of regulatory impact assessments did not outweigh the benefits.

Earlier this year I launched a business deregulation panel to advise me on practicable policy recommendations from a business perspective, on the basis of an analysis of what we have identified as the five principal drivers of over-regulation. They are the EU—of course—gold-plating, Government policy, administrative creep, and compensation culture. That analysis has been published in a pamphlet by the Conservative Research Department policy unit, and is available on www.conservatives.com/policies. I have a copy here.

[Mr. O'Brien].

The business deregulation panel consists of representatives from the Institute of Directors, the Federation of Small Businesses and the British Chambers of Commerce, as well as the economist Ruth Lea and senior figures from the business world including Martin Barrow, Malcolm McAlpine, Lord MacLaurin and Sir Paul Judge. I shall announce the Opposition's policies on deregulation in more detail following its recommendations, between now and the general election.

Let us look at the Government's record on business deregulation. The so-called flagship initiative overseen by the Cabinet Office is the regulatory reform action plan. It consists of 650 so-called deregulatory measures. I say "so-called" because, for instance, one was the creation of the new super-regulator Ofcom. There is, by the way, no implementation timetable: consequently almost two thirds of the measures remain unimplemented.

In his pre-Budget report statement in December 2003, the Chancellor announced 147 regulations for reform or removal that would be incorporated in the regulatory reform action plan. It subsequently emerged that only 25 per cent. of those 147 deregulatory measures—according to Ernst and Young—related to tax and red-tape issues affecting business. In fact, I recently received a parliamentary answer on the subject from the Financial Secretary, who conceded that

"Among the measures to reform there were several measures with direct benefits for business".—[*Official Report*, 17 June 2003; Vol. 422, c. 1045W.]

So from 147 business deregulation measures, we are down to "several". In any case, given that the Government introduce an average of 15 regulations every working day, it has taken only about 10 days to replace the repealed regulations, even if they all related to business—which they clearly did not.

Another regulatory reform action plan of which the Chancellor speaks smugly was produced by the European Commission in 2002. The Commission's plans formed the basis of the joint initiative on regulatory reform announced earlier this year by the Chancellor and Finance Ministers of Holland, Luxembourg and Ireland. Here is the problem: at the heart of Government, the Treasury insists

"The scope of this programme includes reform or removal of existing legislation which is in force".—[*Official Report*, 27 May 2004; Vol. 421, c. 1727W.]

However, the Commission's text is 100 per cent. clear:

"Our aim is not to deregulate or to interfere with the executive's or the legislator's prerogatives, and certainly not to restrict the Community's freedom of action".

Perhaps it was the Chancellor's pique at being thwarted by the Commission that prompted him to tell the European Scrutiny Committee in April:

"it is unacceptable that 50 per cent. or more of regulations come from the European Union".

Let me repeat that, for it is an astonishing admission. The Chancellor of the Exchequer believes it is "unacceptable" that 50 per cent. of regulations come from Europe. Where has he been for the last six years? He is not an innocent victim, but the Chancellor of a Government who, since 1997, have implemented more EU directives than had been implemented in the whole of the last quarter of a century. In that case, why on earth does he want to sign up to the new EU constitution, when it has emerged that the Government's own legal advisers admit that it will give European judges powers to erode the flexibility of the UK's labour laws via the charter of fundamental rights?

It is truly a bizarre spectacle. The Chancellor says that the level of regulation from the EU, which has cost British businesses £25 billion since 1998, is unacceptable, although he will happily sign up to a constitution that will extend the EU's legislative competences. Meanwhile, the Prime Minister says that "no one will support" an attempt to renegotiate the treaties that have transferred precisely those competences to the EU. In the Blair myth-making world, supinely and irresponsibly reflected in the Government's amendment to our motion today, which tries to claim that the debate is about being in or out of the EU, does that mean that the Chancellor wants to be out of the EU, or just out of his present job and into his next-door neighbour's?

The Chancellor's blundering admission also puts the Secretary of State for Trade and Industry—and her representatives today, as she is not present—in an uncomfortable position. It is the Secretary of State's habit to label as an extremist anyone who highlights the negative economic impact of Brussels legislation on British business and calls for a corresponding reduction of such legislation and legislative powers. They are no such thing. I hope that British business has taken note of the outrageous insult it is to all those risk-taking, wealth-creating business men and women that the right hon. Lady sees her job as getting in their way, rather than getting out of their way. It would be helpful if the Government and their Whips had not sought to peddle complete untruths in their amendment, which seeks to suggest that the Conservatives stand for withdrawal from Europe. That is the precise opposite of what is on the record, and of our policy.

Signing the EU constitution would be the final nail in the coffin of the Government's failed attempt to deregulate British business, given the already inordinate and disproportionate costs to UK business from EU-derived regulation. Recent research by the Conservatives in the House of Commons Library found that more than 60 per cent. of legislation is now European in origin. More than 80 per cent. of regulatory costs to British business since 1998 have resulted from Acts of Parliament that implement EU directives. That finding is astounding, but equally so is the fact that no one in the Government has ever bothered to establish for themselves that four fifths, or £25 billion, of the £30 billion cost of regulation to British business comes from Brussels.

Of course, some of the cost of overregulation is a result of the overzealous implementation of European directives into UK law—the phenomenon known as gold-plating. That appears to be another area of profound confusion for the Government. The Foreign Secretary recently told the CBI that

"we must ensure that we do not impose extra burdens on British business by 'gold-plating' EU legislation when we transpose it into our national law."

Meanwhile, the Minister for the Cabinet Office recently informed me in a parliamentary answer that the Government explicitly reserve the right to gold-plate, when he stated that "Cabinet Office guidelines" include

"options that could go beyond the minimum necessary to comply with a European directive . . . particularly where the original directive is unclear"—[*Official Report*, 30 April 2004; Vol. 420, c. 1319W.]

If directives are unclear, surely that requires earlier action to amend or forestall them. We should stop them in their tracks, not, as the Government prefer, gold-plate them just in case.

The problem of gold-plating is compounded by the Government's failure properly to scrutinise directives in the first place. An independent report on gold-plating recently commissioned by the Foreign Office states:

"During negotiations on a Commission proposal for a Directive, the UK is often represented by a junior officer with no legal training or experience, who attends meetings in Brussels without support, in particular full-time legal support".

That situation is clearly unacceptable, and a future Conservative Government would take urgent measures to ensure that the British representative was appropriately senior and authoritative, and had the appropriate legal backup, to ensure that the UK representation at that vital early stage in the regulatory process was more effective—not least, that it could head regulation off.

The substantial facts about Labour's failure to deregulate business are glaring. Deregulation is for Labour Members a word like "constitution"—they whisper it, or fear to use it. We will shortly hear much rhetoric about better regulation and regulatory simplification, but those are smoke and mirrors: mechanisms, processes and structures that seem to do everything but reduce the amount of regulation coming out of the conveyor belt of Westminster, Whitehall and Brussels. A case in point are the regulatory reform orders, which one of the Secretary of State's predecessors described as

"a powerful and flexible tool to strike down or change unnecessary or over-complex regulation"

when they were created in 2001. Between 2001 and 2003, the Government passed 12,450 new regulations. How many regulatory reform orders did the Department of Trade and Industry introduce in that time? One. That would be comic, were the issue not so serious.

When Labour Members speak, they will tell us that previous Conservative Governments regulated. Of course they did, but they did so half as much as this Government, averaged out on an annual basis. In case there is any remaining doubt that the Conservatives are the only party to take business deregulation seriously, let me say that the Leader of the Opposition, my right hon. and learned Friend the Member for Folkestone and Hythe (Mr. Howard), has already made it clear that a future Conservative Government would include sunset clauses wherever possible in new regulations originating in the UK, would seek the return to our national control of the matters covered by the social chapter and would seek a genuine application of the principle of subsidiarity by returning powers from Brussels in much the same was as, for example, the current Dutch Government suggested earlier this month that they would like to do. Indeed, the contrast between the Dutch Government, who recently submitted to Brussels a list of 2,500 EU regulations for removal, and this Government, who sent the European Commission only a vague letter mentioning just 13 directives as "priorities for simplification"—as we know, that does not mean deregulation—was extremely telling. That shows how seriously the Dutch, and how weakly the British Government, treat the subject of over-regulation of business.

Mr. Michael Fallon (Sevenoaks) (Con): Is my hon. Friend aware that when we in the Treasury Sub-Committee visited the Netherlands, we met at the Dutch Finance Ministry a director of legislative burden who had a staff of 17, and who was charged with reducing the administrative and regulatory burden by 25 per cent. over four years? They were getting on with it; why cannot our Government?

Mr. O'Brien: I am delighted to hear of that experience. Of course, to change the culture of politicians and those who work in Whitehall, we need to incentivise them to be deregulators and to recognise that it is only the wealth-creating side of the economy—business—that gives our democracy the choices that we rightly demand and need. So it is absolutely critical that we make sure that the Government put in place the proper incentives to achieve such a change in culture and management. It is clear that such incentives are woefully lacking, because of the lack of political will on the part of this Government.

David Taylor (North-West Leicestershire) (Lab/Co-op): Will the hon. Gentleman not give at least some credit to the Government for their successes in the field of deregulation? I am thinking in particular of the statutory audit of companies. In 2000, the turnover limit was lifted to £1 million a year, thereby exempting some 150,000 companies from the requirement to have a statutory audit. This year, the limit was raised to some £5.6 million, thereby exempting a further 70,000 companies. Surely measures such as statutory audits are much more cumbersome and onerous than many of the regulations to which the hon. Gentleman is referring.

Mr. O'Brien: I have some respect for the hon. Gentleman's views and experience, and I am very glad that this Government have sought to follow the trajectory adopted by the previous Conservative Government. Of course, value thresholds must be revised in order to keep pace with events. In a prosperous economy such thresholds will not last for long, which is what we would wish for such businesses.

More importantly, we should set against such considerations the various measures introduced in recent employment relations legislation and through the implementation of the information and consultation directive. As a result, exemptions do not apply all the way down the chain of companies. Such measures have to be taken into account in determining the real costs to business. We need to consider the resulting effect on management time, distraction of attention and confusion, along with a lack of access to appropriate information and to quality, affordable professional expertise.

[Mr. O'Brien]

Such issues need to be set against the point that the hon. Member for North-West Leicestershire (David Taylor) rightly makes, and we need to consider them as we examine our approach to deregulation, rather than picking out a single element. A Government who are neither familiar nor comfortable with the idea of the risk-taking, wealth-creating side of the economy will inevitably try to regulate it to fit in with their own culture. That is in contrast with the Conservative party, which understands that a democracy is best underpinned by—and is most likely to deliver quality of life, confidence, security and prosperity for its citizens through—a well-supported but ultimately undistracted business community.

My hon. Friend the Member for Huntingdon (Mr. Djanogly) introduced a ten-minute Bill to allow individuals or businesses adversely affected by proven gold-plating to force the Government to delete unnecessary provisions, or to revalidate them through primary legislation. Like the Bill proposed by my hon. Friend the Member for Tunbridge Wells, this Bill is a powerful potential weapon against the over-regulation that has been completely ignored by the Government, despite the fact that we have sought to be constructive by introducing such measures.

Mr. Redwood: I thank my hon. Friend for his generosity in giving way. I am delighted that he is against gold-plating, which is a very serious problem. But has he noticed that through the draft constitution, the EU will have a much more wide-ranging power to legislate directly, through both primary and secondary legislation? In some cases, commissioners will be able to put through secondary legislation with no reference back to elected politicians. Does that not mean that under the constitution—if it is accepted, and if the British people are foolish enough to vote for it—we will have gold-plating with knobs on from Brussels across the board?

Mr. O'Brien: I am grateful to my right hon. Friend, who will have heard the points that I made in precisely those terms earlier in my speech. I fully support his analysis.

The real issue, of course, is very much part of what happens in Europe today. I have had considerable experience of businesses trading across Europe and I know that businesses recognise a difference of approach. We know that one of the merits of our Anglo-Saxon culture—seen in America, Australia, Canada and here—is that common law helps to provide greater opportunities for flexibility and competitiveness. That stands in stark contrast to the more natural committee-based, codified continental system, which is incremental. Once one starts something, one tends to have to come to some result; one cannot simply draw a line in the sand and say that something is not proper or relevant for legislators and regulators to be involved with. We should enable businesses to be set free so that they do not have to worry about that. The EU constitution is precisely the worst example of that type of trajectory, which will over time cause businesses grave difficulty and a reduction in their competitiveness.

Equally, we will focus on the spring—if I can coin that word—or underlying culture of regulation. Rather than opposing the tide of statutory instruments on an individual basis—clearly we do that from time to time in the Committee Corridor, but it would be an exercise worthy of King Canute against the incoming tide of regulation under Labour—we believe that a far more strategic approach is to tackle the drivers giving rise to the statutory instruments in the first place. Hence, as I mentioned earlier, the business experts whom we have appointed to our deregulation panel are, as we speak this evening, examining ways of reversing precisely those drivers of regulation.

Finally, I want the Department of Trade and Industry to act as a champion for business, not be the arch-regulator-in-chief against British business. What on earth was the Department doing when productivity growth was sliding away and the UK's competitiveness was falling from fourth to 15th place in the global rankings? It is not as if the Department were starved of resources: its budget actually went up from £3 billion to £8 billion over the same period, not least to promote and service all its burgeoning regulations on business.

The truth is that the Department simply used its bloated resources to intervene on markets, draft regulations and create new quangos. In that sense, over-regulation is an inevitable consequence of big government, which is one of the reasons why the Conservative party has always believed that the state should be small, the people should be big, and businesses of all sizes should be set free to prosper and grow. Over-regulation is the single biggest long-term threat to our future competitiveness in the global economy.

Dr. Doug Naysmith (Bristol, North-West) (Lab/Co-op): I thank the hon. Gentleman for giving way, particularly so late in his speech. He has made several references to financial services regulation and to an earlier Conservative Government. I am sure he recognises the importance of financial services regulation, so does he not feel ashamed at the lack of regulation that led to a number of very unrewarding outcomes for people who should be have been better protected by that Conservative Government?

Mr. O'Brien: In financial services, there will always be a degree of regulation, as there has been under previous Administrations of all colours. It is difficult for the hon. Gentleman to draw that rather partisan comparison when he supports a Government who have presided over the complete debacle over Equitable Life, which has affected so many of our constituents across the country. He should be careful to reflect on what motivates good behaviour and true management judgment. The last thing that underpins such behaviour and judgment are regulations which, although necessary to some degree in the financial services industry, are so extensive and tight that they remove the motivation to do the right things. We end up with stripped liability. It is not worth it. Everyone lives under threat, rather than benefiting from opportunities, though protections for consumers should be in place.

It is not as if I am alone in saying all this. Anatole Kaletsky recently noted in *The Times*:

"The consequences of over-regulation will be played out over decades, rather than months or years."

In other words, the fact that the economy has not yet fallen apart at the seams is an abject argument for the Government to make, even if it is their habitual response, because we are still trading off the relative competitive advantage created by the labour market reforms of previous Conservative Governments. That is one of the principal reasons why we have been fortunate enough to enjoy a sustained cycle of growth for the last 12 years.

I am pleased that, as a result of that 12-year cycle of growth, the number of new business registering for VAT was 175,800 in 2002—the last year for which figures are available—though I note that that is 6 per cent. down from 1997 when Labour came to power. No doubt the Secretary of State for Trade and Industry will repeat her spurious claim that

"in the 1990s, you needed 28 separate licences, certificates and registrations to create some businesses. Now the figure is one form for many sole traders; and five forms for private companies".

Of course, businesses such as those that clean asbestos needed those 28 steps and under current procedures they still do; licences and regulation are necessary when dealing with possible hazards. However, when I started companies in the 1980s and up to 1997, they were started by filling out—yes, Madam Deputy Speaker, you've guessed it—five forms. Where is the progress? Yet another bit of Labour spin squashed.

The Labour spin doctors may also want to clarify the discrepancy between the claim made by the Secretary of State for Trade and Industry in a Labour party press release earlier this month that it

"now takes an average of one day to start a business . . . in the UK"

and the Chancellor's more sanguine claim—amazingly—made earlier this week, that

"it takes 24 days to set up a business in the rest of Europe but . . . seven days in Britain".

Who should we believe—the Chancellor or the Secretary of State for Trade and Industry? Sadly, probably neither: perhaps the Government are missing Alastair Campbell after all.

The crucial test for the Government is whether British business will be prospering, innovating and expanding in a decade or more. Over-regulation is a poison that takes time to feed through the economic system—we need only look at Germany for an example of that—and there is only one antidote: a party committed to small government and big people, and a Government who get out of business's way—the next Conservative Government.

5.36 pm

The Minister for Industry and the Regions (Jacqui Smith): I beg to move, To leave out from "House" to the end of the Question, and to add instead thereof:

"welcomes the Government's commitment to better regulation and enterprise, which has contributed to the UK becoming one of the best locations in the world in which to start and run a business; welcomes the recent independent endorsements of the UK's light touch regulatory environment; applauds the deregulatory initiatives brought forward since 1997 which have contributed to a significant decline in the total number of regulations imposing a cost on British business; rejects outright the allegations claiming that the regulatory burden on business now exceeds £30 billion; supports measures taken to improve the regulatory environment for smaller businesses such as the removal of statutory audit requirements for small and medium-sized enterprises and the introduction of two specific commencement dates for employment regulations; congratulates the Government on signing up to the new European Constitution which promotes competitiveness and flexibility and which will ensure that national governments have new powers to scrutinise EU regulatory proposals; notes with concern proposals put forward by the Opposition which would damage Britain's relationship with Europe to the detriment of British business by withdrawing the UK from the world's largest common market; recognises the Government's constructive stance on the Agency Workers and Working Time Directives where it has maintained a position that promotes both fairness and flexibility; and calls on the Opposition to examine its own European policies which are consistently flouted by its own MEPs and Party members."

I am pleased that the Opposition have given me this opportunity to report on the Government's achievements in providing the best regulatory and economic framework for businesses to develop and thrive in this country.

Listening to the hon. Member for Eddisbury (Mr. O'Brien) and other Opposition Members, anybody would think that UK business was doing badly. Is it not about time that the Opposition began talking up our business success and the economic climate that has helped to create it? In that climate, we have the lowest inflation for 30 years, historically low levels of interest rates and the highest employment rate in the G7—higher than any other major EU economy. The UK is the only country in the G7 to have continued positive growth in gross domestic product since 1997. In fact, the first quarter of 2004 saw such growth in the UK for a record 47th consecutive quarter.

Mr. Redwood: Can the Minister tell us why in her view more than 600,000 manufacturing jobs have been lost in Britain since Labour came to power?

Jacqui Smith: As the hon. Member for Eddisbury said, manufacturing has faced a difficult and challenging time over the past few years, not least due to the international situation, but I find that question hard to take from somebody who was a member of the Government during a time when boom and bust and record interest rates led to the decimation of our manufacturing jobs and many other jobs besides.

David Taylor: Is my right hon. Friend, like me, enchanted by the picture painted in that deep blue crystal ball that reveals Elysian fields where small and medium enterprises graze and run free of business regulation? Has she set against that the record in the black book, as evidenced by an outgoing Conservative Minister in 1997 who acknowledged that the Conservatives were rather adept at regulation? He said then that they interfered with almost every aspect of business and social life. He is the right hon. Member for Kensington and Chelsea (Mr. Portillo).

Jacqui Smith: My hon. Friend is absolutely right and I shall return, briefly, to the Conservative record.

Mr. Redwood: Will the Minister give way?

Jacqui Smith: No, I want to make some progress.

The economic climate is the reason why 115,000 new businesses opened for trading in England and Wales in the final quarter of 2003, 9 per cent. higher than the

[Jacqui Smith]

figure for the same quarter in 2002. It is why employment is at a new record level and why in February this year the International Monetary Fund upgraded the 2004 growth forecast for the UK to 3.1 per cent. from 2.4 per cent. What a contrast to the boom-and-bust years of the 1980s and early 1990s. It is not only Ministers who are saying that—it is confirmed by research on the global picture.

The hon. Member for Eddisbury should realise that we can quote KPMG surveys as well, particularly given that, in February this year, a KPMG survey showed that the UK has the lowest business cost structure among seven European countries. Globally, the UK came third, after Canada and Australia, among the 11 industrialised countries studied. It is the Conservatives who are determined to talk down our economy and our country.

Mr. Redwood: I am grateful to the Minister for graciously giving way. Will she please explain to the House why 600,000-plus manufacturing jobs have gone under this Government? We all know that the Conservative Government made a bad mistake in 1990 and paid a very dear price for it. This Government have now made a whole series of dreadful mistakes for manufacturing. Will she explain why, and what is she going to do about it?

Jacqui Smith: I began to explain. Those in a Government who presided over 673,000 manufacturing job losses in just one year in the 1980s are in a difficult position from which to lecture us, but we have recognised the challenges faced by manufacturing. That is why we produced the first ever manufacturing strategy two years ago, and it is why were are investing—for example, through the manufacturing advisory service—in services that have provided getting on for £50 million-worth of value added to our manufacturing companies. We recognise the challenges that manufacturing faces, but unlike the Conservatives we will not sit on our hands and watch our manufacturing jobs being destroyed.

I do not underestimate the concerns of business about bad regulation and the cumulative effect of regulation—I shall say more about how we are responding to them later—but we need a more sophisticated analysis than we received from the hon. Member for Eddisbury. Dare I say that we need more honesty about the role of regulation? The Government do not apologise for taking action to ensure decent pay and conditions for our people. Did the national minimum wage cause the job losses that Conservative Members claimed it would? No, it ensured that bad employers could not undercut good ones, provided an incentive to work and protected millions of people—the majority of them women—from poverty pay.

Regulation has a key role to play in stimulating competition, creating a level playing field, improving our environment and establishing minimum standards to prevent rogue practices. Regulations such as those that tackle bribery and corruption and those that combat late payment in commercial transactions support and protect good businesses.

I was extremely pleased to read an acknowledgement of our commitment on better regulation in the Better Regulation Task Force's annual report, which was published last week and stated that the DTI

"has put a great deal of effort into its work on better regulation."

Of course, the Conservative party, which now cloaks itself in the flag of deregulation, was not always so unkeen to regulate. That is why it introduced 3,334 statutory instruments in the House in 1994. Were they all bad? Were they all unnecessary? Of course, the Conservatives did not do a very good job of deregulating when they had the chance. Those are not my words, but the view of the previous Chancellor of the Exchequer, the right hon. and learned Member for Rushcliffe (Mr. Clarke). In 1999, when speaking about deregulation, he said:

"We kept trying, we never really succeeded."

We are trying, and we are succeeding.

Mr. Henry Bellingham (North-West Norfolk) (Con): The Minister is obviously right to say that the last Conservative Government did not make enough progress—we have accepted that—and she quoted part of the Better Regulation Task Force report that came out the other day, but did she look at the summary at the start of the report, where David Arculus said that he wants to see more use of alternatives, which is not yet the Government's first instinct? He also wants culture changes to be made a reality and more delivery on deregulation. If the Minister goes through the report in more detail, she will see that there is still a long way to go.

Jacqui Smith: Of course, David Arculus pointed out the especially good reputation and actions of the Department of Trade and Industry, but I do not disagree with his analysis. I shall talk later about the action that we are taking to find alternatives to regulation.

Regulatory impact assessments undertaken over the past six years have shown that the burden on business is decreasing. More than 90 per cent. of regulations impose no cost on business whatsoever, and although Conservative Members happily try to juxtapose a whole variety of different statistics about the Government as a whole and the DTI specifically, that is the important figure that we need to remember. We need to highlight the action that has been taken.

Conservative Members talk about employment regulation, but this Government introduced regulations to streamline the employment tribunal system and established dispute resolution as an alternative to employment tribunals. We eliminated most of the administrative costs of the working time regulations, and regulations on the national minimum wage and parental leave have a light touch.

Brian Cotter (Weston-super-Mare) (LD): Would it be useful to supplement impact assessments with an annual report from the Government on the cumulative effect of regulations introduced over the previous year? That would be a useful way of assessing the annual impact of regulations on businesses.

Jacqui Smith: The hon. Gentleman makes an interesting suggestion. My hon. Friend the Minister for

Employment Relations, Competition and Consumers tells me that there will be an annual statement on employment rights. However, I am wary of the suggestion proposed in the ten-minute Bill to which the hon. Member for Eddisbury referred that we should introduce a few more assessments of our assessments. We would reach a situation in which we undertook regulatory impact assessments on regulatory impact assessments, but that would neither deregulate, nor cut bureaucracy.

The DTI is helping businesses to adapt to changes to employment law in practice. We have limited the introduction of all new domestic employment regulations to two commencement dates per year: 6 April, the start of the tax year, and 1 October, when the minimum wage is revised. We are consulting on whether to extend that approach and the areas in which it could be done.

Since January 2000, under the vigorous leadership of my hon. Friend the Minister for Small Business and Enterprise, the Government have undertaken several measures to reduce the burden of regulations on small businesses. Employers with four or fewer employees are now exempt from requirements to provide access to stakeholder pensions and to deduct pension contributions. We have increased the company law thresholds for small and medium-sized enterprises to the maximum possible under EU law, thus doubling the amount of investment eligible for first year capital allowances. My hon. Friend the Member for North-West Leicestershire (David Taylor) referred to this year's increase in the audit exemption threshold, but to respond to a point made by the hon. Member for Eddisbury, I hardly think that an increase in the threshold from £1 million to £5.6 million represents a standard form of annual uprating—it is a major increase. Of course, the increase in threshold benefits a further 69,000 companies over and above the 820,000 that are already exempt, and that measure alone is expected to save companies £94 million a year.

We have modernised and simplified value added tax and cut corporation tax. Such actions explain why an Organisation for Economic Co-operation and Development review of EU countries in January 2004 showed that the UK had almost the lowest administrative costs and the fewest regulations for entrepreneurs in the EU. That picture is confirmed by business leaders. Earlier this year, Charles Dunstone, the founder of Carphone Warehouse, stated:

"I have to say as we run businesses in 11 European countries, there is no doubt in my mind that the UK is the easiest place to run a business as far as regulation and red tape is concerned".

However, as the hon. Member for North-West Norfolk (Mr. Bellingham) pointed out, we need to find alternative solutions to regulation, which is why, in our approach to corporate governance, we regulated where necessary to bring transparency to directors' pay, but we took take a non-statutory approach, on the whole, to the problems caused by the Enron and WorldCom scandals. The DTI initiated Derek Higgs's work on the role of non-executive directors and the Financial Reporting Council commissioned Robert Smith's report on the role of audit committees. Their recommendations were included in a combined code produced by the FRC that has already made a significant difference to the effectiveness of audit committees and non-executive directors.

The Enterprise Act 2002 includes many key instruments for deregulation, including codes of practice, which were approved from the Office of Fair Trading. They provide a non-statutory but nevertheless effective means of offering more consumer protection, particularly in used car sales; car repair and servicing; credit, including debt management and credit repair; funerals; travel; estate agents' services; and direct marketing. Regulatory reform is therefore a priority. International surveys show that the United Kingdom is at the forefront of such reform. The World Bank's "Doing business in 2004" included the UK in the 10 countries—out of a total of 130—with the least regulation.

We are not complacent. Regulatory reform is a priority and the regulatory reform action plan published in December 2003, to which the hon. Member for Eddisbury referred, includes over 650 deregulatory measures that apply across Whitehall. We have already delivered on 300, including simplification of the capital gains tax regime; reduced tax and regulatory burdens for small businesses when starting up; a VAT simplification package; and amendments to maternity pay, benefiting an estimated 10,000 employers. The Government have laid more than 24 regulatory reform orders before Parliament, 17 of which are already on the statute book.

The DTI has led the way on better regulation, including the setting up of the vehicles industry policy and European regulation group—snappily titled VIPER—which brings together a range of businesses involved in the automotive industry and allows an earlier and more robust consideration of policy options. In an independent survey, VIPER stakeholders gave the group a ringing endorsement. That approach to consultation is now being extended to the chemical, construction and retail sectors. We will, however, go further, which is why, in the Budget in March, the Chancellor announced a review of inspection and enforcement by Philip Hampton to identify what the Government can do to ease the burdens faced by businesses, and why we have announced new measures for strengthening the scrutiny of major regulatory proposals, including a panel chaired by the Prime Minister whose members include David Arculus, chairman of the Better Regulation Task Force, and William Sargent, chairman of the Small Business Council.

The motion refers to the disadvantages of Europe and European regulation—a matter that the hon. Member for Eddisbury raised, as Conservatives are wont to do. I wish to highlight the importance of raising the European game on better regulation, but first it is worth responding to the Conservative myths about the constitution. In our negotiations on the constitution we got what we wanted on the economy. We rejected tax harmonisation, protected our energy interests and achieved the right legal status for the charter, which is to be based on principles, rather than rights that could undermine our own national practice. The EU constitution will not result in more regulation, as it gives more power to national Parliaments. It is about enlargement and reform and will increase the opportunity for our businesses to operate in a bigger trading area than the US and Japan combined, as EU trade accounts for some 3 million UK jobs. It provides

[Jacqui Smith]

a strong base to pursue our agenda. The UK is a strong voice in Europe for competitiveness and competition and for better regulation. We are leading the campaign for regulatory reform in Europe. We are making that commitment a reality, working with the Irish, Luxembourg and Dutch presidencies, which all share our aims.

We are leading the work on better regulatory impact assessments, including assessment of the impact of new proposals on Europe's competitiveness. We are calling for more engagement with stakeholders and for further simplification, taking our regulatory reform programme into Brussels and working with the Commission and European partners. That is on the agenda for the European Council now. We did not need to wait for the new constitution to do that.

We have shown what we can do through active engagement, particularly with regard to the REACH—registration, evaluation and authorisation of chemicals—proposals on the chemical industry. By engaging actively and focusing on the need for light-touch but effective regulation in a crucial area, we have already reduced the cost to industry by more than €10.5 billion, working with business in the UK and across Europe to challenge the Commission's proposals. We are still on the case, looking for streamlining and simplification, and working with business to improve the environment for us all.

The Government are committed to ensuring that we have light-touch regulation, that administrative burdens are kept to a minimum and that existing regulation is kept under review. Regulatory reform remains a priority. Today we have had the chance to outline some of the progress that we have made. The debate has also given us the chance to challenge the view that regulation is never necessary. There are times when we will take action to protect the vulnerable, defend the environment and promote fairness at work. By so doing, we will support and protect good businesses, build a competitive framework for enterprise and continue the economic success that we have delivered in the past seven years.

5.57 pm

Malcolm Bruce (Gordon) (LD): I listened carefully to the 35-mintue speech from the hon. Member for Eddisbury (Mr. O'Brien), which was delivered at considerable speed. I assumed that it would contain some radical, innovative proposals, but it amounted to a rant, devoid of any serious practical proposals.

Perhaps we should all acknowledge that regulation and deregulation is a difficult area. Often, when businesses complain about regulations and are asked to spell out how we should deal with them, they are unable to be specific or they cite regulations that we would not want to get rid of. For example, the chambers of commerce include in their deregulation proposals the asbestos regulations, but we know we must deal with those. We should all recognise that we need better regulation and, yes, less regulation.

The Minister mentioned the Better Regulation Task Force, and she is entitled to take comfort from its proposals that are supportive of the Government. However, there are other proposals from the taskforce to which she did not refer, but which contain a mechanism that is valid—that we should apply a principle of new for old. In other words, new regulations should lead to the termination of old regulations, there should be an attempt to limit the number of regulations, and wherever possible, regulations should have sunset clauses so that they expire. If they have to be renewed, they have to be rejustified and the debate is reopened.

We welcome the fact that the Prime Minister has said that it will be a priority for the UK presidency of the European Union to promote deregulation. We on the Liberal Democrat Benches will watch with interest to see how the Government take that forward, and we would be willing to feed constructive suggestions into that process, given that European regulations account for 40 to 50 per cent. of all regulations in the UK, as the Better Regulation Task Force identified.

The Government's track record has not been fantastically successful on some of the more important EU regulations. The Government have tended to come in late and try to resist the regulations, rather than being an organic part of the shaping of them. I cited in our amendment the directive on fridges, end-of-life vehicles and electrical and electronic goods.

On that point, Madam Deputy Speaker—it may be a matter for the administration of the House—the Table Office would not allow me simply to say that we were concerned about the fridges regulation, but required me to refer to:

"the chaos of the UK application of European Council Regulation No. 2037/2000 requiring the removal of ozone-depleting substances from refrigeration equipment".

The Table Office required two lines in place of the word "fridges", which may be indicative of an attitude of mind that pervades the House and is perhaps shown by some civil servants. We need to accept simpler expressions.

Mr. Redwood: In the Liberal Democrats' interesting proposal to abolish the Department of Trade and Industry, which Department, if any, would then become responsible for deregulation, and which Department, if any, would go to Brussels to try to prevent some of these measures going through?

Malcolm Bruce: If the right hon. Gentleman will have a little patience, I will deal with that. I assure him that it is a significant part of what I want to say.

While I am on the subject of regulations, it is interesting to note that when EU regulations are being translated into British regulations, usually through the House and statutory instruments or other mechanisms, an analysis has shown that the UK has on average 334 per cent. more words than the second most wordy member state in the EU. In other words, all our regulations turn out to be infinitely longer than those that apply in any other member state. It does not follow from that that we are necessarily more regulatory; it may be that we are more explanatory. But it suggests that there is evidence of our adding detail to regulations, which our competitors in other member states do not do, and that needs to be considered carefully to ensure that we are not loading burdens on ourselves that the EU does not require us to. Ministers should be pretty

watchful of civil servants who see some of these regulations as an opportunity to piggyback some of their favourite schemes that they were never able to get past Ministers when they were free-standing proposals for domestic legislation. That is a serious issue, and one reason why we need to deal positively and proactively with regulations.

Conservative Members' difficulty is that they have a general opposition to regulations and a general complaint that they add costs, but they are much less able to specify which regulations should be got rid of. That is not a cheap gibe. All of us would genuinely like to find ways to simplify regulations or to get rid of those that do not work. It behoves Conservative Members to come forward with specific proposals.

Mr. Stephen O'Brien: In addition to the points that I made about the culture that needs changing in order to resist the cumulative effect of regulations, which is what businesses really resist—naturally enough, examples do not flood in because people cannot be seen to be offside with what are generally regarded as health and safety measures, and so on, a reputation that they would not want—surely scrapping the horse passport regulations would be a good start for all those involved in the horse business, which employs many in my constituency for a start.

Malcolm Bruce *rose—*

Mr. Bellingham: It will penalise my sister's two ponies.

Malcolm Bruce: The hon. Gentleman obviously has a personal connection. We may be able to do something about horse passports, although I do not know enough about that, but I do not think that that will transform the British economy overnight. We need practical proposals, and we need a mechanism for ensuring that they are properly evaluated. All of us have an interest in that. The question we need to ask ourselves is, given that a certain amount of regulation is required domestically for health and safety matters and even legitimate social matters, and for other reasons, and there are EU regulations that have to be incorporated into domestic law, how do we do that more simply and cheaply than we are? We all have an interest in bringing that about and we all need to ensure that the mechanisms are improved.

Looking back on the Conservative Government's record, I can find just as many quotes from the latter part of the 1990s complaining about Government regulations and the difficulties faced by businesses struggling with all those regulations—

Brian Cotter: My hon. Friend has been talking about the Conservatives' record. Does he agree that their current record is also worth mentioning? For example, their appearances at the Select Committee on Regulatory Reform was limited in the 2002–03 Session. The party has three Members serving on the Committee, but two of them have not attended it at all in 16 sittings. The Committee has had the opportunity to question Ministers, Departments and civil servants on nine occasions, but two Conservative Members have failed to turn up, while the other one has attended on less than 50 per cent. of occasions. That is an example of how the Conservatives are not doing in practice what they say they are going to do.

Malcolm Bruce: That is very interesting. I know that my hon. Friend is an assiduous attendee of the Committee. If Opposition Members have good ideas or believe that what the Government are doing is fundamentally wrong, the very least they can do is turn up, explain why and put their views on the record. If they do so, they may even have some chance of influencing what happens. *[Interruption.]* The trouble is that the Conservatives have never got used to the idea of opposition—perhaps the Liberal Democrats have more experience of it—but they will have to do so, as they will be in opposition for a long time.

As Home Secretary, the Leader of the Opposition introduced the immigrant workers requirement, which put an obligation on employees to be responsible for finding out whether anybody whom they employed was an illegal immigrant. The onus was on them to prove otherwise. That was a pretty mischievous measure in every sense, and it was very burdensome. I remember that employers complained bitterly about it, but the Minister who was responsible for the policy is now the Leader of the Opposition who says that he does not think that businesses should be overburdened with unfair and unreasonable regulations.

The right hon. Member for Wokingham (Mr. Redwood) asked me about our proposals for abolishing the Department of Trade and Industry. Of course, they are controversial, but we genuinely believe that there is a strong case to be made. Historically, the Department existed partly because we had a major manufacturing base and partly because there was a very large publicly owned sector. We have now privatised most of those businesses, and while there are regulatory responsibilities, there are no longer direct investment or management responsibilities and the manufacturing industry has declined.

In passing, I should say that I share the concerns about manufacturing, as I believe that an economy of the size of that of the UK needs a manufacturing component in order to be balanced and effective. Two issues need to be recognised. The first relates to the great days of Mrs. Thatcher, who I think is on record as saying that she did not care whether it was goods or services, as long as they added value. Secondly, we have to be realistic about the world in which we are operating and look at what is happening in China, India and the new Europe. It is very difficult to maintain a competitive manufacturing industry unless it is at the cutting edge, but it is not all bad news. Although we may be losing jobs, we are not losing business in all cases, as we are maintaining some core leading-edge businesses. Some of the jobs may not be great, but the added value is still significant.

Without the sort of direct Government input to which I have referred, do we need a Department that has a budget in excess of £6 billion and a staff of more than 10,000? Our conclusion is that not only do we not need the Department, but it is instinctively regulatory and is cumbersome and bureaucratic. There is an infinite variety of taskforces and working parties. I am not suggesting that nothing that comes out of them is of any value, but I have talked to many businesses that have

[Malcolm Bruce]

concluded that many of the activities in which they are engaged are a substantial waste of their executives' time. One major company—I shall not name it—told me recently that it has now said that it will not send executives to such discussion groups at the Department, because it does not feel that doing so serves any useful purpose. The company said that it used to send people to the meetings partly because it hoped that something constructive might be achieved, but more out of a fear that if they did not go, its competitors would gain an edge.

That is one of the problems with many of the business assistance schemes, although it is interesting to see how the debate is developing. I saw a rather ironic article in yesterday's *Financial Times* suggesting that Digby Jones was about to launch a campaign of business men for bureaucracy, which would be battling to save the bureaucrats of the DTI on behalf of the business community, whereas it said that the Liberal Democrats were keen to get rid of them. That was a slightly ironic juxtaposition.

Many businesses say, "The process of applying for regional selective assistance or any other form of grant is long drawn out, cumbersome and time consuming. We may have to employ private consultants to make the case effectively, and we may not get the money in the end." Many other businesses complain that the money goes to their foreign competitors, which set up in this country and compete with British businesses that do not have access to the same grants. We conclude that it would be better if none of those schemes existed, in which case people would not have to waste time bidding and could get on with running their businesses in a competitive environment.

If such activity has a role, it is in the regions, where the business community, councils and regional development agencies have local knowledge and understanding and, given more flexibility and less central control, might deliver a better result. That is our case, which is worthy of serious consideration. We accept that it will be criticised, but we do not make it lightly, because we have thought it through and discussed it widely.

The debate is very short, so I shall quickly respond to the right hon. Member for Wokingham. A deregulation Minister should be appointed, with specific responsibility to examine all regulations and ask, "How can we do without them, simplify them, get rid of them, apply a sunset clause or exchange them for new regulations?" Such an appointment would not get rid of all regulation, but it would have a dynamic, because lower, lighter and better regulation would become an active, rather than reactive, process.

I shall address the part of the Conservative motion that relates to European regulations. The hon. Member for Eddisbury acknowledged that many of the single market regulations benefit business. If there were no single market, single market regulations would not exist, and we would need to develop products to meet the requirements of every member state, so every product would need 25 specifications to satisfy all the markets within the European Union. The single market regulations fit all countries, which must be beneficial. That does not mean that the regulations could not be simpler, better or fairer, but they must exist if the single market applies.

We have taken evidence from Norwegian and Swiss businesses, which say, "The reality is that we must accept those regulations willy-nilly if we want to trade with the European Union," which they do, "but we have no say in shaping them and arguing our case, other than by bilateral discussion with the European Union." Switzerland has major food companies, pharmaceutical companies and industrial companies that trade across the European Union. The honest truth—this is an interesting point that Conservative Members should engage with and, if they are genuinely in the debate, will engage with—is that many in the business establishment in Switzerland are seriously concerned about Switzerland's detachment from the European Union. Their personal nightmare is Turkey becoming a member of the European Union while Switzerland is not, which would not be in the Swiss national interest.

Mr. Redwood: Surely all one needs for an effective single market is the Cassis de Dijon judgment, which states that if a product is of merchandisable quality in one country, it should be deemed to be of merchandisable quality in another. One does not need to set out how to make a tyre, steering wheel or windscreen in regulation.

Malcolm Bruce: That is a nice, neat hope and belief, but the right hon. Gentleman knows perfectly well that all negotiations on the single market are designed to ensure a fair and level playing field. This is not the time or place to debate whether Britain should be in or out of the single market and what effect that might have. All I am saying is that as long as regulations in the single market affect businesses in the United Kingdom, an early, proactive intervention to help shape regulations and to argue the British case is far better than leaving an empty chair. The Conservative Government were not present to argue the case, and the UK had to accept the outcome at the end of the day. That policy did not serve the national interest then, and it will not serve it in the future.

It would perhaps be better if all hon. Members acknowledged that regulation and deregulation are complex issues, and that none of us has the complete right answer. It is unreasonable to pretend that we can sweep away a load of regulations with no downside effects.

At the same time, we should never be complacent. We need to find mechanisms to get rid of unnecessary regulations, to make regulations that are justified and renewed through sunset clauses, and to play a proactive role in reducing and simplifying regulations as much as possible. I maintain that a smaller Department for deregulation instead of a large Department for dreaming up new regulations would be in the better interests of British business.

6.15 pm

Mr. Archie Norman (Tunbridge Wells) (Con): I draw the House's attention to my declaration in the Register of Members' Interests.

In the 25 years of my business career and my 18 years serving on the boards of major British companies, I do not think that there has been a single year in which the burden of regulation has lessened. Throughout that period, business has complained about the growing problem of regulation. Lucy Neville-Rolfe of Tesco has said that the burden of regulation has increased every year since Gladstone, and I suspect that she is right. It is equally true that business men and the enterprise community will always complain about Government and regulation—that is as natural as farmers complaining about the weather. I agree with the hon. Member for Gordon (Malcolm Bruce) that this is a complex subject that is not easily resolved by simple banalities or through a deregulation committee or even a better regulation taskforce, but what is new about today's situation is the volume of regulation, the way in which it is enforced and the context in which business operates.

First, there can be little doubt that there has been an acceleration in business-affecting and employment-affecting regulation over the past seven years. That is not merely a political debating point: it is a fact. It is a matter of counting regulations and assessing the Government's own regulatory impact assessments, which I shall discuss later. It is also a function of Europe and, in this country, of the development of a claims culture and changes in the legal system. Consequently, regulation that is designed to be light-touch and to have a benign effect often has a much more pernicious effect on the workings of business.

Secondly, there has been a major change in the competitive environment in which British business operates. We now operate in a far more global market in which the regulatory effects and burdens on businesses in Korea, Singapore and Thailand have a significant effect on the profitability and investment prospects of British business. We need to face the fact that nice-to-have legislation may result in fewer jobs and a lower quality of life for our own people.

Thirdly, the business culture of this country has changed. The days when people went to work just to earn a daily crust, when it was the priority to protect employees from poor employers, and when there were widespread problems of bad employment have largely been eroded, although not entirely. Of course, to be competitive in today's British business world, management and employers have to provide a better-quality working life for their employees, because that is part of the way in which companies compete. The whole nature of business regulation therefore needs to adapt to reflect that context by rewarding and encouraging the successful, not trying to hold the best companies back in the interests of mitigating the downside effects of a few poorly managed ones.

Regulation is a chronic problem that is in the political system, and unless solutions are designed to be systemic they will not succeed. The regulation of business is driven by the popular tide—it is the popular thing to do. Ministers are unlikely to be promoted for doing nothing. They are unlikely to be promoted for introducing deregulatory orders, but are likely to be promoted for getting new legislation on to the statute book. Legislation is tangible, but costs are diffuse; nevertheless, they are borne by British business over time. It is hard to withstand the pressures of the popular media for new legislation, even though the long-term effect on the economy, and therefore on business, can be detrimental. It does not matter whether the legislation deals with maternity rights, minimum pay or pensions. All such legislation is understandable, and often benign, but the cumulative impact is death by a thousand cuts.

The House is not divided by the recognition that regulation has been and is a problem. Indeed, the Chancellor of the Exchequer has been forceful in identifying the burden from which British business suffers in inspection and the overlap of enforcement regimes. He is committed to a sector-by-sector review. The House is divided on understanding that the problem cannot be solved by rhetoric or good intentions but lies deep in the political system; resolving it is fundamental to the competitiveness of the British economy.

The problem is becoming acute. Of course, some of the cost of regulation is unquantifiable, but the Government measure most of it. The Minister for Small Business and Enterprise claimed that the British Chambers of Commerce calculation of £30 billion of cumulative extra cost was invalid. He may want to deal with that in more detail when he replies, because he knows that the BCC calculation is none other than the simple addition of Ministers' assessments of those costs through regulatory impact assessments.

It is fair to say that the cost is cumulative and not annual, but it is equally fair to point out that it is a gross cost, which does not take benefits into account. It does not do that because, in 75 per cent. of cases, Ministers could not be bothered to quantify them. It is therefore hard to do that, but costs of £30 billion add up to a substantial reduction in the profitability of British business and in investment. That also means a substantial reduction in profit and therefore in corporation tax revenue for the Government—probably some £8 billion that could be spent on employing new health and safety inspectors or, even better, on schools, hospitals and public services. The effect on profitability, business and the public sector is tangible.

Mr. Redwood: Does my hon. Friend agree that if, with good intentions, Britain and/or the EU imposes much higher environmental standards on our business, we could end up with the opposite of the desired effect when the business closes in Britain because the costs are too high and transfers to somewhere with practically no environmental standards? We thus lose the jobs and get more environmental degradation.

Mr. Norman: My right hon. Friend makes a profound point. We operate in a global market and there is no point in exporting quality jobs that become low-quality jobs elsewhere in the world.

It should not be a matter of debate between us whether regulations have increased under the Government. There have been 23,322 new regulations. A substantial proportion of them have come from Europe, but the figure represents an increase of 53 per cent. on the number of regulations that the previous Government introduced. That constitutes acceleration and a chronic problem, which needs to be tackled. The Minister for Industry and the Regions prayed in aid the Organisation for Economic Co-operation and Development. However, the same report that she cited stated that flexibility in the UK had been steadily eroded by ever-increasing regulation.

[Mr. Norman]

We are worried not only about the additional costs that regulations entail but about their long-term impact on the effectiveness of British business and our competitiveness in world markets. The Minister for Small Business and Enterprise has some weeks of experience of the business community and he knows that regulation also reinforces the power of big business. The small shopkeeper cannot afford the cost of regulation.

When I was chief executive of one of the largest supermarket chains in UK, we could employ a department of bureaucrats to handle any new regulation—whether it was new labelling or new food safety standards, we could handle it—but the individual shopkeeper could not compete. Regulation reinforces the power of the large enterprise at the expense of the small; it creates a barrier to entry.

The lobbying culture and the need for businesses to protect themselves against Brussels and the Government also reinforce the power of the large enterprise. British Telecom can afford to employ a regulatory department of more than 100 people to work with Ofcom, which in turn employs 800 expensive people to try to administer sector regulation. That opportunity is simply not available to the small technology company endeavouring to compete.

Secondly, the effect of regulation is to reduce our effectiveness in the growth of new industries. Although we are seeing a better performance in the British economy today than in some of our European competitors, we are not seeing comparative success against the far east or the United States in the new industries such as information technology and biotechnology. The test of whether we are developing a future capability is in our competitiveness in those industries.

Malcolm Bruce: The hon. Gentleman is making an important point about big business versus small business. Does he agree that a way of dealing with this issue would be for very small businesses to use more of the exemptions available to them, and to target those benefits and tax exemptions at micro-businesses, because the unit costs of dealing with regulations are much higher for those businesses?

Mr. Norman: There is a role for exemptions for small businesses, and we have seen some, in the form of the audit exemptions, for example. I believe that they can be taken much further, both in the framing of the regulation and in the way in which it is enforced. At the same time, however, we need to recognise that competitiveness is not just about small businesses, and that creating peculiar regulatory thresholds of size cannot be anything more than part of the answer.

The third impact of regulation that I want to draw to the Minister's attention is the way in which it affects business on the inside. All regulation reinforces the position of the internal bureaucrats in British companies. I do not mean that in a disparaging sense; I mean that regulation results in the burgeoning of internal compliance mechanisms in human resource and health and safety departments, for example. This involves people spending their career trying to prevent others from taking risks or working too hard, or to prevent enterprises from taking on new employees without thinking very hard about it. Those people are reinforced by regulation, and that has a determining effect on the nature of the enterprise culture.

A final point about regulation that is often missed by Ministers is that it erodes the productivity of the public sector, which is the fastest growing employment sector in Britain today. It is also the sector with the lowest productivity growth. A lot of the regulation being introduced has a greater effect on the public sector than on the enterprise sector. A good example of that is the Employment Relations Bill. I heard the Secretary of State refer in a speech on that Bill to provisions on consultation being provisions that would help to protect trade union members in the private sector. She omitted to mention the fact that more than half the trade union members in this country work in the public sector. What the Government are really doing is passing regulations to cover their own management failures. One thing that they could do to address the problems of poor employment practice, demotivated employees, high trade union membership and sclerotic workplaces would be to create a better management system for the public sector, which is where poor management practice in Britain is largely concentrated. Sir Peter Gershon, the Government's own adviser, has said that regulation now

"threatens the government's most cherished goal—improved public services".

The problem of regulation is serious and it is deepening, but the Government's response to it has been ambivalent. Of course, we have heard about the regulatory reform proposals. The hon. Member for Gordon may be aware that I sit on the Select Committee on Regulatory Reform. I was there yesterday, I obviously did not make much impact, but never mind. We welcome the regulatory reform proposals that have been made. It is encouraging to know, for example, that there are to be reforms on sugar beet research. Reforms relating to the museum of London also came through recently, and they are entirely welcome. However, we should not kid ourselves that this is an adequate solution. It is like standing in the path of an avalanche armed with a toothpick, and it simply will not address the problem. It is the system that is creating burdensome regulation, and it is the system that requires radical surgery.

I am referring not only to new regulation but to the archaeology of old regulation. We still have on the statute book an Act from, I think, 1928 that limits the quantities in which shops can sell flaked breakfast cereals. We are still restricting the weights in which bakers can bake loaves of bread. We still require shopkeepers to get a licence to sell game if they want to sell a shot pheasant. That is all completely antiquated. We are creating layer on layer of overlapping regulation, and there is no process in the system for unpicking the history and removing legislation that is often completely out of date and no longer relevant to today's business environment.

In addition, we are world beaters in enforcement in this country—we have thousands of enforcers. I challenge the Minister to name a single inspection or enforcement department that has diminished in

employment numbers under this Government. Whether in the Health and Safety Executive or the Food Standards Agency, there have been additional enforcers, whose full-time occupation it is to go around harassing business. That sometimes brings about beneficial change. The fact that the numbers have increased on every count, however, indicates what business is spending its time doing and what it must face.

I wanted to come to the question of solutions. The Liberal Democrat spokesman talked about sunset clauses, and I want to raise some other issues. First, I ask the Minister to address more seriously the question of regulatory impact assessments. At the recent British Chambers of Commerce seminar, which he was sadly unable to attend, it was declared that RIAs, for the purpose of deregulation, were the only show in town. I have some sympathy for that view. Currently, it is one of the things that can be done early on to bring transparency to the effect of regulation on business. The Prime Minister said that a

"regulatory impact assessment is not an add-on to the policy process. It is an integral part of the advice that goes to Ministers".

The Government have made that claim, and it is up to them now to deliver.

Yet today, RIAs are totally inadequate, and, as the Social Market Foundation has said, they are

"crafted with as little information as possible".

A high proportion of them, as I have already said, do not even attempt to quantify the benefits, and there are numerous examples of the costs being completely miscalculated. For instance, the RIA for the Employment Relations Bill estimated a £43 million annual cost on business as a result of the Bill. It then failed utterly to quantify the benefits, but said that it could amount to hundreds of millions of pounds over 10 years. Hundreds of millions of pounds over 10 years could well be substantially less than the cost. There was no attempt to calculate the cost, and it was treated in a manner that can only be described as frivolous. Incidentally, that is not just a problem for Ministers; it is a problem for the House. When the House assesses regulations, it is entitled to have an objective assessment of the costs and benefits of that regulation. It is an insult not to provide it.

Equally, the extension of the working time directive to junior doctors was assessed as having a cost of £26 million. The pilot studies in NHS trusts alone have cost more than £50 million. It was simply an absurd and laughable under-estimate, and again illustrates that the Government are failing to take RIAs seriously. There are many other examples.

The Government's recent response was to say that they have set up a ministerial panel of regulatory accountability—a Cabinet Sub-Committee chaired by the Prime Minister. That is entirely welcome. Mysteriously, however, we are not entitled to know whether it has ever met, whether the Prime Minister has ever turned up, and what issues it is likely to consider. It is therefore entirely understandable if people conclude that it is just a piece of candy floss or protection, to hide the fact that the Government have no intention of taking RIAs seriously. The solution is to have them externally audited, either by a Government department independent of the legislators, or by the private sector. That could be done in cases of substance, or where there is a significant hurdle. It would solve the problem and would restore an immense amount of legitimacy to and confidence in business regulation.

I agree with the Liberal Democrat spokesman that sunset clauses have a role to play—but they are not a panacea. We need to be careful if we bring legislation back to the House every few years, as there is always the opportunity for Ministers to add to it and make it even more regulatory. There should be a systematic mechanism for removing legislation from the statute book. Perhaps some form of House of Lords regulatory reform Committee would be able to do that, and, as part of its role as a revising Chamber, make proposals for deregulation.

We need a much better mechanism for scrutiny of European legislation. That should not be a partisan matter, but one that can be agreed throughout the House. There should be a higher threshold for all the petty claims and tribunals with which companies have to deal. Benign legislation introduced for good reasons and designed to protect employees is now being used in a vexatious manner. We also need a mechanism enabling small businesses to appeal against disproportionate enforcement of legislation, which is threatening their livelihood and goes far beyond the original purpose of the legislation. Such constructive proposals will begin to address a systemic problem. We continually churn out too much regulation, which is disproportionately enforced.

The Department of Trade and Industry says:

"The UK remains a middle ranking enterprise economy. It does not possess an entrepreneurial culture to the same degree as the USA."

I agree heartily with that, and I think that regulation has a great deal to do with it. We must recognise that the problem is not superficial. It is not a question of establishing a reform committee or a better regulation task force; it is a question of finding a systemic solution to a chronic problem. Only in that way can we create a truly enterprising society.

6.36 pm

Brian Cotter (Weston-super-Mare) (LD): I agree with my hon. Friend the Member for Gordon (Malcolm Bruce) that this is a serious issue, and not one that is easy to address. Indeed, it involves many different issues. I was pleased to hear the hon. Member for Tunbridge Wells (Mr. Norman) talk about small shops, given his background.

Regulation has a disproportionate impact on small businesses, in comparison with larger firms. Small business people still often say that the Government do not understand their needs. As I have said before, I think that Ministers should consider a scheme whereby they and civil servants could be seconded to small firms—as has already happened with large organisations. Even a week working in a small shop or garage would educate them enormously about the problems experienced by small firms.

Small businesses feel that there is not enough consultation, and organisations such as the Federation of Small Businesses and the Forum of Private Business feel the same. They feel that they are sometimes not involved early enough in consultation about regulation, especially when it comes to regulatory impact

[Brian Cotter]

assessments. As others have said today, it is important to ensure that such assessments are accurate, but we should also ensure that they are carried out at an early stage and published before primary and secondary legislation is presented to Parliament. Liberal Democrats feel that it would be better for them to be conducted independently than to be conducted by Government or civil servants, so that independent views could be obtained.

Any way in which the Government could reduce the burdens on small business and on business in general would be welcome, but let me echo the point made about inspection of small and other firms. Some 350 inspectors have the right of access to business premises. When the Liberal Democrats suggested that there should be a single inspector, we were asked how a single inspector could possibly understand all the different regulations and all the different aspects of regulation. That in itself is a damning indictment, suggesting that there are so many regulations that no single person could understand them. We still think that it would be better to have a single gateway inspectorate rather than 350 inspectors, all of whom must trundle through business premises.

In the short time that I have left, I express concern to the Ministers that the Small Business Service, which my party welcomed when it was introduced and which has done some useful things, has got slightly off track. In our understanding, it was to be an independent organisation—very much the grit in the oyster—to raise matters with Ministers from the outside. The Government have made the mistake, which we would put right, of making the Small Business Service part of the Government, rather than allowing it to be detached and able to say to them, "Hold on—we're representing business, and as the champion of small business we don't think that this regulation should go forward. We don't think that the Government are addressing the situation properly."

My party has many tangible proposals to put forward, including on the Department of Trade and Industry. We welcome debates of this nature as opportunities to put forward those points and to try to influence the Government and get changes made that will benefit business.

6.40 pm

Mr. Henry Bellingham (North-West Norfolk) (Con): I declare my interests, which are in the Register of Members' Interests.

We have had an excellent debate, and a lot of ground has been covered in a short time. We have heard from several Members who are highly qualified on the subject. Does excessive regulation matter, does it destroy wealth and what are its consequences? My hon. Friend the Member for Eddisbury (Mr. O'Brien) came up with one very important point on the UK's declining competitive position, when he referred to the World Economic Forum ratings in which the UK has fallen from fourth place in 1998—when we were behind just Singapore, Hong Kong and the USA—to 15th place now, behind many European countries including Holland, Germany, Norway, Switzerland, Denmark and Sweden. That was one of the most revealing points made this afternoon.

We should examine declining UK productivity. Average productivity growth in the UK fell from 2.5 per cent. in the period between 1994 and 1997 to 1.6 per cent. in the period between 1998 and 2002. Average productivity growth in this country continues to trail that in the United States by a significant margin. That is why my hon. Friend the Member for Eddisbury was right to address that situation and make his serious points.

On the other hand, the Minister for Industry and the Regions, although she had some good points, was rather complacent. It is a great pity that she denied the figures from the recent report of the British Chambers of Commerce. That report, "The Burdens Barometer", calculated the combined cost of new regulations since 1997 and concluded that that figure had reached £30 billion. As my hon. Friend the Member for Tunbridge Wells (Mr. Norman) pointed out, those calculations derive from the Government's regulatory impact assessments, so for the Government to question those figures in their amendment is quite extraordinary.

The Minister was rather self-congratulatory on the wider economy and the overall unemployment situation. She can afford to be in some ways, for example when considering the 600,000-plus new jobs created in the public sector since 1997. However, as various hon. Members have pointed out, that is exactly the same figure as the number of jobs lost in manufacturing. Surely the growth in public sector jobs at that rate is simply not sustainable.

The Minister should be asking how much better the small and medium-sized enterprise sector would be were it not for the growth in regulation. The BCC report found that 85 per cent. of the 3,500 members surveyed stated their belief that their businesses would be more profitable were it not for increases in red tape. How much more corporation tax would have been raised if those businesses had indeed been more profitable?

The Government surely should be asking what will happen if the economy starts to slow, house prices slip back, equity release dries up, the jobs bonanza in the public sector becomes a distant memory and fuel prices go up. In those circumstances, the one remaining bright spot in the economy should indeed be the small firms sector—but not if it remains very heavily over-regulated.

As I said, we have heard some excellent speeches, and the hon. Member for Gordon (Malcolm Bruce) was right to refer to gold-plating. In fact, we had a rare experience this afternoon. Two Liberal Democrat Front-Bench spokesmen on trade and industry contributed to this short debate, but we are none the wiser as to what they would do with the Department of Trade and Industry. What they had to say was fascinating but flawed. Which Department would really stand up in government for wealth creation, enterprise and small businesses? To be honest, their ideas just do not stack up.

We heard from my hon. Friend the Member for Tunbridge Wells, who has huge experience in business and is always listened to with great respect. I was particularly interested to hear him make a simple but often overlooked point—that regulation, red tape and burdens always have a disproportionate effect on small and micro-businesses. He drew on his experience of

running very large FTSE companies to point out that they have rafts of employees and managers who spend all their time looking at regulations, red tape and burdens, and who can deal with the associated pressures in a way that small and micro-businesses and sole traders simply cannot.

My hon. Friend the Member for Tunbridge Wells was right to point out that we should look not at how well we are doing compared with some of our European competitors, but at our wider global competitors. He was also right to point out that we need to look at the archaeology of some of the older regulations on the statute book—and to look very seriously at sunset clauses.

What should the Government do, and what would we do if we were in office? Well, we would stop legislating in many of these areas. For a start, we would have no more employment Bills and we would reduce the size of government. In 1997, the DTI budget was £3.06 billion; in 2003 it was just under £8 billion. In 1997, there were 9,302 staff in the DTI; by 2004 there were 11,474. Huge chunks of industry have been moved to the private sector. The DTI should be doing much, much less, but doing it far more effectively and much better. We feel very strongly that large government equals bureaucrats, which equals more interference, which in turn equals more regulation.

What else should the Government be doing that they are not? They certainly ought to ensure that their regulatory impact assessment regime is working properly. As my hon. Friend the Member for Tunbridge Wells pointed out, there is a cultural problem. Good rules count for very little if Ministers and officials trim evidence to fit policy conclusions that they have already reached. I urge the Minister and the Under-Secretary to look carefully at what David Arculus said in his executive summary. He does praise the DTI for some of its work, but as I pointed out in an intervention, he makes it equally clear that there is a long way to go:

"Good practice needs to become common practice",

and there is a need to

"make culture change a reality."

The Government need to "deliver on deregulation" and to

"pay attention to paperwork burdens."

That report needs to be read in full.

What else should the Government do? They need to make some serious progress on Europe. The hon. Member for Edinburgh, South (Nigel Griffiths) is one of the best DTI Ministers we have had for a long time. He is indefatigable, and he has undiminished enthusiasm and a lot of energy. He goes round the country championing the cause of small businesses, but he does so with one arm tied behind his back because of this Government's obsession with Europe.

Only a Government obsessed with Europe would have given up and thrown away our hard-fought opt-out from the social chapter. That is why my right hon. and learned Friend the Leader of the Opposition was 100 per cent. right when he said recently:

"Reinstating the opt out from the Social Chapter will be a key priority for an incoming Conservative Government."

Without that, whoever is the Minister with responsibility for small firms, he will have one hand tied behind his back.

My conclusion is simple—we need to change what is happening in Europe, to change the culture in Whitehall, to deliver smaller and better government that gets off the back of business and enterprise, and to reverse the compensation culture. That is impossible under Labour. Labour Ministers, however well intentioned, will not succeed, because what is required is a change of Government.

6.50 pm

The Parliamentary Under-Secretary of State for Trade and Industry (Nigel Griffiths): This has been a good debate, with a number of thoughtful contributions. However, my hon. Friends have noticed a disturbing trend among Opposition day debates. The Opposition called a debate recently on third-world aid and fair trade, demanding that we do more and spend more. They halved overseas aid and now demand the opposite. They wanted a debate on schools, demanding that we do more and spend more, but they axed 48,000 teachers during their Administration and now demand the opposite. They condemn us for our successes and offer no contrition for their failures.

Today, the Opposition have excelled themselves. They picked a subject on which their record could not be more embarrassing. In fairness, I cannot in all honesty claim that they are not the world experts on this subject—not with 51,699 regulations passed by the last Conservative Administrations. Indeed, it was in 1992 that John Major gave the verdict on all the 35,496 regulations passed by Tory Governments since Baroness Thatcher became Prime Minister. That year, as Prime Minister, he told his party conference:

"It takes 28 regulations, licences or certificates just to start some businesses."

He promised a bonfire of regulations and his deputy, now the noble Lord Heseltine, promised to take an axe to the red tape—keeping up his Tarzan image, no doubt. For five years, they toiled and toiled. What was the verdict on the 16,203 new regulations produced in that golden twilight of their reign? It was:

"We passed volumes of new rules and laws interfering with almost every aspect of business and social life."

So said the right hon. Member for Kensington and Chelsea (Mr. Portillo) in 1997.

What is the position in Britain today when starting a company? The hon. Member for Eddisbury (Mr. O'Brien) asked me to clarify that. I can tell him that there is no more need for 28 licences and certificates. Someone can set up as a sole trader in the UK in a day and for less than £25. We have moved from having one of the poorest records, in 1992, to having one of the best in Europe now.

The hon. Member for Tunbridge Wells (Mr. Norman) mentioned the raft of lawyers, a point with which I have considerable sympathy. He said that he had been associated with businesses that employed many lawyers who could process regulations, but that small businesses could not afford lawyers. I say to him and the House that I do not want anyone to have to employ lawyers. I want the large corporations to be able

[Nigel Griffiths]

to devote their resources to marketing, product design and the sales success that is making British business great.

It is important to acknowledge that, last year, 465,000 people started a business—the highest number in the history of the Barclay survey and up 19 per cent. on 2002. That is 465,000 new businesses. A decade ago, 422,000 jobs were wiped out in manufacturing in a single year of Tory misrule—our record of success, their record of failure.

Now, of course, the Conservatives have a new formula: the Howard nostrum and the quack cure for regulations, freshly imported from Florida—sunset clauses from the sunshine state. How many sunset clauses did they introduce? None. Sunset clauses were rejected by Baroness Thatcher as unworkable.

The Conservatives rail against gold-plating regulations. We heard a few examples during the debate, but the best is from the former leader of the Tories in Europe, Lord Plumb, who said:

"The way the meat directives were implemented destroyed respect for the regulatory system as a whole."

They forced the closure of small abattoirs and cost thousands of jobs. That was in 1996. The culprits were his Government and their over-zealous interpretation of Brussels law.

The hon. Member for Gordon (Malcolm Bruce) mentioned the tendency for Britain to use more words, reflecting a recent study from the British Chambers of Commerce. However, the BCC should listen to its sister organisation, the German chamber of commerce, which produced a report in January blaming the German Government for their lack of clarity in transposing EU directives; fewer words left companies with vague legislation and no guidance. The very copping-out of directives that was advocated by the hon. Gentleman—although no longer, I hope—was rejected by Baroness Thatcher and every Prime Minister before or after her.

Our charge is clear. The Conservatives did not learn from their mistakes, but we did. We were as horrified as industry about the burdens that the new chemical directive placed on business, so we amassed the evidence and presented it to the Commission. The Prime Minister enlisted the support of the Presidents of France and Italy. We told the EU Competitiveness Council that the directive was not on. The result was that parts of the draft directive that would have cost industry £6 billion a year were dropped.

I reject the figure of £30 billion given by the hon. Member for Tunbridge Wells. The real cost of administering the regulations is only a fraction of that. We make no apology for our legislation for decent wages, paid holidays and reasonable time off for family matters.

It is only fair to look at the situation before 1997 and contrast it with what is happening now. There was no Small Business Service to fight for business; we created and funded it. There was no Small Business Europe taking the fight on regulation to Brussels; we created and funded it. We created the Better Regulation Task Force to tackle gold-plating. We created the small firms impact test and "Think Small First", and we require lawyers to focus on the impact on small businesses before drafting regulations.

We set a target of 12 weeks' minimum consultation for all regulations and 12 weeks for implementation. We created a panel of 1,000 small businesses to advise Government officials drafting regulations. We took the lead in the EU's better regulation action plan. We forced the Commission to bring in impact assessments of proposed legislation. We created the regulatory reform action plan. We require regulatory impact assessments and the Prime Minister has created a Cabinet Committee on RIAs, which he chairs. Now, we have common commencement dates for key regulations, and that is welcomed by all representative bodies for industry.

The regulations that we have introduced, such as those on late payment, have helped to cut the time for settling accounts from 49 days in 1997 to 41 days, while the European average remains 50 days. Everyone accepts that the vast majority of the Government's so-called regulations have almost no impact on business red tape. Nearly four in 10 statutory instruments are on temporary road closures and similar measures.

I end by offering the House a straight choice. Do we want the business climate of 2004 with the lowest inflation for 30 years, the lowest interest rates for 40 years, the lowest mortgage rates for nearly 50 years, the lowest level of corporation tax in history, the longest period of sustained growth for more than a century, the largest number of people in work in our history and record numbers of people starting in business? We have avoided the recessions that hit the United States, Germany, Japan, France, Italy and most other industrial economies during the world downturn.

Or, do we want the climate of a decade ago—

Mr. Patrick McLoughlin (West Derbyshire) (Con): *rose in his place and claimed to move,* That the Question be now put.

Question, That the Question be now put, *put and agreed to.*

Question put accordingly, That the original words stand part of the Question:—

The House divided: Ayes 114, Noes 320.

Division No. 210] **[6.59 pm**

AYES

Amess, David
Arbuthnot, rh James
Atkinson, David *(Bour'mth E)*
Baron, John *(Billericay)*
Beggs, Roy *(E Antrim)*
Bellingham, Henry
Beresford, Sir Paul
Blunt, Crispin
Bottomley, Peter *(Worthing W)*
Bottomley, rh Virginia *(SW Surrey)*
Brady, Graham
Brazier, Julian
Browning, Mrs Angela
Burns, Simon
Burnside, David
Burt, Alistair
Butterfill, Sir John
Cash, William
Chapman, Sir Sydney *(Chipping Barnet)*
Chope, Christopher
Clappison, James
Clifton-Brown, Geoffrey
Collins, Tim
Conway, Derek
Cormack, Sir Patrick
Cran, James *(Beverley)*
Curry, rh David
Davies, Geraint *(Croydon C)*
Davis, rh David *(Haltemprice & Howden)*
Djanogly, Jonathan
Dorrell, rh Stephen
Fallon, Michael
Flight, Howard
Forth, rh Eric
Francois, Mark
Gale, Roger *(N Thanet)*
Garnier, Edward
Gibb, Nick *(Bognor Regis)*
Gillan, Mrs Cheryl
Goodman, Paul
Gray, James *(N Wilts)*

Grayling, Chris
Green, Damian *(Ashford)*
Greenway, John
Grieve, Dominic
Gummer, rh John
Hague, rh William
Hammond, Philip
Hawkins, Nick
Hayes, John *(S Holland)*
Hendry, Charles
Hermon, Lady
Hoban, Mark *(Fareham)*
Hogg, rh Douglas
Jack, rh Michael
Jenkin, Bernard
Johnson, Boris *(Henley)*
Kirkbride, Miss Julie
Knight, rh Greg *(E Yorkshire)*
Laing, Mrs Eleanor
Leigh, Edward
Letwin, rh Oliver
Lewis, Dr. Julian *(New Forest E)*
Liddell-Grainger, Ian
Lidington, David
Lilley, rh Peter
Loughton, Tim
Luff, Peter *(M-Worcs)*
McIntosh, Miss Anne
Mackay, rh Andrew
McLoughlin, Patrick
Maude, rh Francis
Mawhinney, rh Sir Brian
Mitchell, Andrew *(Sutton Coldfield)*
Murrison, Dr. Andrew
Norman, Archie
Osborne, George *(Tatton)*
Ottaway, Richard
Page, Richard
Paice, James
Paterson, Owen
Pickles, Eric
Portillo, rh Michael
Prisk, Mark *(Hartford)*
Redwood, rh John
Robathan, Andrew
Robertson, Hugh *(Faversham & M-Kent)*
Robertson, Laurence *(Tewk'b'ry)*
Roe, Dame Marion
Shepherd, Richard
Simmonds, Mark
Smyth, Rev. Martin *(Belfast S)*
Soames, Nicholas
Spicer, Sir Michael
Spink, Bob *(Castle Point)*
Spring, Richard
Steen, Anthony
Swayne, Desmond
Syms, Robert
Tapsell, Sir Peter
Taylor, Ian *(Esher)*
Taylor, Sir Teddy
Tredinnick, David
Trend, Michael
Turner, Andrew *(Isle of Wight)*
Viggers, Peter
Waterson, Nigel
Watkinson, Angela
Whittingdale, John
Widdecombe, rh Miss Ann
Wilshire, David
Winterton, Ann *(Congleton)*
Winterton, Sir Nicholas *(Macclesfield)*
Yeo, Tim *(S Suffolk)*

Tellers for the Ayes:
Mr. John Randall and
Mr. David Ruffley

NOES

Adams, Irene *(Paisley N)*
Ainger, Nick
Ainsworth, Bob *(Cov'try NE)*
Alexander, Douglas
Allan, Richard
Allen, Graham
Anderson, rh Donald *(Swansea E)*
Anderson, Janet *(Rossendale & Darwen)*
Armstrong, rh Ms Hilary
Atherton, Ms Candy
Atkins, Charlotte
Austin, John
Bailey, Adrian
Baird, Vera
Baker, Norman
Barnes, Harry
Barron, rh Kevin
Beard, Nigel
Beckett, rh Margaret
Begg, Miss Anne
Benn, rh Hilary
Bennett, Andrew
Benton, Joe *(Bootle)*
Best, Harold
Betts, Clive
Blackman, Liz
Blears, Ms Hazel
Blizzard, Bob
Blunkett, rh David
Bradley, rh Keith *(Withington)*
Bradley, Peter *(The Wrekin)*
Bradshaw, Ben
Brake, Tom *(Carshalton)*
Breed, Colin
Brennan, Kevin
Brooke, Mrs Annette L.
Brown, rh Nicholas *(Newcastle E Wallsend)*
Brown, Russell *(Dumfries)*
Browne, Desmond
Bruce, Malcolm
Bryant, Chris
Buck, Ms Karen
Burgon, Colin
Burnham, Andy
Burstow, Paul
Byers, rh Stephen
Cable, Dr. Vincent
Caborn, rh Richard
Cairns, David
Campbell, Alan *(Tynemouth)*
Campbell, rh Sir Menzies *(NE Fife)*
Campbell, Ronnie *(Blyth V)*
Caplin, Ivor
Casale, Roger
Caton, Martin
Cawsey, Ian *(Brigg)*
Chidgey, David
Clark, Dr. Lynda *(Edinburgh Pentlands)*
Clark, Paul *(Gillingham)*
Clarke, rh Charles *(Norwich S)*
Clarke, rh Tom *(Coatbridge & Chryston)*
Clarke, Tony *(Northampton S)*
Clelland, David
Clwyd, Ann *(Cynon V)*
Coaker, Vernon
Coffey, Ms Ann
Connarty, Michael
Cook, Frank *(Stockton N)*
Cook, rh Robin *(Livingston)*
Cooper, Yvette
Cotter, Brian
Crausby, David
Cruddas, Jon
Cryer, Ann *(Keighley)*
Cunningham, rh Dr. Jack *(Copeland)*
Cunningham, Jim *(Coventry S)*
Cunningham, Tony *(Workington)*
Davey, Edward *(Kingston)*
Davidson, Ian
Davies, rh Denzil *(Llanelli)*
Davies, Geraint *(Croydon C)*
Dean, Mrs Janet
Denham, rh John
Dhanda, Parmjit
Dobbin, Jim *(Heywood)*
Dobson, rh Frank
Donohoe, Brian H.
Doran, Frank
Dowd, Jim *(Lewisham W)*
Drown, Ms Julia
Dunwoody, Mrs Gwyneth
Eagle, Angela *(Wallasey)*
Eagle, Maria *(L'pool Garston)*
Edwards, Huw
Ellman, Mrs Louise
Ennis, Jeff *(Barnsley E)*
Etherington, Bill
Ewing, Annabelle
Fitzsimons, Mrs Lorna
Foster, Don *(Bath)*
Foulkes, rh George
Francis, Dr. Hywel
George, rh Bruce *(Walsall S)*
Gerrard, Neil
Gibson, Dr. Ian
Gidley, Sandra
Gilroy, Linda
Goggins, Paul
Griffiths, Nigel *(Edinburgh S)*
Griffiths, Win *(Bridgend)*
Grogan, John
Hain, rh Peter
Hall, Mike *(Weaver Vale)*
Hall, Patrick *(Bedford)*
Hancock, Mike
Hanson, David
Harris, Tom *(Glasgow Cathcart)*
Harvey, Nick
Havard, Dai *(Merthyr Tydfil & Rhymney)*
Healey, John
Heath, David
Hendrick, Mark
Hepburn, Stephen
Hesford, Stephen
Hewitt, rh Ms Patricia
Heyes, David
Hinchliffe, David
Hoey, Kate *(Vauxhall)*
Holmes, Paul
Hood, Jimmy *(Clydesdale)*
Hoon, rh Geoffrey
Hope, Phil *(Corby)*
Hopkins, Kelvin
Howarth, rh Alan *(Newport E)*
Howarth, George *(Knowsley N & Sefton E)*
Hughes, Beverley *(Stretford & Urmston)*
Hughes, Kevin *(Doncaster N)*
Hughes, Simon *(Southwark N)*
Hurst, Alan *(Braintree)*
Hutton, rh John
Illsley, Eric
Ingram, rh Adam
Jackson, Helen *(Hillsborough)*
Jamieson, David
Jenkins, Brian
Johnson, Alan *(Hull W)*
Johnson, Miss Melanie *(Welwyn Hatfield)*
Jones, Helen *(Warrington N)*
Jones, Jon Owen *(Cardiff C)*
Jones, Kevan *(N Durham)*
Jones, Lynne *(Selly Oak)*
Jones, Martyn *(Clwyd S)*
Kaufman, rh Sir Gerald
Keeble, Ms Sally
Keen, Alan *(Feltham)*
Keen, Ann *(Brentford)*
Kelly, Ruth *(Bolton W)*
Kennedy, Jane *(Wavertree)*
Khabra, Piara S.
Kidney, David
Kilfoyle, Peter
King, Ms Oona *(Bethnal Green & Bow)*
Ladyman, Dr. Stephen
Lammy, David
Laws, David *(Yeovil)*
Lepper, David
Leslie, Christopher
Levitt, Tom *(High Peak)*
Lewis, Ivan *(Bury S)*
Lewis, Terry *(Worsley)*
Lloyd, Tony *(Manchester C)*
Llwyd, Elfyn
Love, Andrew
Luke, Iain *(Dundee E)*
McAvoy, Thomas
McDonagh, Siobhain
MacDonald, Calum
McDonnell, John
MacDougall, John
McGuire, Mrs Anne
McIsaac, Shona
McKenna, Rosemary
McNamara, Kevin
McNulty, Tony
MacShane, Denis
Mactaggart, Fiona
McWalter, Tony
McWilliam, John
Mahon, Mrs Alice
Mann, John *(Bassetlaw)*
Marsden, Gordon *(Blackpool S)*
Marshall, David *(Glasgow Shettleston)*
Marshall-Andrews, Robert
Martlew, Eric
Meacher, rh Michael
Meale, Alan *(Mansfield)*
Merron, Gillian
Michael, rh Alun
Milburn, rh Alan
Miller, Andrew
Moffatt, Laura
Mole, Chris
Moonie, Dr. Lewis
Moore, Michael
Morgan, Julie
Morley, Elliot
Mountford, Kali

Mudie, George
Mullin, Chris
Munn, Ms Meg
Murphy, Jim *(Eastwood)*
Naysmith, Dr. Doug
Norris, Dan *(Wansdyke)*
O'Brien, Bill *(Normanton)*
O'Brien, Mike *(N Warks)*
Olner, Bill
Organ, Diana
Osborne, Sandra *(Ayr)*
Owen, Albert
Pearson, Ian
Picking, Anne
Pickthall, Colin
Pike, Peter *(Burnley)*
Plaskitt, James
Pollard, Kerry
Pond, Chris *(Gravesham)*
Pope, Greg *(Hyndburn)*
Pound, Stephen
Prentice, Ms Bridget *(Lewisham E)*
Prentice, Gordon *(Pendle)*
Primarolo, rh Dawn
Prosser, Gwyn
Pugh, Dr. John
Purchase, Ken
Purnell, James
Quin, rh Joyce
Quinn, Lawrie
Rammell, Bill
Rapson, Syd *(Portsmouth N)*
Raynsford, rh Nick
Reed, Andy *(Loughborough)*
Rendel, David
Robertson, Angus *(Moray)*
Roche, Mrs Barbara
Rooney, Terry
Ross, Ernie *(Dundee W)*
Roy, Frank *(Motherwell)*
Ruane, Chris
Ruddock, Joan
Russell, Bob *(Colchester)*
Russell, Ms Christine *(City of Chester)*
Ryan, Joan *(Enfield N)*
Salmond, Alex
Salter, Martin
Sanders, Adrian
Sarwar, Mohammad
Sedgemore, Brian
Shaw, Jonathan
Sheerman, Barry
Sheridan, Jim
Short, rh Clare
Simpson, Alan *(Nottingham S)*
Singh, Marsha
Skinner, Dennis
Smith, Angela *(Basildon)*
Smith, rh Chris *(Islington S & Finsbury)*
Smith, Geraldine *(Morecambe & Lunesdale)*
Smith, Jacqui *(Redditch)*
Smith, John *(Glamorgan)*
Smith, Llew *(Blaenau Gwent)*
Soley, Clive
Southworth, Helen
Spellar, rh John
Squire, Rachel
Stevenson, George
Stewart, Ian *(Eccles)*
Stoate, Dr. Howard
Strang, rh Dr. Gavin
Straw, rh Jack
Stringer, Graham
Stuart, Ms Gisela
Stunell, Andrew
Sutcliffe, Gerry
Tami, Mark *(Alyn)*
Taylor, David *(NW Leics)*
Taylor, Matthew *(Truro)*
Thomas, Gareth *(CWyd W)*
Thomas, Gareth *(Harrow W)*
Thomas, Simon *(Ceredigion)*
Thurso, John
Timms, Stephen
Touhig, Don *(Islwyn)*
Trickett, Jon
Turner, Dr. Desmond *(Brighton Kemptown)*
Turner, Neil *(Wigan)*
Twigg, Derek *(Halton)*
Twigg, Stephen *(Enfield)*
Tyler, Paul *(N Cornwall)*
Tynan, Bill *(Hamilton S)*
Vaz, Keith *(Leicester E)*
Vis, Dr. Rudi
Ward, Claire
Watts, David
Webb, Steve *(Northavon)*
White, Brian
Whitehead, Dr. Alan
Wicks, Malcolm
Williams, rh Alan *(Swansea W)*
Williams, Hywel *(Caernarfon)*
Williams, Roger *(Brecon)*
Willis, Phil
Winnick, David
Wishart, Pete
Wood, Mike *(Batley)*
Woodward, Shaun
Worthington, Tony
Wright, David *(Telford)*
Wright, Tony *(Cannock)*
Wyatt, Derek
Younger-Ross, Richard

Tellers for the Noes:
Margaret Moran and Jim Fitzpatrick

Question accordingly negatived.

Question, That the proposed words be there added, *put forthwith, pursuant to Standing Order No. 31 (Questions on amendments):—*

The House divided: Ayes 261, Noes 153.

Division No. 211] **[7:16 pm**

AYES

Ainger, Nick
Ainsworth, Bob *(Cov'try NE)*
Alexander, Douglas
Allen, Graham
Anderson, rh Donald *(Swansea E)*
Anderson, Janet *(Rossendale & Darwen)*
Armstrong, rh Ms Hilary
Atherton, Ms Candy
Atkins, Charlotte
Austin, John
Bailey, Adrian
Baird, Vera
Barnes, Harry
Barron, rh Kevin
Beard, Nigel
Beckett, rh Margaret
Begg, Miss Anne
Benn, rh Hilary
Benton, Joe *(Bootle)*
Best, Harold
Betts, Clive
Blackman, Liz
Blears, Ms Hazel
Blizzard, Bob
Bradley, rh Keith *(Withington)*
Bradley, Peter *(The Wrekin)*
Bradshaw, Ben
Brennan, Kevin
Brown, rh Nicholas *(Newcastle E Wallsend)*
Brown, Russell *(Dumfries)*
Browne, Desmond
Bryant, Chris
Burgon, Colin
Burnham, Andy
Byers, rh Stephen
Cable, Dr. Vincent
Cairns, David
Campbell, Alan *(Tynemouth)*
Campbell, Ronnie *(Blyth V)*
Caplin, Ivor
Casale, Roger
Caton, Martin
Cawsey, Ian *(Brigg)*
Clark, Paul *(Gillingham)*
Clarke, rh Charles *(Norwich S)*
Clarke, rh Tom *(Coatbridge & Chryston)*
Clarke, Tony *(Northampton S)*
Clelland, David
Clwyd, Ann *(Cynon V)*
Coaker, Vernon
Coffey, Ms Ann
Connarty, Michael
Cook, Frank *(Stockton N)*
Cook, rh Robin *(Livingston)*
Cooper, Yvette
Cousins, Jim
Crausby, David
Cruddas, Jon
Cryer, Ann *(Keighley)*
Cunningham, Jim *(Coventry S)*
Cunningham, Tony *(Workington)*
Davidson, Ian
Davies, rh Denzil *(Llanelli)*
Davies, Geraint *(Croydon C)*
Dean, Mrs Janet
Denham, rh John
Dhanda, Parmjit
Dobson, rh Frank
Donohoe, Brian H.
Doran, Frank
Dowd, Jim *(Lewisham W)*
Drown, Ms Julia
Eagle, Angela *(Wallasey)*
Eagle, Maria *(L'pool Garston)*
Edwards, Huw
Ellman, Mrs Louise
Ennis, Jeff *(Barnsley E)*
Etherington, Bill
Fitzsimons, Mrs Lorna
Flint, Caroline
Foulkes, rh George
Francis, Dr. Hywel
George, rh Bruce *(Walsall S)*
Gerrard, Neil
Gibson, Dr. Ian
Gilroy, Linda
Goggins, Paul
Griffiths, Nigel *(Edinburgh S)*
Griffiths, Win *(Bridgend)*
Grogan, John
Hain, rh Peter
Hall, Mike *(Weaver Vale)*
Hall, Patrick *(Bedford)*
Hanson, David
Harris, Tom *(Glasgow Cathcart)*
Havard, Dai *(Merthyr Tydfil & Rhymney)*
Healey, John
Hendrick, Mark
Hepburn, Stephen
Hesford, Stephen
Hewitt, rh Ms Patricia
Heyes, David
Hinchliffe, David
Hood, Jimmy *(Clydesdale)*
Hoon, rh Geoffrey
Hope, Phil *(Corby)*
Hopkins, Kelvin
Howarth, rh Alan *(Newport E)*
Howarth, George *(Knowsley N & Sefton E)*
Hughes, Kevin *(Doncaster N)*
Hurst, Alan *(Braintree)*
Illsley, Eric
Ingram, rh Adam
Jackson, Helen *(Hillsborough)*
Jamieson, David
Jenkins, Brian
Johnson, Miss Melanie *(Welwyn Hatfield)*
Jones, Jon Owen *(Cardiff C)*
Jones, Kevan *(N Durham)*
Jones, Lynne *(Selly Oak)*
Jones, Martyn *(CWyd S)*
Kaufman, rh Sir Gerald
Keeble, Ms Sally
Keen, Alan *(Feltham)*
Keen, Ann *(Brentford)*
Kennedy, Jane *(Wavertree)*
Khabra, Piara S.
Kidney, David
Kilfoyle, Peter
King, Ms Oona *(Bethnal Green & Bow)*
Ladyman, Dr. Stephen
Lammy, David
Lepper, David
Leslie, Christopher
Levitt, Tom *(High Peak)*
Lewis, Ivan *(Bury S)*
Lewis, Terry *(Worsley)*
Lloyd, Tony *(Manchester C)*
Love, Andrew
Luke, Iain *(Dundee E)*
McAvoy, Thomas
McDonagh, Siobhain
MacDonald, Calum
McDonnell, John
MacDougall, John
McGuire, Mrs Anne
McIsaac, Shona
McKenna, Rosemary
McNamara, Kevin
McNulty, Tony
Mactaggart, Fiona
McWalter, Tony
McWilliam, John
Mahon, Mrs Alice
Mann, John *(Bassetlaw)*

Marsden, Gordon *(Blackpool S)*
Marshall, David *(Glasgow Shettleston)*
Marshall-Andrews, Robert
Martlew, Eric
Meacher, rh Michael
Meale, Alan *(Mansfield)*
Merron, Gillian
Michael, rh Alun
Miller, Andrew
Moffatt, Laura
Mole, Chris
Moonie, Dr. Lewis
Morgan, Julie
Morley, Elliot
Mountford, Kali
Mudie, George
Mullin, Chris
Munn, Ms Meg
Murphy, Jim *(Eastwood)*
Naysmith, Dr. Doug
Norris, Dan *(Wansdyke)*
O'Brien, Mike *(N Warks)*
Olner, Bill
Osborne, Sandra *(Ayr)*
Owen, Albert
Pearson, Ian
Picking, Anne
Pickthall, Colin
Pike, Peter *(Burnley)*
Plaskitt, James
Pollard, Kerry
Pond, Chris *(Gravesham)*
Pope, Greg *(Hyndburn)*
Pound, Stephen
Prentice, Ms Bridget *(Lewisham E)*
Prentice, Gordon *(Pendle)*
Primarolo, rh Dawn
Prosser, Gwyn
Purchase, Ken
Purnell, James
Quin, rh Joyce
Quinn, Lawrie
Rammell, Bill
Rapson, Syd *(Portsmouth N)*
Raynsford, rh Nick
Reed, Andy *(Loughborough)*
Roche, Mrs Barbara
Rooney, Terry
Ross, Ernie *(Dundee W)*
Roy, Frank *(Motherwell)*
Ruane, Chris
Ruddock, Joan
Russell, Ms Christine *(City of Chester)*
Ryan, Joan *(Enfield N)*
Salter, Martin
Sedgemore, Brian
Shaw, Jonathan
Sheerman, Barry
Sheridan, Jim
Simpson, Alan *(Nottingham S)*
Singh, Marsha
Skinner, Dennis
Smith, Angela *(Basildon)*
Smith, rh Chris *(Islington S & Finsbury)*
Smith, Geraldine *(Morecambe & Lunesdale)*
Smith, Jacqui *(Redditch)*
Smith, John *(Glamorgan)*
Smith, Llew *(Blaenau Gwent)*
Soley, Clive
Southworth, Helen
Spellar, rh John
Squire, Rachel
Stewart, Ian *(Eccles)*
Stoate, Dr. Howard
Strang, rh Dr. Gavin
Straw, rh Jack
Stuart, Ms Gisela
Sutcliffe, Gerry
Tami, Mark *(Alyn)*
Taylor, rh Ann *(Dewsbury)*
Taylor, David *(NW Leics)*
Thomas, Gareth *(Clwyd W)*
Thomas, Gareth *(Harrow W)*
Timms, Stephen
Touhig, Don *(Islwyn)*
Trickett, Jon
Turner, Dr. Desmond *(Brighton Kemptown)*
Turner, Neil *(Wigan)*
Twigg, Derek *(Halton)*
Twigg, Stephen *(Enfield)*
Tynan, Bill *(Hamilton S)*
Vaz, Keith *(Leicester E)*
Vis, Dr. Rudi
Ward, Claire
Watts, David
White, Brian
Whitehead, Dr. Alan
Wicks, Malcolm
Williams, rh Alan *(Swansea W)*
Winnick, David
Wood, Mike *(Batley)*
Woodward, Shaun
Worthington, Tony
Wright, David *(Telford)*
Wright, Tony *(Cannock)*
Wyatt, Derek

Tellers for the Ayes:
Jim Fitzpatrick and Margaret Moran

NOES

Allan, Richard
Amess, David
Arbuthnot, rh James
Atkinson, David *(Bour'mth E)*
Baker, Norman
Baron, John *(Billericay)*
Beggs, Roy *(E Antrim)*
Bellingham, Henry
Beresford, Sir Paul
Blunt, Crispin
Bottomley, Peter *(Worthing W)*
Bottomley, rh Virginia *(SW Surrey)*
Brady, Graham
Brake, Tom *(Carshalton)*
Brazier, Julian
Breed, Colin
Brooke, Mrs Annette L.
Browning, Mrs Angela
Bruce, Malcolm
Burns, Simon
Burnside, David
Burstow, Paul
Burt, Alistair
Butterfill, Sir John
Campbell, rh Sir Menzies *(NE Fife)*
Cash, William
Chapman, Sir Sydney *(Chipping Barnet)*
Chidgey, David
Chope, Christopher
Clappison, James
Clifton-Brown, Geoffrey
Collins, Tim
Conway, Derek
Cormack, Sir Patrick
Cotter, Brian
Cran, James *(Beverley)*
Curry, rh David
Davey, Edward *(Kingston)*
Davies, Quentin *(Grantham & Stamford)*
Davis, rh David *(Haltemprice & Howden)*
Djanogly, Jonathan
Dorrell, rh Stephen
Ewing, Annabelle
Fallon, Michael
Field, Mark *(Cities of London & Westminster)*
Flight, Howard
Forth, rh Eric
Foster, Don *(Bath)*
Francois, Mark
Gale, Roger *(N Thanet)*
Gibb, Nick *(Bognor Regis)*
Gidley, Sandra
Gillan, Mrs Cheryl
Goodman, Paul
Gray, James *(N Wilts)*
Grayling, Chris
Green, Damian *(Ashford)*
Greenway, John
Grieve, Dominic
Gummer, rh John
Hague, rh William
Hammond, Philip
Hancock, Mike
Harvey, Nick
Hawkins, Nick
Hayes, John *(S Holland)*
Heath, David
Hendry, Charles
Hermon, Lady
Hoban, Mark *(Fareham)*
Hogg, rh Douglas
Holmes, Paul
Hughes, Simon *(Southwark N)*
Jack, rh Michael
Jenkin, Bernard
Johnson, Boris *(Henley)*
Key, Robert *(Salisbury)*
Kirkbride, Miss Julie
Knight, rh Greg *(E Yorkshire)*
Laing, Mrs Eleanor
Laws, David *(Yeovil)*
Leigh, Edward
Letwin, rh Oliver
Lewis, Dr. Julian *(New Forest E)*
Liddell-Grainger, Ian
Lidington, David
Lilley, rh Peter
Llwyd, Elfyn
Loughton, Tim
Luff, Peter *(M-Worcs)*
McIntosh, Miss Anne
Mackay, rh Andrew
McLoughlin, Patrick
Maude, rh Francis
Mawhinney, rh Sir Brian
Mitchell, Andrew *(Sutton Coldfield)*
Moss, Malcolm
Murrison, Dr. Andrew
Norman, Archie
Osborne, George *(Tatton)*
Ottaway, Richard
Page, Richard
Paice, James
Paterson, Owen
Pickles, Eric
Portillo, rh Michael
Prisk, Mark *(Hertford)*
Pugh, Dr. John
Redwood, rh John
Rendel, David
Robathan, Andrew
Robertson, Angus *(Moray)*
Robertson, Hugh *(Faversham & M-Kent)*
Robertson, Laurence *(Tewk'b'ry)*
Roe, Dame Marion
Russell, Bob *(Colchester)*
Salmond, Alex
Sanders, Adrian
Shepherd, Richard
Simmonds, Mark
Soames, Nicholas
Spicer, Sir Michael
Spink, Bob *(Castle Point)*
Spring, Richard
Steen, Anthony
Stunell, Andrew
Swayne, Desmond
Swire, Hugo *(E Devon)*
Syms, Robert
Tapsell, Sir Peter
Taylor, Ian *(Esher)*
Taylor, Sir Teddy
Thomas, Simon *(Ceredigion)*
Thurso, John
Trend, Michael
Turner, Andrew *(Isle of Wight)*
Tyler, Paul *(N Cornwall)*
Viggers, Peter
Waterson, Nigel
Watkinson, Angela
Whittingdale, John
Widdecombe, rh Miss Ann
Wiggin, Bill
Williams, Hywel *(Caernarfon)*
Williams, Roger *(Brecon)*
Willis, Phil
Wilshire, David
Winterton, Ann *(Congleton)*
Winterton, Sir Nicholas *(Macclesfield)*
Wishart, Pete
Yeo, Tim *(S Suffolk)*
Young, rh Sir George
Younger-Ross, Richard

Tellers for the Noes:
Mr. David Ruffley and Mr. John Randall

Question accordingly agreed to.

MADAM DEPUTY SPEAKER *forthwith declared the main Question, as amended, to be agreed to.*

Resolved,

That this House welcomes the Government's commitment to better regulation and enterprise, which has contributed to the UK becoming one of the best locations in the world in which to start

and run a business; welcomes the recent independent endorsements of the UK's light touch regulatory environment; applauds the deregulatory initiatives brought forward since 1997 which have contributed to a significant decline in the total number of regulations imposing a cost on British business; rejects outright the allegations claiming that the regulatory burden on business now exceeds £30 billion; supports measures taken to improve the regulatory environment for smaller businesses such as the removal of statutory audit requirements for small and medium-sized enterprises and the introduction of two specific commencement dates for employment regulations; congratulates the Government on signing up to the new European Constitution which promotes competitiveness and flexibility and which will ensure that national governments have new powers to scrutinise EU regulatory proposals; notes with concern proposals put forward by the Opposition which would damage Britain's relationship with Europe to the detriment of British business by withdrawing the UK from the world's largest common market; recognises the Government's constructive stance on the Agency Workers and Working Time Directives where it has maintained a position that promotes both fairness and flexibility; and calls on the Opposition to examine its own European policies which are consistently flouted by its own MEPs and Party members.

DELEGATED LEGISLATION

Madam Deputy Speaker (Sylvia Heal): With the leave of the House, we will take motions 3 to 7 together.

Motion made, and Question put forthwith, pursuant to Standing Order No. 118(6)(Standing Committees on Delegated Legislation),

Supreme Court of Northern Ireland

That the draft Maximum Number of Judges (Northern Ireland) Order 2004, which was laid before this House on 10th June, be approved.

Constitutional Law (Scotland)

That the draft Scotland Act 1998 (Transfer of Functions to the Scottish Ministers, etc.) Order 2004, which was laid before this House on 20th May, be approved.

Constitutional Law

That the draft Water Industry (Scotland) Act 2002 (Consequential Modifications) Order 2004, which was laid before this House on 26th May, be approved.

That the draft Scottish Public Services Ombudsman Act 2002 (Consequential Provisions and Modifications) Order 2004, which was laid before this House on 26th May, be approved.

Civil Aviation

That the draft Transport Act 2000 (Consequential Amendment) Order 2004, which was laid before this House on 7th June, be approved.—*[Vernon Coaker.]*

Question agreed to.

REGULATORY REFORM

Patents

Motion made, and Question put forthwith, pursuant to Standing Order No. 18(1)(a)(Consideration of draft regulatory reform orders),

That the draft Regulatory Reform (Patents) Order 2004, which was laid before this House on 7th June, be approved.—*[Vernon Coaker.]*

Question agreed to.

Potters Bar Derailment

Motion made, and Question proposed, That this House do now adjourn.— *[Vernon Coaker.]*

7.29 pm

Mr. James Clappison (Hertsmere) (Con): The Potters Bar derailment was, and continues to be, a subject of the gravest importance to my constituents, members of the travelling public and everybody who saw the terrible pictures of the carriage wedged beneath the canopy of Potters Bar station. In that tragic accident, seven people died and 70 people were injured, some of them very seriously.

One of my constituents, the late Agnes Quinlivan, was among those who died. Two members of her family—her daughters—are here tonight, as is a Hertfordshire man who was sadly affected by the incident. That man is a constituent of my right hon. Friend the Member for Hitchin and Harpenden (Mr. Lilley), who is also here this evening. I should add that the hon. Member for Cunninghame, South (Mr. Donohoe) has taken a particular interest in the subject, and I know that he wants briefly to intervene at the conclusion of my remarks.

This is the second short debate that I have obtained on this subject—the first occurred on 15 November 2002, six months after the derailment. Since then, the first and second anniversaries of the crash have occurred. The first anniversary was marked by a moving ceremony, where all those who attended were struck by the dignity of the bereaved families and survivors. At about the same time—May 2003—the third and most recent report from the Health and Safety Executive investigation board was published. I understand that the HSE plans to conclude its investigation into the accident by September or October of this year, and that a final report will then be published. When that investigation is concluded and concomitant legal decisions have been taken, the Secretary of the State will decide whether to hold a public inquiry.

It would be preferable if the Secretary of State had already decided to hold a public inquiry, because the case for such an inquiry is very strong, and I have pressed the Government to hold an inquiry for some time. As it stands, the earliest point at which a decision will be taken is two and a half years after the derailment.

Mr. Henry Bellingham (North-West Norfolk) (Con): My hon. Friend knows that the train in question was heading to King's Lynn in my constituency, and that constituents of mine were on the train—mercifully, none of them was killed, although some of them were injured. He will understand why I feel very strongly about the situation, and why I feel that the Government have prevaricated—it is a disgrace that they have not announced a public inquiry hitherto. Does my hon. Friend find it extraordinary that the HSE is taking so long to produce its final report?

Mr. Clappison: My hon. Friend is right that it would be better if we knew more of the answers at this stage. Along with many other hon. Members, he had constituents who were travelling on the train, and I know that he has taken a particular interest in the subject.

The stretch of line is very busy, and large numbers of people, including many of my constituents, travel up and down it. All those who use it are conscious that the tragic accident at Hatfield occurred a short time before the Potters Bar derailment. The fact that it has taken so long to make a decision must concern all those who use the line, but it particularly concerns the bereaved families and the survivors, who have had to wait for a significantly long time. That is not the only matter that I seek to raise on behalf of my constituents. The case for a public inquiry is strong, and I shall renew my request and give the Minister three reasons why one should be held.

First, from what we have seen of the HSE report so far, it appears that many questions remain to be answered about how the derailment occurred. The HSE report of May 2003 is very clear about the immediate cause of the derailment—the technical factors that led to the failure of the points—and it also makes some recommendations in respect of points elsewhere. However, it does not give anything like a full picture of the state of affairs that led to the points being in the lethal condition that they were in on 10 May 2002. It does not give a full picture of the state of affairs regarding the installation, maintenance and inspection of the points. Nor does it give a full picture in respect of what happened to the points—of who did what to them to leave them in that condition—or who exactly was responsible for what was going on. I make no criticism of the work of the HSE, which has been thorough, but all the questions arising from this tragic crash can be adequately dealt with only by a public inquiry that is held in the open with all the powers that are available to it. I put that forward as the principal reason for holding a public inquiry.

Secondly, I believe that in this case only a public inquiry can meet the legal obligations of the Government under the Human Rights Act 1998. I ask the Minister to take into account the implications of that Act and its case law, particularly that relating to article 2, on the right to life, and the findings of the European Court of Human Rights in respect of the right to an effective investigation where death is caused and a public authority is responsible. I respectfully invite the Minister to consider that very carefully. I also invite him to take on board the ECHR's judgment that any deficiency in the investigation that undermines its ability to establish the cause of death or the person or persons responsible will risk falling foul of this standard.

Thirdly, in the absence of a public inquiry there would be a coroner's inquest. However, there are limits on the proceedings and evidence of such an inquest under the coroner's rules, and an inquest would not meet the obligations to which I referred; nor would it meet the need to establish where responsibility lies for the state of affairs underlying the crash.

I put those three reasons to the Minister. In addition, I invite him to bear it in mind that holding an inquiry would be in keeping with the holding of statutory public inquiries into previous major rail crashes such as Clapham, Southall and Ladbroke Grove. I put it to the Minister quite simply: without a public inquiry into such a major rail crash, vital questions about an equally tragic incident will go unanswered.

I mentioned the issue of responsibility. In April this year, nearly two years after the crash, Network Rail and Jarvis made a joint announcement of acceptance of liability. There seems to have been some question, to say the least, about whether that was an acceptance of responsibility or of liability. In a carefully crafted statement, the two parties said that they would accept liability for all claims justified in law brought by the bereaved and injured, but there seemed to be some ambiguity about whether they actually accepted responsibility for the derailment.

Whether or not that amounted to an acceptance of responsibility, I am afraid that anyone who was led to believe that the families would in all cases receive appropriate compensation for their suffering will be sadly disappointed. I believe that the treatment of the families in that respect has fallen way below what it should have been, as can be demonstrated by the case of my constituent the late Agnes Quinlivan. Before turning to the particulars of her case, I should like to make it clear that the paramount concern of her family, and other families, has been to establish the cause of the crash and, in so far as possible, to prevent any other families from having to go through what they have gone through. However, most fair-minded people would agree that the families should receive compensation to recognise the value of the lives of their loved ones and the trauma they have gone through.

Agnes Quinlivan was an 80-year-old lady who had lived an exceptionally valuable life in her church and community in Potters Bar. As it happens, she was the only local victim of the crash. She died, tragically, when part of the bridge fell on her as she was walking through an underpass. Immediately after the accident, Network Rail and Jarvis gave £10,000 to her family on a without-prejudice basis and with a view to covering their immediate expenses. Since then, Network Rail and Jarvis have interpreted the law so as to refuse any further compensation to the family. As far as I can ascertain, they have no plans to make any further compensation available.

For the Quinlivan family, the acceptance of liability by Jarvis in April was meaningless. I understand that other bereaved families have been treated similarly. At least five of the seven families have been offered compensation that most fair-minded people would regard as low, and in accordance with an especially strict interpretation of the law by Network Rail and Jarvis. It would be open to those companies to take a more appropriate approach to compensation, as I believe happened in the case of the Ladbroke Grove crash.

Things are made even starker for the families by reports that appeared in the newspapers three months after the Potters Bar crash and appeared to suggest that much more generous compensation would be forthcoming to them from the railway industry. Three months after the accident, when it remained fresh in the public mind, there was talk of £1 million in compensation for each bereaved family.

There is little doubt about the source of the reports. In *The Times* of 13 August 2002, the chief executive of Railtrack is quoted as saying that a compensation package worth about £12 million would be offered to the injured and the families of people killed. In the case of

[Mr. Clappison]

the Quinlivan family and, I believe, in that of four of the other seven families who suffered a bereavement, the compensation is a small fraction of that figure. The Quinlivan family have not received a single penny beyond the sum that was made available immediately after the accident to meet their expenses. The treatment that that family and others have received is unsatisfactory. I suspect that most fair-minded people would regard it as downright shoddy.

There has been far too much delay; far too much consideration has been given to media management and far too little to doing justice to the families. I hope that all those in the railway industry, especially Network Rail and Jarvis, will reconsider the issue. I am tempted to ask the Minister to say what he thinks about the treatment of the Quinlivan family, although I fully understand the limitations on his position. However, I ask him in any event to use his influence and that of the Government with Network Rail and Jarvis to ask them to re-examine the way in which they are dealing with the matter.

It is not acceptable to leave matters as they stand. Those who suffer injury and bereavement should not have to wait years for answers to questions about how this all came about. They should not be put through more agony when seeking a fair reflection of the life of a loved one; they deserve better than that.

7.43 pm

Mr. Brian H. Donohoe (Cunninghame, South) (Lab): I asked the hon. Member for Hertsmere (Mr. Clappison) whether I may have one minute of time on the subject. I congratulate him on securing an important debate and concur with most of what he said. I look forward to a positive reply from the Minister to the question of why we have a position whereby the family of a woman who was the mother of a constituent of mine are denied what I believe to be a given right to some form of compensation from two companies that have been very negligent in the conduct of their business.

7.44 pm

The Parliamentary Under-Secretary of State for Transport (Mr. Tony McNulty): I congratulate the hon. Member for Hertsmere (Mr. Clappison) on securing this debate. I endorse his opening remarks about the continuing impact of the derailment, and thank him for the manner in which he made his speech.

I should first like to extend my sympathies to the families and friends of all those who lost their lives or were injured in this tragic rail accident. The pain and suffering that those people have had to endure over the past couple of years is difficult to imagine, and it is hard for any of us to put ourselves in their shoes and imagine the extent of the ongoing trauma and difficulties that the loss of loved ones causes.

The details of the accident are well known. The rear coach of a four-coach West Anglia Great Northern commuter train, travelling from King's Cross to Cambridge and King's Lynn, derailed while passing over points number 2182A just before Potters Bar station. The hon. Gentleman evoked the images of the pictures that we all saw subsequently. Seven people died and more than 70 were injured. However, the raw facts mask the intense emotional and psychological impact that the accident has had on so many lives. I totally understand the desire and determination to find answers to why this tragic accident happened.

The joint investigation into the accident by the British Transport police and the Health and Safety Executive is continuing. It has been the objective of the BTP to establish whether there was any deliberate criminal act or any breach of duty, other than health and safety at work offences, that could be described as grossly negligent. The HSE investigation has focused on establishing the direct and root causes of the accident and has published three reports, on 14 May 2002, 4 July 2002 and 29 May 2003. Two of those reports included recommendations designed to prevent a similar accident from happening again, and generally to make safety improvements on the railways.

The most recent report by the HSE's investigation board covered the HSE's investigations up to May 2003. It described the technical, forensic and other work undertaken by the Health and Safety Laboratory and the railway inspectorate. The report indicated that the most likely underlying cause of the derailment was the poor condition of points 2182A at the time of the incident, and that this had resulted from inappropriate adjustment and insufficient maintenance. The report made a number of recommendations further to improve safety on the railways. Those recommendations cover the rail industry's safety culture, management systems for safety, general design and engineering aspects, selection and control of contractors, and the regulation of railway health and safety.

The HSE is satisfied that the industry is making progress on implementing those recommendations, although it recognises that there is still more work to be completed. The HSE has appointed an experienced inspector to monitor progress on implementing the recommendations and validating the action taken. A final report can be published only when any legal proceedings that may arise have been concluded or ruled out.

The lead in the investigation was transferred in March 2004 from the BTP to the HSE, because the emphasis of the investigation is now focusing on systems and procedures which fall within the specialist skills and experience of HSE investigators. The BTP has some remaining lines of inquiry to complete and continues to hold regular review meetings with the HSE to consider whether all the objectives of the investigation have been met. If evidence emerges that would lead to the possibility of prosecutions for serious offences other than health and safety at work offences, the HSE, the BTP and the Crown Prosecution Service will consider whether it would be appropriate for the BTP to resume the lead.

The HSE investigation is targeted at staff competency, the maintenance and inspection regime, and equipment design and supply issues. The HSE has estimated that its investigation team will be in a position to report to the investigation board in September or October 2004. That report will include the HSE's analysis of the statements taken and evidence gathered, and will include the issues that the HSE has identified as being the root cause of the points failure. If necessary, the investigation board expects to be in a position to

make further recommendations in addition to those already published, to prevent a recurrence of the accident. This is also the time at which the relevant prosecuting authorities and their legal advisers will review all the evidence to determine whether matters are to be brought to court.

I know that many of those affected by the accident have been calling for a public inquiry, as the hon. Gentleman eloquently stated. Public inquiries are not convened after every rail accident. Prior to the public inquiries into the 1997 Southall and 1999 Ladbroke Grove accidents, there had not been one since the public inquiries into the 1987 King's Cross fire and the 1998 Clapham accident. They tend to be convened to look at general principles and major structural issues rather than merely establishing what the immediate cause of an incident was. The Southall and Ladbroke Grove inquiries produced many recommendations, which the industry has been implementing. I will happily pass on to the Secretary of State the hon. Gentleman's three concerns to justify a public inquiry.

At this stage, however, the Secretary of State considers that it would be premature to make a decision on a public inquiry. Instead, he intends to await the conclusion of the HSE investigation and decisions about the preferment of charges. The Secretary of State expects the HSE to provide him with an overview of the outcome of the investigation at this point, which should allow him, as the hon. Gentleman suggested, to take a decision later in the year.

In a statement made through the British Transport police on 18 March 2003, the coroner made it clear that he was preparing for an inquest by asking for relevant information from various parties, but no proposed timetable was given for a full inquest. The coroner has since indicated to the Department that he intends to await the outcome of all further investigations before holding the full inquest.

I know that the Potters Bar derailment once again brought forward concerns about track maintenance and the use of contractors. A report by the HSE made it clear that the use of contractors is not a problem in itself, but the contractors need to be properly managed and to have a properly trained work force. The hon. Gentleman will know that in October 2003 Network Rail announced the decision to take in-house all maintenance contracts for the rail infrastructure.

There has been recent public concern that Jarvis was awarded a major contract for rail replacement in the Potters Bar area. That is, of course, a track renewal contract and not a maintenance contract. Network Rail—not Jarvis—will decide what work will be done and where, and it will instruct Jarvis to carry it out to a nationally applicable standard method.

Mr. Clappison: The Minister has mentioned the rail replacement contract for Jarvis, which I had not. As he has brought the subject up, may I suggest that we should not set too much store by the distinction between rail replacement and maintenance, because it is important that the same culture of safety should govern both operations?

Mr. McNulty: I accept that point, and I suggest that most of the industry would accept it, too. I merely put those things on the record as matters of fact.

Compensation is a key issue for those bereaved or injured in the accident. In a joint statement on 27 April 2004, to which the hon. Gentleman also alluded, Network Rail and Jarvis announced that they have formally accepted liability on behalf of the rail industry for all legally justified claims brought by the bereaved and injured, despite the continuing investigations into the root cause of the accident. I understand that a significant percentage of the claims have been processed, and that most outstanding claimants have received interim payments. Again, as a point of general fact, I shall pursue the matters that the hon. Gentleman raises, not simply about Mrs. Quinlivan but about the others, too. At the end of the day, as he will know, the issue of those who are aggrieved by whatever compensation is put in place is to be determined by the courts rather than by ministerial intervention.

More generally, the Government are committed to ensuring a safe, reliable and customer-focused railway.

Mr. Clappison: On the previous point, I acknowledged the limitations on the ministerial position. The Minister has mentioned the courts, but there is no legal action at the moment. My plea to Network Rail and Jarvis is to consider this matter again, including from the point of view of the public interest, and to examine whether they are doing justice to those people, bearing in mind the compensation that has been made in other cases, such as Ladbroke Grove, which was a similar situation.

Mr. McNulty: I am sure that, given this debate, they will have heard that plea. I appreciate what the hon. Gentleman said about the limitations on ministerial intervention. It is not for Ministers to intervene in specific cases. Perhaps I should have made it clear that, ultimately, only the courts can intervene if no agreement is reached.

Since the 1970s, the frequency of fatal train accidents has reduced from roughly five a year to about one a year. The hon. Gentleman will also know that the number of signals passed at danger in 2003–04 was the lowest total for 12 months since records began in 1985. However, I take very much to heart what the hon. Gentleman has said about the need to get the overall culture of health and safety right, and I think that that is happening.

Although the general safety record of the railways is good, a number of rail crashes, including the Potters Bar crash, have demonstrated that there must never be complacency and that much still needs to be done. The industry is, I think, focusing on remedying the weaknesses revealed by the series of accidents and subsequent reports. Most of the recommendations that emerged from the public inquiries into the Southall and Ladbroke Grove crashes have now been implemented. The Health and Safety Executive is continuing to monitor implementation of the outstanding recommendations and—as I have said—will publish a third progress report later in the year.

Progress is also being made in the establishment of an independent rail accident investigation branch. As the hon. Gentleman will know, the Transport Safety Act, passed in July 2003, provides for that. It implements recommendations on accident investigation made after

[Mr. McNulty]

Lord Cullen's public inquiry into the Ladbroke Grove crash. The chief inspector was appointed in May 2003, and the recruitment of investigators began in November 2003.

The RAIB has begun to develop the regulations that will underpin its operations and related policy and procedures. It will undertake investigations into railway accidents or incidents with the aim of learning lessons that will improve railway safety. The chief inspector will report directly on accident investigation to the Secretary of State.

A key component of the strategy to improve rail safety is the implementation of the train protection and warning system. The fitting of TPWS to all trains across the national rail network was completed on time at the end of last year. TPWS automatically applies the brakes of any train that has passed a red signal, or is travelling too fast on the approach to a red signal, speed restriction or buffer stop. It will safely stop trains attempting to pass a red signal at up to 75 mph. At higher speeds it will slow the train, thus reducing any impact.

Network Rail plans to fit TPSW-plus to a number of signals, which will be effective in the case of trains travelling at up to 100 mph. The Strategic Rail Authority is continuing to take the lead in developing a single national programme for the European rail traffic management system.

The Government are committed to ensuring that we have a safe railway and that the lessons from past accidents are learned. I agree with the hon. Gentleman that, collectively, we owe it to all affected by the Potters Bar derailment to ensure that happens. I also agree with what he said at the outset: there is still much to find out about what happened at Potters Bar and—as I tried to make clear earlier—the Health and Safety Executive, the British Transport police and others are still trying to get to the bottom of it. All those processes are unfolding.

We owe that not just to the bereaved and their families, but to all on whom Potters Bar has had an impact of any kind. As the hon. Gentleman said, the line is extremely busy. There will have been an impact not just on those who used it on the day, but on those who use it regularly—and, indeed, on rail users and the rail industry everywhere.

I wish the hon. Gentleman well in pursuing his case with Network Rail and the Health and Safety Executive. The sooner we can reach a stage at which the final reports have been submitted and the Secretary of State is in a position to decide on whether there should be an inquiry or whether other avenues should be explored, the better.

It is almost a cliché now, but I entirely understand that for many of the people involved, what is required is closure.

Question put and agreed to.

Adjourned accordingly at one minute to Eight o'clock.

House of Commons

Thursday 1 July 2004

The House met at half-past Eleven o'clock

PRAYERS

[MR. SPEAKER *in the Chair*]

Oral Answers to Questions

EDUCATION AND SKILLS

The Secretary of State was asked—

School Transport Bill

1. **Nick Harvey** (North Devon) (LD): If he will make a statement on progress on the draft School Transport Bill. [181592]

The Secretary of State for Education and Skills (Mr. Charles Clarke): I begin by congratulating the hon. Member for Westmorland and Lonsdale (Mr. Collins) on his promotion. In politics, I never like to say, "I told you so", but when the Opposition tried to join the portfolios, one or two of us argued that the wheels would come unstuck. I am delighted that the Leader of the Opposition in his wisdom has acknowledged that and appointed the hon. Gentleman.

In answer to the question, we shall announce a decision on the Bill once we have examined the report of the Select Committee on Transport, which we have, and that of the Select Committee on Education and Skills, which we hope to receive shortly, and after consultation with colleagues.

Nick Harvey: I thank the Secretary of State for his answer. Although there is widespread support for the Bill's overall objectives, does he realise that there is widespread opposition to the specific proposal to end the automatic right to free school transport? In the south-west alone, 86,000 pupils have free transport and there is alarm about the implications of such provision becoming a discretionary rather than a mandatory duty for local authorities. Given the widespread opposition to that, will the right hon. Gentleman withdraw the Bill and find another way of achieving its general objectives?

Mr. Clarke: No, I will not. It is a draft Bill, which has yet to be introduced and cannot therefore be withdrawn. I know about the massive Liberal Democrat mud-slinging campaign on the Bill—it is based on no substance. It is extraordinary that the Liberal Democrats oppose a measure that liberates local education authorities to decide what to do only if they wish to do so—I thought that the Liberal Democrats would support that. I am surprised that a party that purports to be green opposes a measure that is designed to reduce the school run and traffic. The attitude of Liberal Democrats is extraordinary. Perhaps it is worth noting that Liberal Democrats in local government—like Conservatives in local government—strongly support the Bill.

Kali Mountford (Colne Valley) (Lab): The House should welcome measures that introduce a range of different ways to get children safely to school. I want to focus on safety. Will my right hon. Friend ensure that the methods of transport chosen in each local area fulfil the highest safety standards to avoid the sort of accident that sadly occurred in my constituency, where a child was seriously injured? Will he ensure that mechanisms monitor and secure the highest safety standards for all our children?

Mr. Clarke: My hon. Friend is correct. We are introducing the Bill precisely to find better ways to transport children to school. My hon. Friend is right that safety must be the paramount consideration for young children who travel, and it will be a central element of any scheme that we operate. I know about her work on the subject and I pay tribute to her.

Mr. Roy Beggs (East Antrim) (UUP): I have every confidence in the good sense of those at local level to make the right decisions when the time comes. However, given the hazards to children, especially those who have to walk to school in rural areas, will the Secretary of State try to facilitate parents whose children do not qualify for free transport? Will he afford them an opportunity to pay for their children's transport on the school bus that passes their homes?

Mr. Clarke: The hon. Gentleman makes his point clearly. We are introducing the Bill precisely to give local authorities the flexibility, after consultation, to make the sort of judgment that he suggests. We want to give local authorities the right to weigh up safety issues, examine travel patterns and form a view. That is why the Local Government Association—Conservative, Liberal Democrat and Labour members—said, "Thank goodness; here is a proposal to try to make some progress." The rubbish-mongering of Conservative and Liberal Democrat Front-Bench Members is extraordinary. They are essentially telling untruths about the proposals.

Jeff Ennis (Barnsley, East and Mexborough) (Lab): The Government are a great advocate for extending parental choice but under existing rules and regulations, the only genuine choice is for parents who have the use of a car to transport their children to school. Is it one of the draft Bill's objectives to extend choice by building up a better public service network for parents who do not have cars to send their children to the school that they choose?

Mr. Clarke: My hon. Friend is absolutely right. At the moment, far too many parents do not have a realistic choice as to whether to transport their child to school by public transport, by car or whatever. We want to encourage, through our work with local government, projects and approaches that will achieve precisely what he suggests, so that people can have a real choice

between travelling by public transport or walking or cycling to school rather than going by car in the numbers that they do now. I am amazed that this approach is not being supported by the Opposition parties; it should be supported right across the House.

Ann Winterton (Congleton) (Con): The Secretary of State will be aware how vital and valued school transport is in rural areas. Will he take on board the concerns of the parents and teachers at Brereton school in my constituency about the category of vehicles being used at present? The hon. Member for Colne Valley (Kali Mountford) is quite right to say that safety is vital when transporting young children, and proper seat belts, not just lap belts, are essential. Will the right hon. Gentleman take on board those views when he considers these matters?

Mr. Clarke: I certainly will. Perhaps the hon. Lady could let me have details of the particular points raised by the school that she mentioned, with which I am not familiar. I would be happy to take them on board. She began by saying, quite rightly, that people value the chance to have a bus to take their child to school. The truth is, however, that only some parents have that chance at the moment. I should have thought that we should extend that choice more widely.

Andrew Bennett (Denton and Reddish) (Lab): When my right hon. Friend makes any announcements next week, will he take into account how important it is to enable children to go to a local school of high quality, so that they can walk there?

Mr. Clarke: I completely agree with that, without any qualification. That is what I did throughout my life, and it is the right way to proceed. As my hon. Friend knows, the way to achieve that is to raise the standards of schools so that people can have confidence in the quality of their local school. That is precisely what our policies are about, and that is what we have been achieving.

Sure Start

2. **James Purnell** (Stalybridge and Hyde) (Lab): What research the Department has conducted into the effect of Sure Start on children's development. [181593]

10. **Jonathan Shaw** (Chatham and Aylesford) (Lab): What assessment he has made of the impact of Sure Start in assisting children with their education. [181603]

The Minister for Children (Margaret Hodge): We are undertaking a national evaluation of Sure Start. Early findings already show that children attending pre-school education do better than those staying at home full-time, and that disadvantaged children benefit most. Local evaluations of Sure Start local programmes show that they are also making an impact for parents and children in a variety of ways, including cutting the number of children entering school with a special educational needs statement, cutting emergency referrals to social services, improving breast-feeding rates, cutting smoking in pregnancy, reducing post-natal depression, improving speech and language development, and helping parents to find work.

James Purnell: That research was fully reflected at the meeting that I had last Friday at Hyde Sure Start, when I was told by Stacey Isles that Sure Start had completely changed her life. All the parents there asked me to come back to the House and ask the Government to guarantee that the money for Sure Start would continue after the next general election. Can my right hon. Friend give my Hyde Sure Start parents that guarantee?

Margaret Hodge: We are currently considering the implications of the very generous settlement for early years education that the Chancellor gave us in the Budget, which involves a 17 per cent. real-terms increase in spending every year over the coming spending review period. We shall give priority to ensuring the continuation of programmes that are now proven to be effective.

Mr. Speaker: Jonathan Shaw.

Jonathan Shaw: Thank you, Mr. Deputy Speaker—*[Interruption.]* I am sorry, Mr. Speaker. This Shaw did not get off to a very good start, did he? Will my right hon. Friend tell the House what consideration she has given to the new developments in the proposals for children's centres, and how they are to link in with the development of schools services and the child-centred approach outlined in the Green Paper "Every Child Matters"? It is vital that all those different components join up and that Sure Start forms an integral part of that programme. What is more, it needs to be an integral part of many more communities. We have 500, but we need 500 more.

Margaret Hodge: We are ensuring that the Sure Start principles are embedded in the development of the children's centre programmes. That means bringing together all the services that impact on a child and their family's life in their early years, around the needs of that child. We are ensuring that throughout our radical transformation of children's services, with the introduction of both children's trusts and extended schools. My hon. Friend is right to point out that using schools as a non-stigmatised safe environment in which to build many of those services is the appropriate way to go. I look not just for 500 more Sure Start programmes but for a Sure Start children's centre in every community in this country.

Mr. Phil Willis (Harrogate and Knaresborough) (LD): Liberal Democrats welcome the Sure Start programme and we want to add our congratulations on the 524 centres that celebrated that programme last month. For many of our poorest families Sure Start is an irrelevance, because it simply does not exist. The Daycare Trust has done some research, which shows that 600,000 children aged under three, from some of our poorest families, have no access—only one child in 14 has access—to a free or subsidised place. When will the Minister guarantee that the poorest children in this land will get access to quality child care before the age of three? Does she agree that the irrelevance of the money being given to some of the wealthiest parents in this country through the child trust fund—£1 billion in the

next Parliament—could be better spent on dealing with and providing education in early years settings for some of our poorest children from our poorest families?

Margaret Hodge: Before this Government came into office, there was no Sure Start programme, no free part-time nursery education for every three and four-year-old, and no national child care strategy. Since we have been in government, we have created more than 500 Sure Start programmes, we have free part-time nursery education for the first time ever, with a new frontier for the welfare state for every three and four-year-old, and we have created more than 1 million new child care places for nearly 2 million children. We will carry on developing our existing programmes, which will spread to more children living in poverty. It is not a question of doing one thing rather than another—building an asset base for children, particularly the poorest, so that when they come of age at 18 they have some of their own money to invest in their future, is as important as ensuring that through education, care and health provision they get the very best start.

Finally, the £18 billion cuts that the Conservative party intends to—

Mr. Speaker: Order. Sally Keeble.

Ms Sally Keeble (Northampton, North) (Lab): Contrary to what the hon. Member for Harrogate and Knaresborough (Mr. Willis) said, the two Sure Starts in my constituency are incredibly focused on the disadvantaged, and have transformed the lives of those children. However, can my right hon. Friend say how the benefits will spread? As she knows, in constituencies such as Northampton, North, where many women work shifts and have flexible working arrangements, there is a huge need for much wider provision, which must work flexibly so that parents can mix and match child care for their working day, and get the same quality of services as is available in Sure Start.

Margaret Hodge: I completely agree with my hon. Friend that Sure Start transforms the lives of many individual children and their families. I spend much of my time visiting Sure Start programmes. Whenever I talk to a Sure Start mum, the main thing that they say is that the isolation of coming home in the first few days when they have a new baby is completely mitigated by being able to access the services from Sure Start. We need more, and we need to ensure that what we offer is flexible to fit in with the different working patterns that many parents have today. I take those points, and I am considering them as we take forward our programme with the generous financial settlement that the Chancellor gave us.

Mrs. Ann Cryer (Keighley) (Lab): When my right hon. Friend looks at various forms of Sure Start provision, will she look at some in my constituency? There is a children's centre at Highfield on the edge of a very Asian area, and another at Guardhouse, on the edge of a white area. Will my right hon. Friend consider the impact on those two communities of getting children together at an early age? In my constituency it is unusual to see white and Asian kids together. This provision gives Asian kids the advantage of speaking English before going to school, and I hope that eventually it will have an effect on white children and parents, moving them away from the terrible impact of the British National party.

Margaret Hodge: I spent yesterday looking at Sure Start programmes in Blackburn, which face issues similar to those in my hon. Friend's constituency. Steps are being taken to ensure that children from different communities and backgrounds come together, build respect for each other's communities and are properly integrated without assimilating their varying cultures. We need to use these excellent early years facilities to break down some of the intolerance and suspicion that all too often exist in communities throughout Britain.

School Funding

3. **Mr. Peter Luff** (Mid-Worcestershire) (Con): If he will take steps to reduce variations in pupil funding per head between counties. [181594]

The Minister for School Standards (Mr. David Miliband): The current system, which was the subject of widespread consultation, reflects the relative need of counties and metropolitan areas alike. Our priority is to restore stability and predictability to the school funding system, and we will not be changing it during 2004–05 or 2005–06.

Mr. Luff: We in Worcestershire are always immensely grateful to the Minister for the courteous way in which he listens to our arguments, and for the commitment he has made to go on listening to them. Admittedly we are always disappointed by the outcome, but at least he listens.

Sadly, however, the most recent detailed academic evidence in favour of a change in the balance of funding between Worcestershire and its neighbouring counties was simply passed on by the Minister's Department to the Office of the Deputy Prime Minister, unopened and unconsidered. Can the Minister reassure me that he has not changed his policy of constructive engagement with us on these important issues—or has the ODPM heavy mob had a quiet word with him at Admiralty arch, telling him to stay shtum and turn the other way while our children and schools are mugged for the cash they are owed?

Mr. Miliband: The temptations of constructive engagement with the hon. Gentleman and his friends are so great that I certainly would not want to turn away from the dialogue that has been initiated.

I am sure that the whole House is intimately aware of the details of the Oswald and Blanchflower study of Worcestershire and its labour force survey. No doubt the House is also aware that the new earnings survey on which we base the area cost adjustment deals with a much wider sample, and is therefore considered more representative by many academic commentators. None the less, I look forward to continuing the discussion in this forum and elsewhere.

Mr. David Kidney (Stafford) (Lab): As my hon. Friend knows, there has been a new formula since April 2003. It is, without doubt, simpler and clearer than its predecessor. Does my hon. Friend accept, however, that a league table of per pupil funding across the country shows that the gap between the best and the worst funding has widened under the new system? Does that not mean that it is deficient in justice and equity?

Mr. Miliband: Having acknowledged the existence of constructive engagement with the hon. Member for Mid-Worcestershire (Mr. Luff), I feel that I should pay tribute to my hon. Friend for his assiduous campaigning in the interests of Staffordshire. He will, I think, be as pleased as I am that Staffordshire's per pupil increase in the school formula funding share this year is 6.3 per cent. above the national average, thus narrowing the gap between it and other authorities. I am sure he will also agree that it is important for all school funding to be based on fair and transparent criteria, rather than arbitrary targets. It is on that basis that we will continue to make progress.

Truancy

4. **Mr. Jonathan Djanogly** (Huntingdon) (Con): What progress he has made in meeting his target to reduce truancy. [181595]

The Parliamentary Under-Secretary of State for Education and Skills (Mr. Ivan Lewis): This is the first Government to put attendance at the heart of their policies for improving standards and pupil achievement. Our measures provide both support for pupils and their parents and sanctions to reinforce parental responsibility. The year 2002–03 saw school attendance at a record high, and 1,300 truants back at school each day.

Mr. Djanogly: Despite £600 million of taxpayers' money having been spent on reducing truancy since 1997, secondary school truancy has shot up from 450,000 pupils in 1997 to 630,000 in 2003. Is that not another fine example of a Government who know how to spend very well, but how to manage very poorly?

Mr. Lewis: The hon. Gentleman has read out very effectively the briefing from central office. I should have thought that he would welcome the fact that attendance in our schools is at a record high and that those who are truanting do so less frequently. There are other realities, however, including the fact that when we give more priority to the issue of attendance, heads are far less likely to authorise a level of attendance that they previously authorised. In this country, 50 per cent. of truancy takes place with the knowledge and collusion of parents. This Government are tackling that problem in a serious, fundamental and long-term way by reforming the curriculum so that it is more relevant to the needs of individual young people and by offering individual support to pupils and families who have genuine challenges and problems, but also by ensuring that there is enforcement where parents are not fulfilling their responsibilities. That is a long-term sustained strategy to tackle truancy in a serious way.

Vera Baird (Redcar) (Lab): In addition to those very important truancy-specific measures to which my hon. Friend has just alluded, which are certainly having their impact in my constituency, is it not the case that children stay in school if they are interested in what is going on there? They need to value that experience, and our focus on and success in improving teaching, learning and skill leadership is also having a significant impact.

Mr. Lewis: I agree entirely with my hon. and learned Friend. That is central to raising school standards, to improving the leadership of schools and to having a positive ethos in every school in every part of the country. We must have a far more flexible curriculum to turn young people on to learning. The 14 to 16 flexibility programme has been a major success, and we are reducing the statutory core curriculum for 14 to 16-year-olds from next September and introducing a new young apprenticeship. Central to the Tomlinson review on the future of 14 to 19 education is the need to ensure that we have pathways through the system for young people that motivate and inspire them, and do not differentiate between vocational and academic education. It is extremely important that we tackle not just the symptoms of truancy but their causes, by reforming the curriculum, tailoring education to suit the needs of every individual young person and ensuring that behaviour and discipline are central to our agenda of raising school standards.

Mr. Tim Collins (Westmorland and Lonsdale) (Con): Will the Minister accept that the majority of the 1 million pupils who played truant last year were teenagers who voted with their feet because they were dissatisfied with the relevance to them of the education that they were receiving? Will he therefore take it from the Conservatives that we are genuinely willing, despite our differences on other educational matters, to work with him and Mike Tomlinson on providing a 14 to 19 curriculum that can survive a change of Government and provide stability to teachers and others? Will he and his ministerial colleagues undertake to work with all parties in the House to ensure that we can do that constructively?

Mr. Lewis: I strongly welcome the hon. Gentleman's commitment to trying to achieve consensus on a new 14 to 19 phase of education that will stand the test of time and represent the best interests of every single young person who accesses the education system in this country. Yes, of course we will work with members of other political parties and with people with expertise in this field. It was brave of the Government to set up the Tomlinson group, external from and independent of Government, to make credible, acceptable proposals so that we have, for the first time in this country, a 14 to 19 phase of education that inspires young people and also gets rid of this country's historic divide between academic and vocational education. That is central to ensuring that we do something about the fact that far too many young people in this country drop out at 17. That is the great challenge facing the English education system, and I would welcome a political consensus to address that.

Construction Skills

5. **Mr. Henry Bellingham** (North-West Norfolk) (Con): What plans he has to improve skills in the construction sector. [181597]

The Parliamentary Under-Secretary of State for Education and Skills (Mr. Ivan Lewis): We have set up a network of employer-led sector skills councils to work with the Government to meet the skill needs of their sectors, and Construction Skills—the sector skills council for construction—was licensed in September 2003. Construction has been designated as one of four priority sectors, and a new sector skills agreement will set out how the sector skills council and other partners will maintain and improve the sector's skills base.

Mr. Bellingham: I am grateful to the Minister for that reply, but will he pay tribute to the excellent work being done in my constituency by West Anglia college, which, under the first-class leadership of its principal, Peter Stewart, is providing a very large number of construction skill places in East Anglia? Given the recent Learning and Skills Council survey, which revealed that skills shortages in construction could be running as high as 38 per cent., does the Minister agree that it is vital that trained and motivated plumbers and electricians be attracted into the further education sector as instructors and lecturers? To do so is obviously very difficult, given that they can earn so much in the private sector. What is the Minister going to do to address this situation, and how will he ensure that FE colleges can pay competitive salaries?

Mr. Lewis: I am happy to pay tribute to the work of the college in the hon. Gentleman's constituency. I am also proud to say that we have a record 255,000 young people participating in apprenticeships this year, which is a source of celebration but not complacency. Rebuilding vocational education is not just about aspiring to offer that route to young people; it is also about investing in the capital infrastructure, which is why the centres of vocational excellence are so important, and why specialist status is vital. It is also important that we recruit into our education system people with vocational skills—the trainers—who are able to transfer their expertise and knowledge to young people.

This Government are proud of the fact that we have put a record level of investment into FE year on year in the past three years. We regard FE as absolutely central to providing a demand-led education and training system that will be able to respond to the needs of all sectors of our economy, and especially of crucial sectors such as construction.

Huw Irranca-Davies (Ogmore) (Lab): I commend the Government on making construction a priority in the sector skills council. Perhaps the Minister will commend my local authority on its housing stock transfer initiative, which will ensure that the young people who are taken on are trained specifically in construction trades and skills to maintain that housing stock. Does he agree that there is no more important time to encourage the development of such skills, given that we are witnessing the biggest ever investment in new building, such as housing, schools and hospitals?

Mr. Lewis: I agree entirely with my hon. Friend. This Government's investment in capital infrastructure is absolutely central to the social and economic regeneration of the nation, but we also need to ensure that we have the necessary skills to meet the demand. One key issue is to ensure that the Government and the public sector meet their responsibilities in terms of the people whom they employ and the use of their procurement power. That is why, when the Government announce next week the progress that has been made one year on from the skills strategy, we will focus on the progress that we have made in meeting our responsibilities as a procurer of goods and services, and as an employer.

Mr. Mark Simmonds (Boston and Skegness) (Con): The construction industry, as has already been made clear, faces a severe skills shortage, which has led to recruitment problems, higher operating costs, lost orders and delayed product development. While the construction industry is a core economic component, it is evident that across the economy, business is facing chronic skills shortages. To date, the Government have had little impact in this regard, and employers and colleges remain dislocated. The Learning and Skills Council is currently submerged in bureaucracy, and it provides inadequate, poorly structured and over-complex funding. When will the Government listen to real business and respond to its demand for greater focus on basic skills, more work-based training, and funding for learning, not just qualification—

Mr. Speaker: Order. One supplementary is fine.

Mr. Lewis: Thank you, Mr. Speaker. I suspect that the consensus has just come to a grinding halt. I am delighted, actually, because I am not too comfortable when there is consensus between the Government and the Opposition. The hon. Gentleman should recognise that the fact that a record number of young people are undertaking apprenticeships is a source of celebration. He should also recognise that this Government—through our key stage 3 strategy, our reform of 14 to 19 education and the new GCSEs in vocational subjects—are finally addressing the problem of young people being disengaged from education far too early.

The hon. Gentleman should also welcome the fact that we are moving the education and training system from a supply-driven to a demand-led system. Instead of having the education and training world developing courses in one place and the needs of business and employers being somewhere else, we are bringing them together so we end up ensuring that the education and training system is able to respond to the skills gaps that employers tell us about.

My final point is that the skills White Paper that we published last year was based on a year-long consultation with business in every region of the country. That is why business has welcomed it, because it responds to every single concern that business raised about the historical inadequacies of our training system.

I ask the hon. Gentleman to join the consensus that exists in this country regarding the development of a skills strategy.

Further Education Colleges

6. **Mr. Gordon Prentice** (Pendle) (Lab): What steps he is taking to secure the financial viability of further education colleges. [181598]

The Minister for Lifelong Learning, Further and Higher Education (Alan Johnson): Funding allocated to the Learning and Skills Council for further education is set to increase by more than £1 billion over the three years to 2005–06. In 2003–04, the LSC increased colleges' unit of funding by 2 per cent. in real terms. Colleges that meet their targets will receive a further real-terms increase of 2.5 per cent. in 2004–05. The sector's success has created pressures on funding for this year and in recognition of that we have added £130 million extra to the LSC's budget.

Mr. Prentice: I listened carefully to what my right hon. Friend said, but there seems to be a huge mismatch between what the Government are saying and the reality on the ground. I recently met the new principal of Nelson and Colne college of further education in Pendle and she gave me a briefing note listing 17 areas of concern where the financial viability of the college was being put in jeopardy by factors outside the college's control. I ask my right hon. Friend to look again not just at the Nelson and Colne college but at a raft of colleges across the north-west that are making it very clear that they cannot deliver the Government's agenda—they want to be able to—because the resources simply are not there.

Alan Johnson: Let me say to my hon. Friend that I am perfectly willing to look into those 17 points. I would be very interested in seeing what I could do to help with those problems. We know that Nelson and Colne had a particular problem in failing to recruit the number of students that it expected. The whole sector—and everyone in the House—must accept that the Learning and Skills Council cannot provide funding for students who are not there. As I understand the position, this year—let alone last year, when there was a 2 per cent. real-terms increase—Nelson and Colne will receive a further 2.5 per cent. real-terms increase in funding. I accept that there are real issues which my hon. Friend is raising on behalf of his college and I am perfectly willing to look into them, but it should not detract from the overall record levels of funding that we are currently putting into further education.

Chris Grayling (Epsom and Ewell) (Con): Of course the worry for the college is that, with the Government having provided an extra £130 million, it will find in due course that it is clawed back through lower grants. The Government have a track record of clawing money back when no one is looking. Can the Minister confirm that the extra £130 million is a new baseline figure for FE budgets for the spending review period, and can he guarantee that it will not be paid for in future by reducing the annual grants increases that colleges would otherwise have received?

Alan Johnson: I would love to be in a position where we could do things when no one is looking, but that is what parliamentary scrutiny is meant to avoid. I can give the guarantee that the £130 million is not coming from the unit of funding. It is a very genuine attempt to resolve a very real problem raised with us by the Learning and Skills Council. I should like to put another point to the hon. Gentleman. I, too, welcome the consensus built up by the hon. Member for Westmorland and Lonsdale (Mr. Collins) in respect of 14-to-19 education, but education is so crucial that I am amazed that his party has given a guarantee to preserve funding for schools, while planning £18 billion worth of funding cuts, which is bound to hit further education. We will have a completely different dialogue, I think, if we ever get to the fairy tale of a future Conservative Government.

Mr. Dennis Skinner (Bolsover) (Lab): Is the Minister aware that one of the most important colleges in north Derbyshire was a mining college, but the Tories clawed back all the jobs? The net result was that the college had to change its nature. What is happening now is a 5,000-job development at Markham and Bolsover, about two miles away from the old mining college. Will the Minister meet Derbyshire county council—part of the stakeholders in the new project, just off the M1, junction 29A—to ensure that we get those jobs and all the facilities for training that will be needed? As we all know, some jobs are for life, but a lot of new jobs need constant re-training and re-skilling.

Alan Johnson: I can promise my hon. Friend that I will turn off the M1 at junction 29B, or wherever it is, on the way to Hull—

Mr. Skinner: 29A.

Alan Johnson: The famous junction 29A—it's just as well I checked. I shall indeed have the meeting that my hon. Friend has asked for, as it is crucial that we have the skills and training ready to deal with the increase in employment numbers to which he referred.

Food Hygiene

7. **Mr. Bob Blizzard** (Waveney) (Lab): What his policy is on teaching food hygiene in schools. [181599]

The Parliamentary Under-Secretary of State for Education and Skills (Mr. Stephen Twigg): All primary pupils are taught food technology as part of the national curriculum. At key stage 3, the Government strongly encourage secondary schools to offer pupils the opportunity to study food technology, and 90 per cent. do so. Pupils learn procedures for food safety and hygiene, which includes safe food handling in the preparation, cooking and storage of food.

Mr. Blizzard: I hear what my hon. Friend says, but food is one of the main ways by which infections and diseases are acquired and transmitted. Is it not vital that more is done, beyond the primary level, to ensure that all our children understand basic food hygiene, which there is not really much about in the national curriculum? I used to be a teacher, and I did not find that

children at secondary level were given much instruction in food hygiene. Will my hon. Friend have another look at this matter? I am worried that we are creating a time bomb, as fewer and fewer of today's children understand basic food hygiene.

Mr. Twigg: I shall be happy to look at the matter again. As my hon. Friend suggests, there is a strong focus on personal hygiene in the primary school curriculum, but the focus in secondary schools is more on science teaching. As he is probably aware, my right hon. Friend the Secretary of State is leading on a cross-government project to publish a healthy living blueprint later this year. I undertake to ensure that concerns about food hygiene are central to that document.

Mr. Eric Illsley (Barnsley, Central) (Lab): It has been my pleasure over the past few years to present food hygiene certificates to pupils at the Priory secondary school in my constituency. They are taught by one of the teachers, Christine Osbourne, in her spare time. Will my hon. Friend join me in paying tribute to Christine Osbourne for giving up her time in that way? Will he encourage other schools and teachers to follow that example?

Mr. Twigg: I am very happy to pay tribute to Christine Osbourne and the pupils at the Priory school, and to join my hon. Friend in congratulating them on their achievements. There are many other fine examples of teachers who go beyond the call of duty to offer similar instruction. I am sure that all hon. Members would want to congratulate them.

Vocational Education

8. **Mr. David Amess** (Southend, West) (Con): What recent meetings he has had with employers to discuss vocational education. [181600]

The Secretary of State for Education and Skills (Mr. Charles Clarke): I regularly meet the CBI, the TUC and educationists to discuss skills and vocational education. Jointly with my right hon. Friend the Secretary of State for Trade and Industry, I chair the Skills Alliance, which brings those organisations together with the Small Business Service and the relevant Departments.

Mr. Amess: That might be all well and good but, after more than seven long years of this wretched Government, surely the Secretary of State understands that we lag way behind other European countries, especially France and Germany, in the numbers of youngsters with apprenticeships and vocational qualifications. The Government love setting targets: when will the Secretary of State set a target on this matter, and when would he expect to reach it?

Mr. Clarke: I am delighted that consensus across the House is breaking out on this key question, as manifested by that contribution. The number of modern apprenticeships has tripled since this Government came to office and the Government the hon. Gentleman supported left office. We are widening apprenticeships across a variety of sectors of industry. The traditional areas are construction and engineering, but we are making modern apprenticeships much more widely available. We are integrating them into the 14 to 16 age range, so that students can begin the work earlier, and we are also linking them into our foundation degrees as part of a coherent, positive and strong programme.

However, I concede that the hon. Member for Southend, West (Mr. Amess) has a point. As I have said publicly on many occasions, we lag behind many of our competitor countries—not just France and Germany—in relation to stay-on rates at 16 plus. That is why we have the programme, why we have built consensus around it, and why we have targets to achieve it.

Mr. Martin Salter (Reading, West) (Lab): Is my right hon. Friend aware that Reading borough council has applied for academy status for Thamesbridge college, in partnership with the local business community? The aim is to give the college, and its staff and students, a positive future, and to provide enhanced opportunities for vocational training to meet the needs of employers and the very successful local economy of Reading and the Thames valley.

Mr. Clarke: I am aware of that, and I am glad that my hon. Friend raised the subject and is supporting that initiative. It allows me to make the point that our exciting new schools programmes, whether for specialist schools or city academies, are path-breaking on the academic-vocational question, and recognise the need to invest and give students real choice about what they will focus on in their future lives.

Special Educational Needs

9. **Mr. Bill Wiggin** (Leominster) (Con): If he will make a statement on plans to improve special needs education in England. [181601]

The Minister for Children (Margaret Hodge): We published "Removing Barriers to Achievement", our strategy for special educational needs in England, on 11 February 2004. The strategy contains a programme of practical measures to promote early identification of children's special educational needs, boost early intervention to support those needs, improve co-ordination of services to children and their families, improve staff training and build strong collaboration between mainstream and special schools to share knowledge and expertise. Those measures will help to provide the opportunities and support for children with SEN to realise their potential.

Mr. Wiggin: As there is a shortage of trained SEN professionals, does the Minister agree that what parents require for their children is more choice, whether they want to go for a special educational needs school or the mainstream?

Margaret Hodge: I completely agree that parents should have choice, and that the facilities for children should meet the individual needs of each child—but if the Conservative party were to introduce a voucher worth £5,600, how would that help to pay for a child in a non-maintained special educational needs school, where the average cost is more than £41,000?

Mr. David Cameron (Witney) (Con): Is the Minister aware that since I held my debate with the Minister for School Standards about the Government policy of inclusion, I have had letters from all over the country saying the same thing—that Government policy is being prayed in aid by educationists and accountants who are closing special schools in the name of inclusion? Will the Minister get her Department to investigate what is actually happening? Does she not agree that those of us who have very disabled children should not have to spend our time fighting to keep open the wonderful schools that do such a good job?

Margaret Hodge: We are attempting to maintain choice for individual children and their families. Closure of special schools has not moved apace under this Government. There has been a small closure of special maintained schools, but it has taken place at about the same rate as under the Conservative Government, and there has been growth in the non-maintained special school sector. An increasing number of parents wish their children with disabilities or special educational needs to be educated in the mainstream sector. Where that is the choice of the parent and the child, we attempt to facilitate it. That provides both good special schools and good choice for people to have their children educated in the maintained mainstream sector, which is the underpinning drive of our policy for children with special educational needs and disabilities.

Angela Watkinson (Upminster) (Con): What measures does the Minister have in place to address the chronic under-provision of speech and language therapy for special needs pupils? The national professional body says that 780 speech and language therapy students graduate every year and enter the job market. What will she do to ensure that more of those graduates are attracted into special education, to ensure that the pupils there attain the communication skills that they need?

Margaret Hodge: I agree that there is a shortage of speech and language therapists. Interestingly enough, because of our Sure Start programmes we are identifying the speech and language needs of children at a much earlier age. The answer is to train more people, and we are doing that. We will provide 6,500 more speech and language therapists and other health professionals in the schools sector by 2004, and we are training nearly 4,500 more therapists and key professional staff each year. I have also seen schools and Sure Start programmes which, through cascading some limited training to support staff in the schools or in the programmes, have built skills among other people in the staff cohort so that they too can help with the speech and language needs of young children.

Mathematics Teachers

11. **Mrs. Annette L. Brooke** (Mid-Dorset and North Poole) (LD): What plans he has to increase the number of qualified teachers teaching mathematics in secondary schools. [181604]

The Minister for School Standards (Mr. David Miliband): This Government have delivered an increase of about three quarters to the number of new entrants to maths teacher training in the past four years, and there are now one third fewer maths teacher vacancies than in 2001. The new measures announced by my right hon. Friend the Secretary of State on 28 June will help schools to recruit and retain maths teachers, including through higher training bursaries, golden hellos for mathematicians, more maths places on the graduate teacher programme, and higher pay for advanced skills teachers.

Mrs. Brooke: How will the Minister finance his proposals for higher salaries? I have specific concerns about the pressures on teachers in low-funded authorities such as Poole and Bournemouth in which schools are struggling to identify funds to implement the work load reduction scheme. Surely it is important to ensure that we have good conditions for all teachers.

Mr. Miliband: Obviously I agree that it is important that we have the right training, support and conditions for all teachers. I hope that the hon. Lady agrees that the Government's determination through the advanced skills teacher scheme, for example, to pay the extra salary from the centre gets over the sort of troubles to which she refers. As we have 4,000 advanced skills teachers, the measure represents major support for the quality of teaching throughout the country.

SOLICITOR-GENERAL

The Solicitor-General was asked—

Violent Crime Prosecutions

18. **Miss Anne McIntosh** (Vale of York) (Con): If she will make a statement on prosecution rates for violent crimes in North Yorkshire in (a) January 1997, (b) January 2000 and (c) January 2003. [181614]

The Solicitor-General (Ms Harriet Harman): In January 1997, 59 defendants were prosecuted for violent crime in North Yorkshire magistrates court. In January 2000, the number was 77.

Miss McIntosh: I understand that we do not have the figures for January 2003 in that case, but I thank the Solicitor-General for her answer. At Question Time last month, she hinted that there was scope for greater co-operation between the Crown Prosecution Service and the police in North Yorkshire to prosecute people for violent crimes, burglaries and other crimes after they had been detected. Will she elaborate on how she would like such further co-operation to develop?

The Solicitor-General: That co-operation happens through the North Yorkshire criminal justice board, which is chaired by the chief Crown prosecutor for North Yorkshire, Rob Turnbull. There is a constant process in which the police, the courts, the Crown Prosecution Service, prison and probation services and

other agencies work together to ensure that the issues that the hon. Lady raises, which are of concern to her constituents and people more widely in North Yorkshire, are dealt with. I was interested to note the figures on the hon. Lady's area. I welcome the fact that the percentage of ineffective trials in the Crown and magistrates courts in her area is low. That shows that there are fewer adjournments than before, which means that offenders are brought to justice more swiftly.

Crown Prosecution Service

19. **Julie Morgan** (Cardiff, North) (Lab): What plans she has to include the Crown Prosecution Service in multi-agency working. [181615]

The Solicitor-General: The Crown Prosecution Service works with many different agencies including local police, local government, Victim Support and community groups.

Julie Morgan: I thank my right hon. and learned Friend for that reply. Is she aware of the key role played by the Crown Prosecution Service in south Wales in the multidisciplinary Cardiff domestic violence forum and when working with the Cardiff women's safety unit, and that south Wales CPS was praised for its work on domestic violence in the recent inspectorate report? How does she think the CPS can become even more involved in inter-agency work?

The Solicitor-General: I am glad to welcome my hon. Friend's comments about the role played by the Crown Prosecution Service, together with statutory and voluntary agencies in Cardiff, on tackling domestic violence. Of course, 25 per cent. of all reported violent crime represents domestic violence; so the issue is by no means marginal. I am aware that there is scope for further work.

Ms Meg Munn (Sheffield, Heeley) (Lab/Co-op): May I urge my right hon. and learned Friend to consider the involvement of outside agencies in training Crown Prosecution Service staff? Having witnessed difficulties when lawyers did not appear to understand the complex issues involved, the participation of those agencies in cases involving sexual offences, child abuse and—as we have heard, domestic violence—would surely help us to make progress.

The Solicitor-General: My hon. Friend makes an important point, but we need a two-stage process. CPS lawyers are increasingly expert in difficult and challenging cases such as rape and the prosecution of cases of sexual offences against children, but they must be aware of the wider context in which those offences take place, and must work closely with local agencies. It is also important, however, that they take part in training staff from those agencies so that they, in turn, are aware of the way in which the criminal justice system works and can reassure victims that a prosecution team will work together to ensure that they get justice.

Guantanamo Bay Detainees

20. **Mr. Gordon Prentice** (Pendle) (Lab): What recent discussions she has had with her counterparts in the United States concerning the fate of UK citizens held in Guantanamo bay. [181617]

The Solicitor-General: The Attorney-General last had discussions with his counterparts in the US about Guantanomo bay in February 2004. Following discussions with the US led by the Attorney-General, the UK Government concluded on the basis of his views that the US military commission process would not provide sufficient guarantees of a fair trial in accordance with international standards. The UK Government's position remains that the British detainees should either be tried fairly in accordance with international standards or be returned to the United Kingdom.

Mr. Prentice: I thank my right hon. and learned Friend for her reply. In a landmark decision, the American Supreme Court said that the detainees can challenge their detention without trial in Guantanamo bay in the United States courts. Will the British Government act on behalf of the four UK citizens and take their case to the American courts?

The Solicitor-General: We are not yet aware whether or not any applications have been made on behalf of the British detainees. As for the US Supreme Court judgment, it was very recent and we are considering its implications.

Mr. Douglas Hogg (Sleaford and North Hykeham) (Con): May I reinforce the point made by the hon. Member for Pendle (Mr. Prentice)? He is entirely right—unless the British Government rally round and give the detainees assistance in Supreme Court proceedings or elsewhere the relief will be fairly lame, so I hope that the Solicitor-General listens sympathetically to the hon. Gentleman.

The Solicitor-General: The House has heard the points made by the right hon. and learned Gentleman and my hon. Friend the Member for Pendle (Mr. Prentice), and those matters are all under active consideration. If there is something to be announced, it will be announced, but I cannot say anything other than that the matter is under consideration.

Mr. John Burnett (Torridge and West Devon) (LD): But that is simply not good enough. So much time has elapsed, and those people have been unlawfully detained for an extremely long time. We want to know what action the Attorney-General will take. He made his views known last week in a speech at the Cour de Cassation, and was right to say:

> "Any restriction on fundamental rights must be imposed in accordance with the rule of law."

He went on to criticise the proposed military tribunals at Guantanamo bay. Action is now called for, and we must know what he is doing. The House would also like to

know whether he believes that the detainees are entitled to damages for unlawful imprisonment compounded by a lack of fair representation and a fair trial.

The Solicitor-General: Perhaps I can just step back, as I know the whole House appreciates the Attorney-General satisfying himself as to whether or not the way in which the US authorities plan to deal with the British citizens detained in Guantanamo bay accords with international law. It wanted him to make that decision impartially on the evidence in the case and give his advice clearly and straightforwardly. I am sure that it appreciates the fact that, as he formed the view that the proposals for dealing with the detainees did not comply with international law, attempts have been made to negotiate with the US authorities to persuade them to change the way in which they intend to deal with the detainees so that they are treated in accordance with international law. Progress was made and at least five detainees were released. I know that the whole House welcomes that.

I know the House would also agree that pressure should continue to be exerted on the US authorities to try and resolve the position of the remaining four detainees and that we should remain clear about our position, which we have done. In the meantime, I know the House welcomes the fact that consular activity has ensured that close contact has been kept with the detainees. We try to maintain contact and support them. At the end of the day, they are being held by the US authorities. We have said that we are not satisfied with that and we keep further action under review.

Mr. Dominic Grieve (Beaconsfield) (Con): Does the Solicitor-General agree that in the context of a trial by a military tribunal, it ought to be possible for such a trial to take place in compliance with international standards, including independent representation, an independent element on the tribunal, proper procedure and a proper ability to assess evidence? Those standards are common to our common law jurisdiction and that of the United States. Have the US Government advanced any argument to explain why they cannot meet those minimum standards in the type of tribunal that they want to set up?

The Solicitor-General: All I can say to the hon. Gentleman is that we have made it clear to the US authorities what we consider the international standards to be. They have not been prepared to accede to that. They have, however, been prepared to suspend bringing the UK detainees before the military commission because of our strong representations to the effect that we did not consider them to be guaranteeing a fair trial in accordance with international law. There is no difference on that between any of us in the House. The Government and the Attorney-General have made their position clear, but at the end of the day we have to persuade the US authorities to return the detainees if they are unprepared, as at present they appear to be, to afford them a fair trial according to international standards.

Business of the House

12.31 pm

Mr. Oliver Heald (North-East Hertfordshire) (Con): Will the Leader of the House please give us the business for next week?

The Leader of the House of Commons (Mr. Peter Hain): The business for next week will be as follows:

MONDAY 5 JULY—Opposition Day [15th Allotted Day]. There will be a debate entitled "Government Failure to Deliver Improved Postal Services", followed by a debate entitled "Personal Indebtedness and Savings". Both debates arise on an Opposition motion.

TUESDAY 6 JULY—Motions to approve Ways and Means resolutions on the Finance Bill followed by progress on remaining stages of the Finance Bill (Day One). Followed by, if necessary, consideration of Lords amendments.

WEDNESDAY 7 JULY—Conclusion of remaining stages of the Finance Bill (Day Two).

THURSDAY 8 JULY—Debate on the Intelligence and Security Committee annual report 2003–04 on a motion for the Adjournment of the House.

FRIDAY 9 JULY—The House will not be sitting.

The provisional business for the following week will be:

MONDAY 12 JULY—Consideration of Lords amendments. As the House will be aware, my right hon. Friend the Chancellor of the Exchequer will make a statement on the comprehensive spending review.

TUESDAY 13 JULY—Remaining stages of the Energy Bill *[Lords]*.

WEDNESDAY 14 JULY—Remaining stages of the Patents Bill *[Lords]*. Followed by a debate on public expenditure on a motion for the Adjournment of the House.

THURSDAY 15 JULY—Consideration of Lords amendments.

FRIDAY 16 JULY—Private Members' Bills.

Mr. Heald: I thank the Leader of the House for the business.

May we have an urgent oral statement about the recent capture and denigration of our servicemen in Iran? Why was such an important issue dealt with only in a written statement?

Can we debate the draft Bill on regional assemblies before the recess so that the public can judge the proposals before the referendums?

Can we have a statement about new Government policy on mobile phone masts? The Bill presented by my hon. Friend the Member for West Suffolk (Mr. Spring) and that of the hon. Member for Lewisham, West (Jim Dowd) are both being blocked by the Government. My early-day motion 1231 calls for protection, as do those two Bills, to keep phone masts away from schools.

[That this House notes that on 31st March a petition from Sandra Cole and 1632 other residents of Royston, Hertfordshire was presented expressing their dismay at the decision of NTL to site a mobile phone mast in Stamford Avenue, Royston; expresses its concern that NTL have so far ignored public opinion and actually erected the mast the day after the petition was presented; and calls on the Government to give more control over phone masts and antennae to local communities through planning procedures and local councillors to ensure that councillors are able to take account of the proximity of schools and the health fears of local residents.]

If the Leader of the House agrees with that, is he able to announce a Government change in the law? If not, how does he justify Labour's leaflet in the Birmingham, Hodge Hill by-election, which attacks the Liberal Democrat as a

"mobile phone mast spin doctor"

and states:

"We should do everything we can to ensure that there are no more phone masts near schools".

Why have not the Government done something about it then?

Continuing, if I may, with the election theme, when can we expect a statement, as promised yesterday by the Prime Minister, on the appointment of Electoral Commission observers for the two by-elections? *The Birmingham Post* today reports that a second election petition alleging postal ballot fraud against Labour councillors has been lodged in the High Court. It says:

"June 10 was a sad day for democracy in Birmingham."

Concern has been expressed in all communities, including in *The Muslim News*, and the hon. Member for Birmingham, Sparkbrook and Small Heath (Mr. Godsiff) has spoken out condemning the bribery and bullying involved in those elections. As I expect we will hear later today, and rightly so, Ministers are willing to condemn Robert Mugabe for not having election observers, so should they not be setting an example in these by-elections?

The Domestic Violence, Crime and Victims Bill started in the other place and since it has come here the Government have tabled a series of late amendments on a real ragbag of other matters. Cannot the right hon. Gentleman explain to his colleagues in government that they should at least have some idea in advance of what they want to put in a Bill? Could he not make that a new Labour commandment? I think it may be the 12th, after "Thou shalt not covet thy neighbour's job."

Mr. Hain: I do not think that any Conservative Member will be coveting the Leader of the Opposition's job, given his dismal performance recently. *[Interruption.]* Coveting a job in an election when there was only one candidate—that is some coveting, is it not?

What has happened in Iran is serious. The Defence Secretary gave a written ministerial statement as soon as he could yesterday, quite properly, to the House.

Mr. Heald: He should have come here.

Mr. Hain: That is a regular bleat of Opposition Members. When the Defence Secretary, the Foreign Secretary and the Prime Minister are handling very sensitive relations with Iran, these things have to be managed carefully. The Defence Secretary's written ministerial statement made it absolutely clear that the practice and behaviour of the Iranians in this situation was intolerable.

[Mr. Hain]

As I have said before, the regional assemblies Bill will be subject to pre-legislative scrutiny and published before the summer recess in a few weeks' time. The pre-legislative scrutiny will provide a full opportunity to go into all the Bill's details and establish any issues that Members wish to establish. I should have thought that the hon. Gentleman would welcome the Government's practice of providing pre-legislative scrutiny on an increasing scale so that precisely the debate that he is asking for can take place.

Local planning authorities already have powers to determine the suitability of sites for mobile phone base stations, and planning policy guidance on telecommunications is set out in the revised PPG8. The Government also strongly encourage telecoms operators and local planning authorities to carry out annual discussions about the roll-out plans in each area, especially as they affect sensitive issues such as schools.

With regard to the request to the Prime Minister for election observers, is the hon. Gentleman seriously suggesting that what might or might not be going on in the Birmingham Hodge Hill by-election is in any way comparable with the systematic rigging, violence and intimidation for which Robert Mugabe has been responsible in elections? That is a ridiculous comparison. The Prime Minister will be responding to the Leader of the Opposition's request in due course, and I might add that if there were any irregularities, they would be under the traditional election system and nothing to do with the all-postal voting pilots that the hon. Gentleman and his colleagues have regularly attacked in past weeks.

If any improvements are needed to the Domestic Violence, Crime and Victims Bill as a result of the scrutiny and debate in both Houses, it is important that the Government bring them forward in the form of amendments. But let us not lose sight of the fact that this is a very important Bill. It is one of the Government's flagship Bills in this Session. With a quarter of all violent crimes taking place in the home against women and two women dying every week from violent crime, I should have thought that the hon. Gentleman would applaud our attempts to get the law absolutely right.

Mr. Harry Barnes (North-East Derbyshire) (Lab): Has my right hon. Friend seen the written ministerial statement, which appeared in *Hansard* on Tuesday, from the Secretary of State for Work and Pensions about the proposed closure of massive numbers of benefit offices? The matter is so serious that it should be debated in Government time—an oral statement should have been made, but that can be put right. The written ministerial statement does not inspire confidence, because it discusses developments in the Child Support Agency and the Appeals Service, which is under pressure in many areas. The whole matter should be fully debated.

Mr. Hain: I am sure that my hon. Friend supports the Government's objective of serving all our constituents better by transferring resources and priorities to front-line services. The Secretary of State for Work and Pensions also intends to follow the Government's policy of transferring jobs from over-congested, overheated London and the south-east to the regions of England, Wales and Scotland, and those of us who represent such regions welcome that policy.

Mr. Paul Tyler (North Cornwall) (LD): If, as expected, the Butler inquiry report is published on Wednesday 14 July, will the Prime Minister make a statement in the House that afternoon?

The Electoral Commission was mentioned earlier. Will the Leader of the House examine the possibility of a statement, or better still a debate, on its role and remit in the next couple of weeks, so that we are sure about its responsibilities and how it is accountable to Parliament?

On funding and democracy, did the Leader of the House read the report in *The Times* on 28 June that Mr. Paul Sykes is willing to spend all his £500 million fortune on seeking to manipulate public opinion and undermine the political process? Mr. Sykes may even be interested in seeking to deflect attention from the referendums on regional assemblies, which were referred to a few moments ago, so the matter is urgent. In the report in *The Times*, the chairman of the Electoral Commission said that he is concerned about the intentions of the millionaire manipulators:

"That could distort the whole campaign. The legislation is flawed".

I hope that the Leader of the House will acknowledge that the issue is urgent.

Finally, the Defence Committee published an important report this morning. How quickly can we expect the Government to respond to it? The report raises important issues such as command, intelligence capabilities and equipment provision, which I have drawn to the attention of the Leader of the House before. Hon. Members on both sides of the House are concerned about equipment provision, particularly in relation to actions currently being undertaken by British troops in Iraq.

Mr. Hain: On the Butler inquiry, I am grateful to the hon. Gentleman for giving me the opportunity to clarify matters. The Butler review press office aims to publish the review on Wednesday 14 July. The timing and exact arrangements for publication are a matter for it, and we will announce the parliamentary arrangements when it makes its position clear. Whenever the report is published, the Prime Minister will make a statement—there is no question about that, and he will be pleased to do so—and hon. Members will have a chance to debate the issue at an appropriate time.

The Electoral Commission's role and remit is set out on a statutory basis, and I see no need to revisit it—the Electoral Commission's work is important, and we will continue to monitor it. The hon. Member for North Cornwall (Mr. Tyler) raised an important point about attempts to manipulate elections, especially on the European issue. In the end, the people of Britain will vote according to the national interest, which is to keep Britain at the heart of the European Union, and they will not be bribed by millionaire manipulators or persuaded by propaganda. The people of Britain will vote in the national interest, and the Government will put the case in the national interest.

On defence policy, we very much welcome the Defence Committee's report on the White Paper; as ever, it makes a valuable contribution to defence issues. We need to await the outcome of the spending review on 12 July and any statements that might follow. However, two annual defence debates are as yet unused in this Session.

Mr. Keith Bradley (Manchester, Withington) (Lab): Will the Leader of the House make a statement to clarify the position of MPs' representations and correspondence on behalf of their constituents in relation to the Data Protection Act 1998? Confusion and inconsistency still surrounds the question of whether constituents need to give written permission before a third-party body can respond to the MP. That obviously causes great inconvenience, because the constituent would not have contacted the MP in the first place if they did not want them to make that representation on their behalf. Can the position be clarified to ensure that that confusion in relation to third parties does not continue?

Mr. Hain: I am glad that my hon. Friend raises that matter, which goes to the heart of Members' rights in representing their constituents. As he will be aware, in response to such pressure the Government made a change—through an order that came into force on 17 December 2002—that removed the restrictions in the Data Protection Act 1998 on the disclosure of sensitive data to MPs and other elected representatives when they are dealing with constituents' cases. As a result, Members secured proper protection and enhanced rights.

Information that hospitals have about an individual's health is likely to be held in confidence—I suspect that that is where the issue has arisen in my hon. Friend's case—and disclosure to a third party is governed by the common law on confidence. However, the Department of Health has issued guidance to the effect that hospitals should accept an MP's word that they are acting on behalf of their constituent; that means that the necessary information can be disclosed and the case can be processed in the normal way. The message should go out loud and clear that every hospital and every trust is obliged to treat MPs' representations in the proper way and should not try to impose any bureaucratic obstacles.

Sir George Young (North-West Hampshire) (Con): Reverting to the question about the Butler report, will the Leader of the House set out next Thursday the detailed arrangements for publication; and can he confirm that the debate to which he referred will take place before the House rises?

Mr. Hain: I will certainly try to comply with the right hon. Gentleman's first request, which is very reasonable. It is an independent report and, as with the Hutton report, we are reliant on Lord Butler and his team to make the arrangements that they deem appropriate, with which we will fit in. I will certainly give details next Thursday if I am able.

We will try to have a debate as soon as possible, because it is in the House's interests to do so. I note, however—I do not know whether it will happen on this occasion—that the clamour for a debate on the Hutton report before its publication was followed by a rather subdued whimper afterwards. Relative to the massive series of attacks and allegations that took place before the debate, virtually no serious interest was expressed subsequently.

Mrs. Alice Mahon (Halifax) (Lab): May I draw the Leader of the House's attention back to the proposed loss of tens of thousands of civil servants' jobs? If 550 out of 650 local benefits offices close, they will not be in London, but in Leeds, Liverpool, York and possibly Halifax. In view of the devastating effect that that will have on employees, who will almost certainly be made compulsorily redundant, and the effects on our constituents as vital services are lost, can we have a full, at least one-day debate in Government time before the recess?

Mr. Hain: I reassure my hon. Friend that, as I said to my hon. Friend the Member for North-East Derbyshire (Mr. Barnes) a moment ago, the intention of this whole exercise is to devolve more resources and front-line opportunities to staff in the Department for Work and Pensions, including in benefits agencies, precisely to provide the face-to-face contact and assistance that our constituents need. It is simply not the case that wholesale benefits agency closures are planned. No decision has yet been made on the precise configuration. Full consultation is occurring and will continue to occur with the trade unions. I assure my hon. Friend that the intention is to enhance local provision and use new technology and efficiency measures to switch priorities from backroom operations.

Mrs. Angela Browning (Tiverton and Honiton) (Con): When the Chancellor of the Exchequer comes to the House next week, will the Leader of the House ask him to incorporate in his statement details of how he will manage the United Kingdom's economy in future when there is an European Union constitution? When the Prime Minister made a statement on 21 June, I asked him what voting method would be used for co-ordinating EU economic policy. He replied that the treaty made it clear that member states determined their economic policy, but he did not specify the voting method. A few moments later, my hon. Friend the Member for Congleton (Ann Winterton) repeated the question but he still would not specify the voting method and I therefore tabled a written question. The Prime Minister referred it to the Minister for Europe, who replied by citing article 1.11(3) of the draft constitutional treaty, which states that part III determines the arrangements. I have studied part III, which clearly states that, because the voting method is not specified, the default applies as per article 1.22(3), thereby making proposals subject to qualified majority voting.

Now that economic policy in this country will be determined by QMV by other countries, perhaps the Chancellor will explain whether he is happy with that arrangement.

Mr. Hain: The hon. Lady and her colleagues have an obsession with attempting to show that the new draft constitutional treaty is a threat to Britain's interests

[Mr. Hain]

when the rest of the European Union views it as a triumph for Britain and our negotiators. Only the Conservatives and their allies in the media and elsewhere cannot recognise that.

On tax and the central economic decisions that the Chancellor makes, this Government are the sovereign body. On co-ordinating economic policy, we have been responsible for driving forward an agenda for economic reform in Europe that was determined at the Lisbon summit some years ago. It included liberalisation of energy policy, so that our companies, which were previously denied the opportunity to get into markets such as France and Germany when their companies had access to ours, were given free access on a level playing field under single market rules. That is co-ordination of economic policy. Such matters are normally decided by unanimity at the European Council. All decisions at that level are made by unanimity.

Mr. Gordon Prentice (Pendle) (Lab): We read in the newspapers about the likely huge expansion in city technology colleges. *The Times* cited 500 and there have been other estimates of 200. Will the Secretary of State for Education and Skills make a statement about that next week? May I encourage my right hon. Friend to schedule a full day's debate on that major policy announcement?

Mr. Hain: My hon. Friend must be referring to press reports about city academies, not city technology colleges. When the Secretary of State for Education and Skills comes to the House to report on his five-year departmental plan, my hon. Friend will appreciate the huge focus of resources on inner-city areas where youngsters have been denied the opportunity for far too long to benefit from educational advance. The academies are designed to assist them. Where they have been established, they have an excellent record of improving standards and opportunities. Throughout the country, we are providing improved opportunities, choice, standards and outcomes. When the Secretary of State makes his statement, I am sure that my hon. Friend will agree that the programme is exciting and radical, and designed to raise standards for people from all backgrounds, not only those at the top of the income bracket.

Mr. Andrew Mitchell (Sutton Coldfield) (Con): My hon. Friend the shadow Leader of the House has already mentioned the lack of concern of Liberals in Birmingham, Hodge Hill about an important matter to many people who live in the Birmingham area—the siting of mobile phone masts. Will the Leader of the House consider a more general debate on mobile phone safety issues, following the jailing last week of a Sutton Coldfield man for grooming a 13-year-old girl through text messaging? A massive growth in mobile phone sales, especially to youngsters, has occurred. The industry should help parents and children to promote the best possible safety practices in the use of mobile phones. Will the right hon. Gentleman seriously consider holding a debate on the matter so that hon. Members of all parties can stress to the industry the importance of promoting children's safety?

Mr. Hain: I pay tribute to the hon. Gentleman's work in bringing to the House's attention the important issue of the use of mobile phones and the text messaging system to groom vulnerable youngsters. I hope that he continues to campaign on the matter. I shall ensure that the Secretary of State for Trade and Industry is aware of his anxieties. He has tabled many questions on the matter and he can be satisfied that the Government take it seriously. I hope that mobile phone operators will take it much more seriously—that is partly the cause that he is prosecuting.

I am intrigued by the way in which Conservative Members are desperately trying to fight the Liberal Democrats for second place in the Hodge Hill by-election. Both parties are trading propaganda and attacks on the Floor. Long may that continue.

Andrew Mackinlay (Thurrock) (Lab): May I draw the attention of the Leader of the House to the list of Standing Committees on page 2070 of the Order Paper? Will he consider—and perhaps hold discussions through the usual channels and with Departments—whether longer notice of delegated legislation Committees can be given? That would improve deliberations because it would allow people to volunteer to the Whips to serve on Committees. The current position means that Whips, including my hon. Friend the mute hon. Member for West Carmarthen and South Pembrokeshire (Mr. Ainger), have to muster Back Benchers to serve on Committees in which they are not especially interested when other Committees in which they have a specific interest could be meeting simultaneously. For example, I am interested in landfill tax but horse passports do not exercise me, although some hon. Members consider them to be important. Cannot we have square pegs in square holes and get Departments to give longer notice so that hon. Members of all parties could volunteer to serve on Committees? That would lead to meaningful deliberations rather than hon. Members doing their correspondence in Committee.

Mr. Hain: I assure my hon. Friend that my hon. Friend the Member for West Carmarthen and South Pembrokeshire (Mr. Ainger) is not mute in his constituency but a strong voice for his people.

Andrew Mackinlay: He cannot answer me back.

Mr. Hain: Indeed, he cannot answer back so I shall attempt to do it for him. My hon. Friend the Member for Thurrock (Andrew Mackinlay) made an interesting point. He is a doughty defender of parliamentary rights and I shall look into the matter.

Mr. Roy Beggs (East Antrim) (UUP): The Welsh Grand Committee and the Scottish Grand Committee have met outside the House. Does the Leader of the House agree that there should be no reason why the Northern Ireland Grand Committee, which will probably hold its last meeting of the Session next Thursday, cannot meet in Northern Ireland? It has

never met there but there should be no impediment to that happening. Is it necessary for me, as a Whip of my party, to table a motion to get a democratic decision that will make it possible to meet in Northern Ireland? Or will one party, which seldom participates in the Grand Committee, be permitted for ever to prevent that from happening?

Mr. Hain: The hon. Gentleman knows that, in the case of the Welsh Grand Committee, which met outside the House—and, indeed, in Wales—several times, an Order was required to effect that. If he wants to pursue the matter, he would have to persuade the Secretary of State for Northern Ireland and the usual channels that meeting in Northern Ireland would be a sensible thing for the Northern Ireland Grand Committee to do. I suggest that he raise the matter with the Secretary of State for Northern Ireland.

Shona McIsaac (Cleethorpes) (Lab): People seem to be putting in bids for debates before the recess, so I shall make mine for the reintroduction of a Bill to ban hunting with dogs. We are getting perilously close to the recess and we have other important matters to discuss. I therefore suggest reintroducing the Bill shortly and considering all stages in one day. When does my right hon. Friend expect to make such an announcement?

Mr. Hain: I will make an announcement when I am ready to do so. There are two more business statements before the recess; we shall see what transpires.

Mr. Douglas Hogg (Sleaford and North-Hykeham) (Con): May I suggest to the Leader of the House that we have an early debate on the timetabling of business and, in particular, of Bills? He has been in the House a long time, as have I, and he will know that this Session has been pretty light. We have sometimes had early nights, and the debates have often been on subjects that were not particularly pressing, yet it remains a fact that many clauses of many important Bills went wholly undiscussed because of the timetable. That is quite wrong, and the House needs to look at the matter again. Does the right hon. Gentleman agree?

Mr. Hain: Given the right hon. and learned Gentleman's long experience in the House, I think that he will agree—as will others with longer experience than me—that, in the past, not every clause was always discussed, even before programming came in. On the contrary, I remember some Standing Committees in which, owing to all sorts of Opposition manoeuvres—some by our party, some by others—or to agreements with the usual channels, we would spend a ridiculous amount of time on one clause or another, then race past others. This has always been the case; it is not particularly down to the programming system or the timetabling consequences of it.

On the right hon. and learned Gentleman's wider point, one of the reasons this happens is that the House of Lords is a law unto itself. It has no proper procedures, and is in many respects anarchic in the way in which it conducts its business. It is very difficult for business managers to plan for the return of Bills from the Lords for further consideration. That is why I have just announced a whole series of days for further consideration of Lords amendments.

David Winnick (Walsall, North) (Lab): Bearing in mind what the Solicitor-General said, which my right hon. Friend was listening to, would it be possible for the Foreign Secretary to make a statement next week on the UK citizens in Guantanamo? So far, I have not heard a single Member of Parliament on either side of the House approve of what the United States is doing at the moment. Is it not necessary for the voice of Parliament to be heard very strongly? Whatever criticism there may be about those being detained without charge in Britain on suspicion of involvement in terrorism, they are certainly not being treated in the same way as those in Guantanamo. I saw for myself, with one or two colleagues, that whatever the situation at Belmarsh may be and however concerned those people are that they should not remain in prison, their conditions are very different indeed.

Mr. Hain: I have to agree with my hon. Friend. We are continuing to work to resolve the situation of the four British detainees at Guantanamo Bay, and discussions with the United States Government continue.

Mr. Nick Gibb (Bognor Regis and Littlehampton) (Con): The Leader of the House will be aware of concerns in my constituency and throughout the country about the health implications of Tetra masts. Can we have a full debate in Government time to consider in detail all the research and evidence, and to address the issue of imposing a moratorium on new Tetra masts being put up until the research into their health implications has been fully carried out and reported?

Mr. Hain: Obviously, the health implications of these masts are very important and they are continuously borne in mind by the Government. We are monitoring the situation, and we draw on such fresh research as is available, but I shall certainly draw the hon. Gentleman's point to the attention of the Secretary of State for Trade and Industry.

Mr. Patrick Hall (Bedford) (Lab): My right hon. Friend may have seen the report in *The Times* today that the Department of Health is planning to abolish the Commission for Patient and Public Involvement in Health. Even if that report is not accurate, clarification is now needed. Given the difficult but ultimately positive work that was put into creating the replacement system for community health councils over many years, will my right hon. Friend secure a debate on this matter so that Government policy can be clarified, and so that we may discuss how the interests of patients and the public in the national health service may be best served, and how patients forums may continue to be supported?

Mr. Hain: I can assure my hon. Friend that those reports are purely speculative. The Department's review of its arm's-length bodies is due to report later this month, and no decisions have yet been taken on this matter. The Government remain committed to giving

[Mr. Hain]

patients a strong voice, and to giving the public a stronger voice in the patient-centred national health service which is being driven forward day by day.

Dr. Andrew Murrison (Westbury) (Con): On 18 June, the Environment Agency's consultation exercise on its proposals to amend the substitute fuels protocol closed. Many right hon. and hon. Members with constituency interests in the matter were not consulted, however. Will the Leader of the House approach his right hon. Friend the Secretary of State for Environment, Food and Rural Affairs so that an investigation can be carried out into that consultation exercise? Will he also encourage his right hon. Friend to arrange for a debate in the House so that this important issue can be properly aired? Will he also note the increasing calls for a full public inquiry into the burning of recycled liquid fuel in cement and lime kilns?

Mr. Hain: The Secretary of State will have noted the hon. Gentleman's points with some concern and interest. Obviously, I do not know the details, but on the account that he has given me, I would say that it is important that MPs are consulted on all these matters—or given the opportunity to be consulted, at any rate.

Mr. Tony McWalter (Hemel Hempstead) (Lab/Co-op): My right hon. Friend will be aware that there are 28 strategic health authorities in England, each of which has a different way of demarcating the gap between personal care and nursing care. Does he agree that it is desirable for the House to debate this issue, with a view to influencing the Department of Health so that the system can be clarified, and so that those of our citizens, both young and old, in the most tragic of circumstances, will not have to go to law to get the support that they need for their condition?

Mr. Hain: I agree with my hon. Friend that this is a sensitive area, and it has been a difficult one to manage for a very long time. The Secretary of State for Health is very exercised about it and is working continuously with other Government colleagues, local authorities and the health service generally to improve the situation. I know that he will take careful note of my hon. Friend's point.

Mr. Bill Wiggin (Leominster) (Con): Can we have a debate on the performance of the Highways Agency? The Leader of the House will be aware of the terrible accident that took place in my constituency, because I drew it to the attention of the Prime Minister. In his reply to me, however, the Prime Minister failed to mention that the Highways Agency had taken more than two years to report on the A49. That is two years too late for the people who lost their lives in that accident.

Mr. Hain: The Secretary of State for Transport will obviously take careful note of the point that the hon. Gentleman has raised, which is obviously an important constituency matter for him and for the people who were tragically involved in that accident. I know that my right hon. Friend will want to consider what the hon. Gentleman has said.

Julie Morgan (Cardiff, North) (Lab): Will my right hon. Friend arrange for a debate as soon as possible on the findings of the Clywch inquiry, which came out in Wales at 12 o'clock today? Does he agree that this has been an important inquiry that will have far-reaching consequences, and that it shows the value of having a Children's Commissioner in Wales?

Mr. Hain: I very much agree that this shows the value of having a Children's Commissioner in Wales. Indeed, as a result of that pioneering step, the principle is being spread into England as well. The Children's Commissioner has made 31 important recommendations as a result of the dreadful case of child abuse at Ysgol Gyfun Rhydfelen, a school in south Wales, involving the appalling behaviour of John Owen, a drama teacher who was really a serial sexual pervert who indulged in repulsive and horrific abuse over an extended period. What was awful about the case was not only the suffering of the children concerned but the way in which those involved in the school and the wider educational establishment pretty well turned a blind eye to all the protests and complaints that were made. This is a very valuable, if disturbing, report to read, as I found out when I did so.

Jim Sheridan (West Renfrewshire) (Lab): My right hon. Friend will be well aware of the genuine concerns expressed by the Union of Construction, Allied Trades and Technicians, and other trade unions representing workers in the construction industry. There are about 80 untimely and unnecessary deaths in the construction industry each year, and that is forecast to increase with the increase in the number of migrant workers who can neither speak nor understand English coming into the industry. Will my right hon. Friend arrange for an urgent debate on this issue? Thankfully, we do not have the same number of fatalities in the police or fire services or in the armed forces. If we did, there would be calls from Members and from our friends in the press and the media for immediate action. In my view, a life is a life, regardless of where we work.

Mr. Hain: My hon. Friend is absolutely right: a life is a life. That is why the Government are committed to improving health and safety at work, including on construction sites. I applaud the work that UCATT, the builder workers' union to which he referred, does in highlighting this problem. We will continue to work with it to try to solve it.

John McDonnell (Hayes and Harlington) (Lab): May I ask the Leader of the House to bring forward a draft protocol or indicative guidelines for his colleagues on what would constitute the requirement for a written statement, an oral statement or a full debate? To use the example of the statement by the Department for Work and Pensions this week, he has told us that the important statement means that there will not be service cuts, job cuts or closures of jobcentres or advice centres. In fact, the written statement says that there will be 550 centre closures, and that there will be job cuts, because that is part of the Chancellor's 40,000 job cuts. He has also informed us today that there have been trade union consultations, yet we met the trade unions yesterday, and there have been no consultations. All this confusion

could have been clarified had there been an oral statement from a Minister who would have been able to respond to questions. Will he consider this matter urgently?

Mr. Hain: The Secretary of State will have listened to and noted carefully my hon. Friend's points. He has continued properly to make representations on behalf of the unions and workers involved. I am sure that he will welcome this in two respects: first, we are devolving these jobs to the regions of England, out of the south-east and the London area, where jobs and job opportunities are more plentiful; and secondly, those jobs are going to the front line.

In respect of written statements and oral statements, we have adopted written statements, as everyone is aware, instead of planted questions, which was the tradition of previous Governments. That is much more transparent, up front and clear. Obviously, the balance between written and oral statements is a matter for the Secretary of State to judge initially. Of course, if Members have any complaints, they are entitled to apply to the Speaker for an urgent question in the normal way.

David Cairns (Greenock and Inverclyde) (Lab): My private Member's Bill, which would afford compensation to those people who have their gas or electricity supply switched against their will and without their consent, is unlikely to become law because of pressure on parliamentary time. In the absence of further legislation on this matter, can the Leader of the House assure me that the Government will continue to take a dim view of those utility companies that send door-to-door salespeople around the streets of our constituencies, hoodwinking elderly and vulnerable people into switching their gas and electricity supply, and getting away scot-free?

Mr. Hain: Yes, I very much agree with my hon. Friend. He is right to remind us that the practice continues whereby high-pressure salesmen are going around, preying particularly on elderly and vulnerable citizens, and seeking to bamboozle them with an offer that often turns out in practice not to have been as advantageous as the one that they were getting. We must make sure that that is stopped. The Secretary of State will have carefully noted his comments.

Mr. Clive Betts (Sheffield, Attercliffe) (Lab): With your indulgence, Mr. Speaker, may I thank my right hon. Friend? Last week, at business questions, I drew to his attention the fact that the Government office for Yorkshire and the Humber was holding up a major inward investment in my constituency. On Tuesday, just a few days later, there was an announcement that that obstruction had been removed, and that there will now be a £100 million investment by Polestar, creating 1,000 jobs. I thank him for any influence that he brought to bear.

Can we therefore have a debate on another success story? In March this year, in Sheffield, fewer than 10 people were waiting more than nine months for an operation. The target is that by the end of next year, no one will be waiting longer than six months for an operation. By comparison, only a few years ago, people used to come to my surgery complaining that they were waiting two years and longer, particularly for orthopaedic operations. It would be good to have a debate on that important subject, and I am surprised that the shadow Leader of the House is not at the forefront of those who are asking for it.

Mr. Hain: It is interesting, as my hon. Friend points out, that that is not one of the Opposition day debates. The Government's policy of bringing waiting times down progressively to 18 weeks over the next few years is very exciting and is giving massive opportunity to patients and those in need of health services. In respect of his constituency matter, his experience over the last week is a great advertisement for the value of business questions, and for the power of Back Benchers to ask business questions and to change practice and policy, almost miraculously, within days.

ROYAL ASSENT

Mr. Speaker: I have to notify the House, in accordance with the Royal Assent Act 1967, that Her Majesty has signified her Royal Assent to the following Acts:

Gender Recognition Act 2004
Higher Education Act 2004
Mersey Tunnels Act 2004
Ipswich Market Act 2004

Zimbabwe

Motion made, and Question proposed, That this House do now adjourn.— *[Charlotte Atkins.]*

[Relevant documents: The Eighth Report from the Foreign Affairs Committee, Session 2002–03, HC 339, on Zimbabwe, and the Government's response thereto, Cm 5869.]

1.15 pm

The Secretary of State for Foreign and Commonwealth Affairs (Mr. Jack Straw): It is the great misfortune of the people of Zimbabwe that Robert Mugabe's regime has no regard for human rights, the rule of law, or the responsibility of government to provide competent economic management. A comparatively prosperous country has been plunged into poverty by the recklessness of its ruling party. Members of the Zimbabwean opposition have been subjected to persistent violence and intimidation. And on the country's farms, regime thugs have subjected owners and workers, the great majority black, but also white, to a campaign of terror. Throughout, the Government of Zimbabwe have acted in defiance of the international community and have used every device to present problems of their own making as the fault of the former colonial power, the United Kingdom. Let me start by briefly recalling the context.

As the House is aware, the Lancaster house conference in 1979 brought independence to Zimbabwe after a long and bloody conflict. One of the main issues at Lancaster house was land reform, and the agreement set out a clear pathway, based on justice and the rule of law, for land ownership in Zimbabwe to be extended. The British Government at the time made it clear that no one donor, including the UK, could pay for the entirety of such a process, but they did commit £47 million to land reform over the following years. It is a mark of the Zimbabwean Government's failure over that period that they handed back £3 million of that £47 million, because they had insufficient projects on which to spend it—a sign that until the late 1990s, the process, whose pace was dictated by the Zimbabwean Government, had been progressing at a relatively modest pace and with a low political priority. This coincided with years of growing prosperity for Zimbabwe.

The idea that this was some kind of golden age for Mugabe's Zimbabwe is false, however. His brutality and desire to stifle opposition by any available means was also increasingly clear. During the 1980s, some 20,000 people were massacred by North Korean-trained soldiers in Matabeleland—atrocities that went largely unremarked by the British Government of the day. Those massacres were only ended when the ZAPU party of Joshua Nkomo was subsumed within Robert Mugabe's ZANU-PF, beginning a virtual one-party state in Zimbabwe, which lasted for some 10 years.

Sir Patrick Cormack (South Staffordshire) (Con): The Foreign Secretary is perfectly correct to place it on record that the British Government of the time did not make the protest that they should have done. But will he also put it on record that nor did the Opposition at the time?

Mr. Straw: We have looked through *Hansard*, and the hon. Gentleman makes a reasonable point, but it was the Government who had the responsibility—I am sure that a point will be made back to me in a moment. There were Adjournment debates about the massacres in Matabeleland, and the response was remarkably muted, not least because of the reassuring words that the House were offered. Speaking in 2002, Lord Howe said of that period that it was

"a difficult situation for Mr. Mugabe to handle."

At the time, in response to a debate initiated, I think, by a Labour Opposition Member, the then Minister of State in the Foreign Office, Malcolm Rifkind, said:

"We recognise that the Zimbabwe authorities face a security problem in Matabeleland."—[*Official Report*, 25 May 1984; Vol. 60, c. 606.]

Perhaps they had faced a security problem there, but massacring 20,000 people is no response to a security problem in any civilised country.

Mr. Frank Field (Birkenhead) (Lab): Will my right hon. Friend give way?

Mr. Straw: I should like to make a little progress.

Serious opposition to Mugabe's rule emerged again in the late 1990s with the formation of the Movement for Democratic Change, led by Morgan Tsvangirai. The MDC's influence became clear in 2000, when a referendum on constitutional changes saw ZANU-PF's first-ever defeat in a popular poll. This time Robert Mugabe responded to opposition to his rule by seizing on the issue of land reform, breaking away from the pathway based on the rule of law which had been agreed at Lancaster house—by him—and beginning a policy of violent appropriation.

So great was international concern at this that President Mugabe reluctantly agreed that his Foreign Minister, Stanislaus Mudenge, would meet a delegation of Commonwealth Foreign Ministers in Abuja in September 2001, under the aegis of President Obasanjo of Nigeria. I attended that meeting on behalf of the United Kingdom. After some very tough negotiations, we agreed a deal—between the six Commonwealth Ministers and the Zimbabwean Foreign Minister—to end the crisis. The text is available. The deal was that the international community would provide further money for land reform in exchange for a return to the rule of law in Zimbabwe. I, as it were, put a cheque from the British Government on the table.

Mugabe, however, quickly reneged on the agreement, not least because international focus was rapidly moving elsewhere following the atrocities of 11 September, five days later, in New York and Washington. The farm invasions and human rights abuses that had preceded the Abuja meeting were swiftly resumed, and the abuses continue today. They form part of a wider picture of disastrous policies in Zimbabwe, which have brought economic ruin on a once prospering country: a man-made tragedy which Zimbabwe could and should have avoided.

Mr. Field: I am grateful to my right hon. Friend for not giving way earlier, because what he has said strengthens my point.

Not many Labour Members are now happy to defend the Government's stance on Iraq in public, although I am one. One of the points that is always thrown at us at

public meetings is that the Government were resolute in Iraq but lack that resolution in Zimbabwe. What are we going to do, apart from organising protests, to stop the genocide that is unfolding before us?

Mr. Straw: I am deeply grateful for my right hon. Friend's support on Iraq, although I must add that he is in good and wide company. *[Interruption.]* Yes, and deep. I shall offer him some counsel after the debate.

What my right hon. Friend is displaying is, of course, frustration. But although what is going on in Zimbabwe is appalling, the present situation—in terms of human rights—is not as terrible as that of the mid-1980s, when the then Government sat on their hands. Nor is it as terrible as what happened under Saddam's regime, over 35 years, on any scale. We should be clear about that. We have not been able to do everything—and I shall deal specifically with what my right hon. Friend has in mind—but that does not mean that we have not been able to do anything.

Ms Sally Keeble (Northampton, North) (Lab): Rather than making a comparison with Iraq, will my right hon. Friend consider western Darfur, where the international community has been extremely effective—hopefully, at least—in putting pressure on the Sudanese Government to deal with their humanitarian problems, to give the people protection and food, and to allow aid to go in while the political situation is being resolved?

Mr. Straw: As I shall explain, we have done a huge amount to build up international consensus. There are limits to that, but if we had not worked by engaging fully with the European Union and the Commonwealth we would have been able to do far less, however loud our protests. I might add that one of the reasons why the full extent of Mugabe's economic policies is disguised is the extent, and relative efficiency, of the food aid that we are providing. That has not been the case in respect of western Darfur.

Sir Nicholas Winterton (Macclesfield) (Con): Will the Foreign Secretary give way?

Mr. Straw: I will give way once more; then I must make some progress.

Sir Nicholas Winterton: The Foreign Secretary rightly mentioned the massacre in Matabeleland in 1983. Some Conservative Members made representations to the Government, not least by tabling questions. I deeply regret the fact that the Government of the day did not act to deal with what was clearly happening, for whatever reason—in my view, a lack of moral principle. Will the Foreign Secretary now announce that additional action will be taken to help the poor people of Zimbabwe?

Mr. Straw: I will set out the action that we are already taking, but I have no announcement to make about additional action. The action that we have taken was dependent not on a debate, but on a clear analysis.

The hon. Gentleman was right in saying that he has been consistent in his representations about what has happened in Zimbabwe. Indeed, I have before me a question he put to the then Foreign Secretary, Geoffrey Howe, on 22 February 1984. He asked a fine question; I am afraid he received a dead bat of an answer.

Mr. Nick Gibb (Bognor Regis and Littlehampton) (Con): Will the Foreign Secretary give way?

Mr. Straw: I want to make some progress. I may be able to take an intervention later.

Let me spell out the facts. Three quarters of the Zimbabwean population are now living below the poverty line. Some 7 million people have required food aid in recent seasons, in a country which only a few years ago exported food to its neighbours. But despite the evidence of another humanitarian crisis in prospect for this year, the Government of Zimbabwe claim that international food aid will not be needed. That decision not to ask for assistance will make it difficult for donors to deliver an effective international response if and when food aid is in fact required.

Alongside his disastrous policies, Mugabe's ZANU-PF party continues to suppress all opposition to his rule. Both print and broadcast media in Zimbabwe are now virtually a Government-controlled monopoly. The judgment in the trial of opposition leader Morgan Tsvangarai has still not been handed down, although the trial itself concluded months ago.

The Zimbabwean authorities also continue to devise new powers to stamp out legitimate opposition, such as detention for up to a month without trial, which could be used to suppress dissent and protest. According to a report issued by a South African-based non-governmental organisation last March, 90 per cent. of opposition MPs in Zimbabwe have been subjected to human rights violations since 2000: 16 per cent. have been tortured, 24 per cent. say that they have suffered assassination attempts, and three have died as a result of assaults.

Mr. Gibb: In March this year, the Prime Minister made an important speech on global terror in which he, in effect, announced a new doctrine of intervention in cases in which states

"oppress and brutalise their people",

which he rightly saw as a future source of international terror. That was an impressive and important speech, but I am unclear about how the new doctrine applies to countries such as Zimbabwe, particularly in view of other international commitments in respect of our troops.

Mr. Straw: I shall go through the things we have done, and the things we are not going to do, in a moment. If we are to deal with the Zimbabwe issue, however, we must avoid doing what Robert Mugabe wants most, and making this a bilateral dispute between the United Kingdom and Zimbabwe. That is at the heart of Mugabe's strategy.

Of course the purpose of debates in the House of Commons is to ensure that Ministers are accountable and doing what the House wants, and there should be proper debate. But I urge those who feel that we have not done enough—I believe that we have done all we could reasonably do, and more—to think about the

[Mr. Straw]

implications of suggesting that there are things we could do that would not work, and would have exactly the effect that Mugabe seeks.

I am aware of the point that the hon. Gentleman is making. Indeed, the right hon. and learned Member for Devizes (Mr. Ancram) has made the same point—that because of our policy of having had to carry out armed intervention in countries such as Iraq, Afghanistan and the example he used, Kosovo, we should consider the notion of what amounts to armed intervention in respect of Zimbabwe. I ask right hon. and hon. Members to make it clear when they speak what they are asking for. We need to know whether armed intervention is on their agenda—that is fundamental to our having an effective debate. If they are not calling for armed intervention, the Opposition must accept that they are trying to score some points on this issue without having a clear strategy.

I recall that the right hon. and learned Member for Devizes put to me a series of points on Zimbabwe, saying that we ought to follow the example of Kosovo. After he had made those points, I wrote to him to ask whether he was proposing that the United Kingdom take military action against Zimbabwe. He wrote back to me to say that no, he had never suggested that. If that is the case, what on earth was the point of raising the example of Kosovo? The difference between Kosovo and Zimbabwe is that in Kosovo we contemplated and took action, whereas we are not contemplating taking military action in Zimbabwe, nor do we have any intention of so doing.

Donald Anderson (Swansea, East) (Lab): Is not the danger of what the Opposition are saying that unrealistic expectations will be raised? There is no chance of any neighbouring country providing bases, and that is apart from the point that my right hon. Friend makes about this situation being construed as a bilateral dispute. Will he also confirm that there is no realistic prospect of the matter even reaching the agenda of the United Nations Security Council because of African opposition?

Mr. Straw: Indeed, and I shall come on to that, but first it is worth my recording some of the points that the right hon. and learned Member for Devizes made. In August 2002, he asked what the difference was between ethnic cleansing and state torture in Kosovo and Zimbabwe, and why the Government had been so keen to act in Kosovo and yet were so inactive on Zimbabwe. Given that we have done a great deal in respect of Zimbabwe apart from military action, the clear implication of that question was that the right hon. and learned Gentleman was proposing military action in Zimbabwe. On 1 April last year, he said again:

> "We acted in Kosovo because of unacceptable floutings of human rights ... The oppressed and persecuted people of Zimbabwe ... see nothing post-colonial in asking us to intervene; rather, they see it as a moral obligation".—[*Official Report, Westminster Hall*, 1 April 2003; Vol. 402, c. 209WH.]

I have to say, however, that I have received no invitations from anyone in Zimbabwe, least of all the Movement for Democratic Change, for us to take military action.

In February, the right hon. and learned Gentleman said that we had to look at all the options. When I finally pinned him down, he said that he had not called for military action in Zimbabwe. Just to pick up on the point that my right hon. Friend the Member for Swansea, East (Donald Anderson) was raising, what on earth could the right hon. and learned Member for Devizes have been calling for if he was raising the Kosovo example except military action, given that the difference between the treatment of Zimbabwe and Kosovo was military action?

Mr. Michael Ancram (Devizes) (Con): I am grateful to the Foreign Secretary for giving way, but it is quite obvious that he has so little to say about what the Government are going to do in Zimbabwe that he is fabricating a case to which he can then try to provide an answer. May I make it absolutely clear, as I have on a number of occasions, that I have never suggested military intervention in Zimbabwe? I ask the right hon. Gentleman again this simple question, which is an important one in terms of human rights: what is the difference between ethnic cleansing in Kosovo and ethnic cleansing in Zimbabwe?

Mr. Straw: Of course the right hon. and learned Gentleman understands that where there is ethnic cleansing, there is ethnic cleansing. The really serious ethnic cleansing—given that he wishes to lower this debate to a partisan knockabout—took place when he was supporting a Conservative Government in 1985, when 20,000 died in what was plain ethnic cleansing. The then Government, far from taking military action against the Mugabe regime, applauded it and said, "Oh well, they've got a bit of a security problem."

I shall just run through what we have done in respect of Zimbabwe, which might assist my right hon. Friend the Member for Birkenhead (Mr. Field) and others. We have kept thousands of Zimbabweans alive by providing food and other humanitarian help. We are the biggest cash donor of all and have spent £67 million on humanitarian and food aid since 2001. We have helped Zimbabwe's many AIDS victims, and our programme to help those suffering and those left behind has involved expenditure of £26.5 million so far. There are more than 700,000 AIDS orphans in Zimbabwe. We are actively supporting those working for peaceful change in Zimbabwe: lawyers, trade unionists, civil rights activists, the free media and Members of Parliament. We have given asylum to those persecuted by Mugabe and allowed others at risk to remain in the United Kingdom for now. At the same time, we have borne down hard on illegal immigration with the introduction of a visa regime. We have helped the large community in Zimbabwe with ties to the United Kingdom by maintaining a full embassy and consular service to them.

In terms of international action, we have hit Mugabe where it hurts through a travel ban and asset freeze on him and his henchmen. We know that they hate the ignominy and inconvenience that that brings them. I can tell my right hon. Friend the Member for Birkenhead and others who have raised this point that we have been in the lead on sanctions against Zimbabwe. They were only going to be effective if we had international consensus. We could easily have put sanctions on Zimbabwe's political elite ourselves, but that would

have raised the question, "Well, so what?" If those people had then been able to travel to every other country in the European Union and to the United States, and had suffered no opprobrium from the Commonwealth, it would have been we who were mocked, not Mugabe.

However, the effect of our engagement in the European Union, and of a great deal of effort, has been that we have got the other countries of the EU—initially 15 and now 25—many of whom know very little about Zimbabwe, and for whom it is not a particular issue because they have no history with it, to accept our case for sanctions against the Zimbabwe elite, in the face of quite strong African lobbying. I got those sanctions introduced in 2002, at a time when relations with Germany and France were difficult, and we got them tightened last year and extended this year. We have also persuaded the United States to introduce a similar embargo—

Mr. Richard Spring (West Suffolk) (Con): The right hon. Gentleman persuaded the United States?

Mr. Straw: Yes, we did. We worked very hard with the United States, and I worked very hard with Secretary Powell, to achieve that. Alongside that, we managed to get the Commonwealth to take tough action on Zimbabwe, which led initially to its suspension from the councils of the Commonwealth because it had failed to run its elections properly. Then, because of a further, tough decision in November 2003 by the Commonwealth Heads of Government, led courageously by President Obasanjo of Nigeria, the Zimbabweans decided to pull out of the Commonwealth altogether rather than continue to accept sanctions.

In addition, we have established an arms embargo in respect of Zimbabwe, again throughout the European Union. That would have been easy for us to do, but ineffective. However, it is effective with 15—and now 25—European Union members, and it is hobbling the Zimbabwean military where it hurts.

Mr. Frank Field: I thank the Foreign Secretary for the sanctions that have been applied to some people to restrict their travel. When hon. Members from both sides of this House met some Zimbabwean opposition members, they asked us for a modest extension of the list of such people. Is my right hon. Friend saying that he just does not command the support among our European colleagues to achieve a modest extension to the list of people to whom the travel restrictions should apply?

Mr. Straw: We are always open to proposals. We obtained quite a substantial extension this year when the sanctions came up for renewal, and we would be happy to consider any future suggestions from my right hon. Friend.

Kate Hoey (Vauxhall) (Lab): Is my right hon. Friend saying that on no occasion would this country feel that, as a country with a particular historical relationship with Zimbabwe, we could go a little further than the European Union? I am thinking particularly of the Ministers in the Mugabe Government whose children are being educated privately in this country, while the children of the vast majority of Zimbabweans cannot even get to schools because Mugabe has closed them.

Mr. Straw: I am not saying that there would be no such occasion. We go further than our European Union colleagues in many ways, and we are always open to proposals for extending bans, although it happens that the legal base for bans is different depending on whether we are acting bilaterally or through the European Union as a whole. I thought carefully about the issue of families when it came up. Generally, I think that we should target the real evildoers and decision makers rather than their families, but I accept that the House might have a different point of view on that issue.

Mr. Gerald Howarth (Aldershot) (Con) *rose—*

Mr. Straw: I shall give way to the hon. Gentleman and then I shall get on with my speech.

Mr. Howarth: I am very grateful to the Foreign Secretary for giving way. He said earlier that one of the actions taken by the British Government was to provide Zimbabwe with food aid, but is it not the case that some 90 per cent. of such aid is not reaching the proper recipients? What can he tell us about that, and is he aware that according to the shadow justice Minister of the Movement for Democratic Change, David Coulthard, during the Lupane by-election people were being told that unless they voted ZANU-PF, they would not get food aid? What are the Government doing to ensure that the food aid given by the British people gets to the people of Zimbabwe who need it?

Mr. Straw: We are aware that people have been intimidated by being told that unless they vote in a particular way, they will not get their food aid. At the same time, the hon. Gentleman's suggestion that 90 per cent. of food aid does not reach its intended recipients is wrong, according to the best information that we have. The World Food Programme monitors such aid very carefully and most of it gets to the intended recipients, but that does not mean that the hon. Gentleman's first point is inaccurate. There is plenty of evidence of people being intimidated and encouraged, as it were, to change their political approach in return for food aid.

Sir Nicholas Winterton *rose—*

Mr. Straw: If the hon. Gentleman will allow me, I want to deal with an issue that is central to this debate, and which my right hon. Friend the Member for Birkenhead raised earlier: the role of the international community, particularly the United Nations.

We were able to take action in respect of Iraq because of its defiance of mandatory UN Security Council resolutions. My right hon. Friend the Member for Birkenhead is familiar with the story. Also, we took action in Afghanistan in pursuit of instructions from the Security Council, and in respect of Kosovo, although there was a period when we were acting without direct mandate; that action was endorsed by the Security Council retrospectively.

There has been no Security Council resolution in respect of Zimbabwe, and let me explain to the House why. We discuss Zimbabwe with the United Nations

[Mr. Straw]

very regularly—particularly with the UN secretariat and agencies—and it is fully aware of the situation. Its own programmes are very actively engaged in providing food and other aid.

For three years, at the instigation of the United Kingdom, the European Union has tabled a resolution in the United Nations Commission on Human Rights, drawing attention to the widespread violation of human rights by the Government of Zimbabwe. Regrettably, other African members of the UNCHR have used procedural motions to block discussion of those resolutions. That highlights the fact that many countries, including Zimbabwe's neighbours, see the situation differently from us. Exposing those differences in a body such as the UNCHR is one thing; but it is my belief that it would be counter-productive to do so in so high-profile an arena as the UN Security Council, as some Members have suggested doing. I am as certain as I can be that President Mugabe would dearly like us to seek action by the Security Council and then fail, as that would deliver him the propaganda coup of exposing divisions within the international community. Our view is that doing so now—to try but to fail—would put the cause of democracy in Zimbabwe back, not forward.

I have spelled out the action that we have been taking, and that remains the case. *[Interruption.]* The right hon. and learned Member for Devizes makes some comment from a sedentary position, but there is a question that he must deal with. He will doubtless imply that what we need to do is to invade Zimbabwe, but we are not going to do so. If he is not suggesting that, he needs to say exactly what his proposal is and how it differs from what we have undertaken. In all the huff and puff that we have heard from him in the past three years, he has never come up with a single constructive proposal. Either we have already put what he proposes into practice, or it cannot be put into practice because of a failure to obtain international consensus.

The second thing that the right hon. and learned Gentleman will say is, "Take it to the United Nations." Of course we would take it to the UN if we thought that doing so would help. But our judgment is that, far from helping, taking it to the Security Council—still less to the General Assembly—and then failing would actually undermine the cause that we all seek: a democratic and free Zimbabwe. He might wish to address that point.

Tony Baldry (Banbury) (Con): Perhaps we can all agree on the fact that Zimbabwe is a test for Africa. There is no value in the New Partnership for Africa's Development if Africa itself is not going to try to sort out the problems of Zimbabwe. Can we not agree that Presidents Mbeki, Obasanjo and Museveni need to address this issue, which is primarily one for Africa? If they cannot address it, there is very little that can be done for Africa. All that we are doing through the European Commission, on international development and in terms of meeting the millennium development goals will be as nothing without that. So can we in this Chamber please agree that this is a challenge for Africa and our Commonwealth colleagues in Africa?

Mr. Straw: I agree entirely with the hon. Gentleman: it is indeed a test for Africa. However, the right hon. and learned Member for Devizes is trying to suggest that it is somehow a test for this country or this Government. We are there to help, but as the hon. Member for Banbury (Tony Baldry) so wisely and shrewdly pointed out—I hope that the right hon. and learned Member for Devizes is listening—the idea that the United Kingdom, as the former colonial power, and in the absence of an African consensus to get to grips with a problem that stares it in the face, can take action beyond that which we are already taking is pie in the sky. That raises expectations beyond the point at which they can be fulfilled, but worse still, it feeds the Mugabe propaganda that we still hanker after exercising some kind of imperialist, colonialist power there, or that we still have it.

Several hon. Members *rose—*

Mr. Straw: I give way to my right hon. Friend the Member for Swansea, East.

Donald Anderson: I want to reinforce my right hon. Friend's point. When the Foreign Affairs Committee recently visited New York, we sought advice on this point in particular, not only in respect of our own mission but of many others. It was absolutely clear that there was no prospect of getting such action on to the agenda, so to suggest or infer otherwise is not only gesture politics but wholly ineffective and counter-productive.

Mr. Straw: I shall now give way to my hon. Friend the Member for Sittingbourne and Sheppey (Mr. Wyatt).

Mr. Derek Wyatt (Sittingbourne and Sheppey) (Lab): If the Commonwealth Heads of Government meeting did actually agree that President Obasanjo of Nigeria is to be in charge of talking to Mugabe regularly, how many times has he visited Zimbabwe since December and how many times per week is he in touch? It seems to us that things have got much worse since December. What on earth can we do, given the circumstances?

Mr. Straw: President Obasanjo has been very active and courageous on the issue of Zimbabwe as he has on so much else, including the deep challenges affecting his own country. But the responsibility for such matters lies not just with President Obasanjo; it also lies with other African leaders. The Prime Minister and I have had an ongoing dialogue with President Mbeki of South Africa and his Foreign Minister, Nkosazana Zuma, and we have encouraged them to shift their position. We respect the view that they are taking but we do not altogether agree with it. However, in the end South Africa is the sovereign nation next door to Zimbabwe, and it is suffering worse than we are from the effects of mismanagement in Zimbabwe. But we have encouraged President Mbeki to continue with the private talks between the Movement for Democratic Change and ZANU-PF that he says have begun to develop. We have yet to see a positive result, but if they produce one we will be the first to cheer.

David Winnick (Walsall, North) (Lab): Mugabe is a notorious tyrant, as we all know, and he knows the loathing that Britain has for him. On the question of

consistency, is my right hon. Friend aware that when Labour Members repeatedly raised the issue of the police state under Smith in the 1960s and the action that was required, the then Conservative Opposition were totally opposed to tough sanctions, and argued time and again that sanctions were ineffective and should not be applied against the illegal regime? At least we are consistent in opposing every form of tyranny.

Mr. Straw: I do indeed remember that, and the failure of Governments to take action at that stage against the regime of Ian Smith laid some of the foundations for the political instability that has followed.

Sir Patrick Cormack: The Foreign Secretary knows that I entirely accept his good faith, and that I do not try to score silly points. He would surely agree that it is important for the Government to bring up all violations with the Zimbabwean representative in this country, the ambassador. I wrote to the right hon. Gentleman's Front-Bench colleague, the hon. Member for Sunderland, South (Mr.Mullin), about that, and received a letter saying, "I do not believe that raising this issue with the ambassador will lead to any change in Zimbabwe policy." Well, it may not, but that is no excuse for not highlighting violations. I am talking about the closure of Peterhouse school and the imprisonment of the rector, the headmaster, which is depriving black children of the opportunity to go there. That amounts to a real violation. Whenever such matters are drawn to the Foreign Secretary's attention, will he please ensure that the ambassador knows how we feel?

Mr. Straw: I have not seen the exchange of correspondence, but I think that the hon. Gentleman makes an entirely fair point—and the answer to his question is yes.

I have spelled out a list of 10 actions that are designed to keep Zimbabweans alive, to help its AIDS victims, to support those working for peaceful change, to give asylum to those persecuted by Mugabe, to help the large community in Zimbabwe with ties to the United Kingdom, to hit Mugabe where it hurts, to hobble the Zimbabwean military, to build and lead an international coalition against Mugabe and to make clear our readiness to help rebuild Zimbabwe.

As I have already said, there are three things that we are not going to do. First, we will not impose economic sanctions on Zimbabwe since this would only hurt ordinary Zimbabweans. Secondly, as we have spelled out, we will not send in troops—for reasons that I hope that the whole House accepts. Thirdly—I invite the right hon. and learned Member for Devizes to take note—we will not play Mugabe's game by making this a "UK versus Zimbabwe" issue. We are stronger and he is weaker when we are part of an international coalition for change, not running our own isolated campaign.

Before I conclude, I would like to deal with the issue of cricket tours. I know that hon. Members are concerned, as I am, both about the England tour to Zimbabwe this winter and about Zimbabwe's participation in the champions trophy one-day tournament in London this September, to which my hon. Friend the Member for Vauxhall (Kate Hoey) has drawn the House's attention.

On 10 June, a sub-committee of the International Cricket Council recommended that Zimbabwe's test matches scheduled for the rest of this year should be deferred. That period covers the planned England tour. It happens that today, as we conduct our debate, the ICC is deciding whether to ratify the recommendation. Even if it does, let me make it clear that that would affect the test series in Zimbabwe, but not the one-day games to which the England and Wales Cricket Board is also committed. The Government's position remains clear: we do not have state-run sport in this country, nor would we want it. Decisions on cricket tours are rightly for the cricket authorities to take.

On the visit of the Zimbabwean team to England, we do not believe that stopping Zimbabwean cricketers from travelling to the UK will advance our cause or the cause of the Zimbabwean people, any more than it would have been appropriate to have banned the Zimbabwean team from the Commonwealth games. They came over here and took part in those games. The EU travel ban is rightly targeted not at sportsmen and women, but at members of the regime.

Kate Hoey: Is not the difference between cricket and other sports in Zimbabwe the fact that cricket, very specifically, has been used by Mugabe as a tool for developing his own political purposes? He is the patron—more than the Queen here—of cricket and he has abused that fact. That is why it is unacceptable to have a Zimbabwean team coming here in the name of the country and Mugabe. It is certainly not acceptable for them to come into my constituency to play at the Oval, surrounded by hundreds of Zimbabwean asylum seekers.

Mr. Straw: Any visit here by the Zimbabwean cricket team is likely to engender very strong feelings and possibly peaceful protest, which is the inherent right of anyone living in a democracy. That is different from saying that we should ban the team from coming here. One of the tests of a Government in a democracy is whether they allow to take place all sorts of things with which they happen to disagree rather than agree. I take careful note of what my hon. Friend says about her constituency because I happen to live in it and I have been well represented by her over many years—

Mr. Gerald Howarth: Especially on fox hunting.

Mr. Straw: Yes, we could do with a bit of fox hunting in the backstreets of Lambeth, given the large number of foxes there. Leaving that issue aside—

The Parliamentary Under-Secretary of State for Foreign and Commonwealth Affairs (Mr. Chris Mullin): Yes, please.

Mr. Straw: I hear my hon. Friend say, "yes, please". So leaving that aside, of course I am aware of the concerns of my hon. Friend the Member for Vauxhall, but I ask her to take account of the fact that what people feel and what individuals do by way of protest is different from the issue of whether Governments should use their authority to stop people travelling.

[Mr. Straw]

I have set out in the debate all the actions that we are taking. I am extremely happy to listen carefully to proposals from both sides of the House about what further action we could take. We have never dismissed ideas or proposals for further action just because we have not, as it were, invented them. That is not and never has been my approach to government. So far as we can judge, however, I believe that, in the current circumstances, we are doing almost all that we could do.

We support those in Zimbabwe who are working for the return of democracy, human rights and the rule of law. So, along with the rest of the international community, we are offering political and practical support to those who oppose the regime and are working for peaceful change. We stand ready to work with any Administration in Zimbabwe who have been democratically elected through a free and fair vote, and who are committed to respecting human rights and the rule of law and to addressing poverty.

We recognise that such a Government would need the full support of the international community in rebuilding the country. We would expect to play an important role in any credible recovery programme, and we are already in discussion with other international donors—including the European Commission, the United States and the World Bank—to prepare contingency plans for rebuilding Zimbabwe's economy and institutions, once democracy has been restored.

I am clear that, however long it takes, this great country will once again have a bright future as a democracy. Achieving that democracy will remain the focus of the Government's policy. We will continue to work with the broadest international coalition to apply pressure for change, while helping to improve the humanitarian situation of the Zimbabwean people. A return to democracy and to policies that help rather than harm the poor is the best hope for the Zimbabwean people to rebuild their once prosperous country. For our part, we will do all that we can to bring such a change about.

1.57 pm

Mr. Michael Ancram (Devizes) (Con): I welcome the debate, but I have to say that it is not before time. It is, in fact, the first time during the seven years of this Government that we have had a debate on Zimbabwe in Government time. I am nevertheless grateful for it, because I think that it is important.

I genuinely hoped that the Government's belated recognition of the need to debate the issue indicated that they were at last beginning seriously to address it, but, having listened to the Foreign Secretary, I have to say that I am disappointed. He made a pathetic, complacent speech that brought no hope or comfort to the oppressed people of Zimbabwe. It was long on historical analysis and more than just short on action, given that he began by saying that he was not going to announce any further or new action. He was high on accusations of a historical nature and Aunt Sallies but low on answers and, indeed, on accuracy.

After those seven years I could indulge in a sort of "recherche du temps perdu", but it would serve little purpose because although Zimbabwe's problems are rooted in the past, they are very much current and in the future. Four years on from the last rigged parliamentary elections and two years on from the "stolen" presidential election, preparations for the next parliamentary elections are already being made. *[Interruption.]* The hon. Member for Eastwood (Mr. Murphy), sitting on the Front Bench, seems to be surprised about these facts. If he had bothered to study what has happened in Zimbabwe, he might realise how serious the situation is. The problems are not only bad, but getting worse, and they must be urgently addressed.

As the House knows, I have been talking about Zimbabwe a lot over the past two years, and I have sometimes been criticised for spending too much time on it. I make no apologies for that. Zimbabwe is not, as someone once admonished me, just another African country, on which we should not seek to impose our western values. Zimbabwe has enjoyed democracy and the rule of law. Its people have known prosperity, full stomachs and economic stability. All of that is now lost or under threat.

Nor is Zimbabwe a far-away country of which we know little. It is a country that we know well, and for which we must still feel a sense of responsibility, even if it is only a moral one. We cannot say that it has nothing to do with us and that to seek to interfere smacks of neo-colonialism. That is not what the dispossessed black farm workers told me when I met them in the woods outside Harare two years ago, and neither is it what the politicians and the many other victims of Mugabe's brutality told me. They believed that this country had a moral duty to act. They heard the Prime Minister announce as much on one occasion. They feel a sense of betrayal at what they now see as our inactivity.

The simple fact is that, month after month, the situation in Zimbabwe is getting worse. It was bad enough when I was there. I saw some pretty horrifying sights—of ethnic cleansing, political intimidation and food queues.However, my hon. Friend the Member for Buckingham (Mr. Bercow)—who cannot be with us today as he is in Darfur—visited Zimbabwe only a few months ago. The situation that he witnessed was far worse even than what I had seen. Quite simply, we are watching the birth of a failed state, the victory of crude despotism and the failure of the international community to respond sufficiently.

I am baffled by the inertia with which the international community has responded to Mugabe's vile regime. The most recent International Crisis Group report appeared on 19 April. It stated that

"the response has been inadequate and ineffectual at all levels",

and that the policies of the US and the EU

"do not begin to address the roots of the crisis."

I repeat to the Foreign Secretary that I am not advocating a military solution. I am asking for the form of international action that the ICG and other bodies are also seeking. I shall come to that a little later.

It is worth reminding ourselves of the nature of the crisis in Zimbabwe, which can best be described as a series of deficits. The first is the democratic deficit. That began with the patently rigged parliamentary election four years ago; then, two years ago, the presidential election was stolen. At the time, the Foreign Secretary admitted that the Government

"do not recognise the result, or its legitimacy."—[*Official Report*, 14 March 2002; Vol. 381, c. 1035.]

There has been a systematic undermining of the principles of free and fair elections, and the ironically named Harare principle—as well as the principles of the Southern African Development Community—have been flouted. In the past years, dishonest voter registration has allowed Mugabe effectively to rig the voter register. There has been rigged vote counting, with ballot papers going missing. There has also been voter intimidation and bribery, and the physical persecution and even murder of political opponents.

We now learn that voter registration for next year's elections has begun, without any independent supervision or verification. In one case at least, the sitting Opposition MP was not even told that the registration was happening until after it was completed. Mugabe has announced that he will have no observers in Zimbabwe for the election. The democratic deficit is almost complete.

The next deficit is the rule of law deficit. Many opposition MPs in Zimbabwe have been subject to murder attempts, torture, assaults and arrest. A recent survey of Movement for Democratic Change Members of Parliament found that 42 per cent. claimed to have been assaulted in the past four years—most commonly, as it happens, by the police—while 24 per cent. said that they had survived assassination attempts.

Because of the politicisation of the police and judiciary in Zimbabwe, there is rarely any legal comeback. Despite the immense courage of many Zimbabwean lawyers, the once proud rule of law in Zimbabwe lies in tatters. The independent judiciary used to be one of the pillars of democracy, but it has been severely compromised, and the Bench is now packed with Mugabe supporters. The Access to Information and Protection of Privacy Act was adopted before the 2002 elections and it requires journalists to provide detailed information about themselves. If they do not do so, they will not receive a licence for journalism.

The law has been used to close Zimbabwe's only independent daily newspaper, and to arrest people on the charge of "suspicion of journalism". The state now claims a virtual monopoly of written and broadcast media, and foreign correspondents, as we know, are a thing of the past. The Public Order and Security Act restricts freedom of association. The Government in Zimbabwe have used it to stamp out any form of activity or protest by opposition groups. The rule of law has been exchanged in Zimbabwe for the rule of tyranny and the organised mob.

Another deficit is the law and order deficit. Mugabe has skilfully created a society in which his orders to kill, maim and destroy are easily carried out. His private militia—the so-called Green Bombers—are, quite simply, evil. The methods in which they are trained in the special camps to which they are often abducted include systematised violence, organised rape and brutal abuse and humiliation. The first-hand accounts from some former members of the green bombers who have fled to South Africa are chilling.

Then there is the economic and social deficit. Zimbabwe's economy is among the fastest-shrinking in the world. Unemployment has risen to more than 70 per cent. As recently as 1997, Zimbabwe was twice as rich as the median sub-Saharan nation, but now it is crashing. Inflation still rides high at over 440 per cent., gross domestic product has shrunk by one third in five years, and the black-market exchange rate still flourishes, despite legislation to outlaw it. At the official exchange rate, £1 is worth 815 Zimbabwean dollars. On the black market, £1 buys 7,000 Zimbabwean dollars.

Now we hear threats of the wholesale nationalisation of agricultural land, even though current land seizures have already led to the collapse of Zimbabwe's once prosperous agriculture sector, with all the attendant consequences on food production.

There is, of course, the humanitarian deficit. Zimbabwe has lived on food aid since 2001. Last year, 6.5 million people, more than half the population, depended on international help. Mugabe is now refusing help from the UN's World Food Programme. Regime officials say that Zimbabwe will have a bumper maize crop this year of 2.4 million tonnes—more than enough to meet domestic needs. People who believe that will believe anything.

A report from the Zimbabwe vulnerability assessment committee—incidentally, that is a Government body—concludes that 2.3 million people in rural Zimbabwe

"will not be able to meet their minimum cereal needs during the 2004–05 season."

We all know why Mugabe lies. He knows that, by keeping the UN and aid agencies out of Zimbabwe, he can ensure that his regime controls all food aid. Mugabe thinks he can feed his people by doing black-market deals to buy grain and then tell the world that it is home grown.

Donald Anderson: Will the right hon. and learned Gentleman give way?

Mr. Ancram: I will in a moment, but I want to finish this point.

It is of serious concern that two American companies are in cahoots with Mugabe. Sentry Financial Corporation and Dimon Inc. are involved in the tobacco-for-maize scam. I hope that the Select Committee on Foreign Affairs, which the right hon. Member for Swansea, East (Donald Anderson) chairs, will investigate that scam as, surprisingly, our Government do not seem to know about it. On 24 June, Baroness Amos told the House of Lords:

"I am aware of the rumours with respect to Zimbabwe selling tobacco in exchange for maize."—[*Official Report, House of Lords*, 24 June 2004; Vol. 662, c. 1345.]

The reports are not rumours, though: they are real. At least the US authorities are aware of what is happening, and the US Congress and Treasury are now investigating the two firms involved.

Donald Anderson: The right hon. and learned Gentleman is doing well with his description of the crisis. Is not another reason why President Mugabe and his regime have failed to recognise the existence of the crisis that, if they did so, they would have to recognise the total failure of their programmes?

Mr. Ancram: When I was there, my impression was of a tyranny that was trying to oppress its people and to get the world to avert its gaze. I shall tell the House about one of the things that touched me most. I met some black farm workers who were living in the woods. They were destitute, lacking clothes, food or houses. Their children's schools had been closed. As I left, one said to me, "Please don't let the world forget us." That is at the heart of what we want to make sure that Robert Mugabe does not achieve: he must not make the world forget about what is happening in Zimbabwe.

There are other huge problems in Zimbabwe. AIDS is rife: one third of the population has HIV. The Government's AIDS levy is failing to get through to the front-line services. Hospitals and clinics cannot afford even the most basic of AIDS testing kits.

Sometimes I wonder whether the money is actually being directed to the fight against AIDS. A recent National Audit Office report on the HIV/AIDS strategy of the Department for International Development was highly critical. It found that DFID's country assistance plans do not address the issue of HIV/AIDS consistently and that many of them

"failed to consider the effect of the epidemic on poverty reduction".

I hope that the Minister will address that specific point when he winds up later.

I turn briefly to cricket. We meet on the same day as the International Cricket Council meets to take a final view on the issue. Sometimes I am told that I should not try to bring politics into sport. In a sense, the Foreign Secretary was trying to suggest that that was what I was doing, in his attempt to make political capital out of the debate. I have not tried to bring politics into sport. This is not a question of sport versus politics. It is a question of morality versus money. Given the situation I have described in Zimbabwe, I cannot see how in conscience England's cricketers should be asked to play even one-day internationals in Zimbabwe this autumn. The tests have gone, but we are told that the one-day matches are still on. The Zimbabwe Cricket Union, whose patron—as we have been reminded—is Mugabe, has already played cynical and apparently racist politics with its own team selection. Anything that gives comfort to the ZCU or to Mugabe in terms of sport should be abandoned. The tour should not take place, full stop. The Government should clearly and unequivocally say so, and say so now. Unfortunately, we have once again had only weasel words from Ministers.

Mr. Henry Bellingham (North-West Norfolk) (Con): My right hon. Friend has summed up the point very well, but does he recall that for the South African cricket team of 30 years ago, it was the racially biased opposition to the selection of Basil d'Oliveira that led to South African cricket being outlawed and boycotted? It was the racism element that caused that, and now we see racism in the selection of the Zimbabwean team.

Mr. Ancram: I am grateful to my hon. Friend for reminding the House of that. On occasions, I have been told that the issue is purely about sport, but if one listens to the former captain of the Zimbabwean team, Mr. Streak, it is clear that there is much more to it. The sort of racist and discriminatory behaviour to which my hon. Friend refers has indeed occurred.

The greatest deficit is in the international response. I have to say that it has been lamentable. For a start, far greater pressure must be brought to bear on President Mbeki of South Africa. He must be told the bald truth that his policy of quiet diplomacy is dead and buried. What happened to his vain promise to President Bush last year that by June 2004 Zimbabwe's problems would be solved? The House will remember that promise. Deputy Foreign Affairs Minister Aziz Pahad is on record as saying again last week:

"it is clear that we will not meet the June deadline".

He can say that again, because as far as we know no talks are taking place. Mr. Pahad continued:

"I have no other alternative to quiet diplomacy, so we will continue with quiet diplomacy."

The truth is that quiet diplomacy has failed and we should acknowledge that. There are those in South Africa who courageously speak out on the matter, including not least Archbishop Tutu and opposition leader Tony Leon. We should listen closely to what they say and praise them for their courage in saying it.

I have been to New York and asked why the United Nations does not get involved. The response, I have to say, is pathetic. I am fobbed off with the answer that because the Zimbabwe crisis is an internal or domestic problem, the UN cannot get involved—tell that to some 127,000 Zimbabwean refugees who are trying to get into Botswana each month. Is the UN blind to the refugees who flee over the border to Botswana, South Africa and Malawi, bringing economic havoc in their wake? And do the demolition of human rights, ethnic cleansing, or the suggestions of genocide by starvation not concern the UN? Why is it concerned about such problems in Darfur, but not in Zimbabwe? Come to think of it, the UN response has been to put both Zimbabwe and Sudan on the UN Commission for Human Rights. Is it surprising that the people of Zimbabwe feel betrayed?

Then there is the EU and its much-vaunted sanctions, about which we heard much today. In all honesty, I have watched those sanctions in action and they are pretty toothless. The red-carpet treatment that Mugabe received in Paris a year ago was a disgrace. People in Zimbabwe ask about that when we talk about the sanctions working. It was an example of how the EU sanctions are honoured more in the breach than in the observance. That visit totally undermined the credibility of EU sanctions both internationally, and in Zimbabwe. There is a strong suspicion in Zimbabwe that some European member states tacitly wish to support Mugabe. When there is a need comprehensively to strengthen the sanctions, we hear that there are voices in the EU that are arguing that they should be abandoned—so much for a common EU foreign policy.

The EU has a real chance of imposing real pressure on the Mugabe regime. When will it accept its moral responsibilities and act effectively? The sad reality is that by the time the EU sanctions come up for review next year—by which time, the Foreign Secretary tells us, he

may have listened to further suggestions—Zimbabwe could well have become a failed state, with all the domestic and international implications of that. What defines a failed state? I shall give one definition:

"In general terms, a state fails when it is unable . . . to control its territory and guarantee the security of its citizens; to maintain the rule of law, promote human rights and provide effective governance; and to deliver public goods to its population (such as economic growth, education and healthcare)."

That is a good description of Zimbabwe today, but it is not my definition. I am sure that the Foreign Secretary will recognise those words, because he used them in a speech in September 2002. I agree with that definition. He even offered a solution. He said:

"Experience suggests that the prevention of state failure depends on a scarce commodity: international political will. If we are to secure public and international support for action, we"—

I emphasise the word "we"—

"need to make the case for early engagement much more strongly."

I totally agree, so why have the Government failed to act decisively or even to take a firm lead? Why are they reluctant to lead from the front?

Tony Baldry: The international community is making every effort in Africa with the New Partnership for Africa's Development. That is a covenant under which we provide increased development aid in exchange for Africa doing certain things—not least providing peer group review and pressure. None of that has happened yet in relation to Zimbabwe. There comes a point at which we need to make it clear to colleagues in the Commonwealth in Africa that they have a responsibility and NEPAD cannot be a one-way programme in which we do our part and they do not reciprocate. International pressure on Zimbabwe has to start in Africa itself.

Mr. Ancram: I agree very much with my hon. Friend. I have made the point on several occasions in debates on Zimbabwe that the question of peer assessment of good governance depends on the credibility of those making the assessment. If South Africa and other countries tell us that they believe that what is happening in Zimbabwe is not bad governance, I question the value of their assessments. NEPAD is meant to be a contract by which the G8 provide investment in Africa in return for good governance. I would like to see much more leadership from the G8 in reminding South Africa and other countries that if they wish to benefit from NEPAD it is their responsibility to ensure that good governance returns in Zimbabwe.

Mr. Wyatt: If we cannot achieve what we want through NEPAD—transparency and so on—would it be a solution to have a joint committee of the G8 and NEPAD, so that we could see what happened on the ground?

Mr. Ancram: That is a sensible idea. I shall set out in my concluding remarks some of the things that I think we should be doing and nothing that I shall say is inconsistent with that idea.

The UK appears to have hang-ups about taking a lead. Christopher Dell, the newly nominated next US ambassador to Zimbabwe, has no such hang-ups. He has experience in Kosovo, Mozambique and Angola. Last week, during his ambassadorial nomination hearing, he explained—and I say this with particular reference to what the Foreign Secretary said that I have said about Kosovo—

"In Kosovo, I witnessed first hand how misrule by one man and his regime in pursuit of narrow political advantage devastated the lives of millions of his citizens, both Albanian and Serb, and I'm proud to have helped in the effort to bring about Slobodan Milosevic's departure from power by democratic means."

Donald Anderson: By military intervention?

Mr. Ancram: By democratic means. I do now know where the right hon. Gentleman gets his definitions from, but that did not strike me as military intervention.

What Christopher Dell said is a clear message to Zimbabwe about America's position, which we would do well to emulate, instead of using the weasel words that we have heard again today.

David Winnick: Is it not most unlikely that, without the United States, any action could have been taken in Kosovo? Is the right hon. and learned Gentleman aware that, as a genuine friend of the new South Africa that has emerged from apartheid, I am deeply disappointed that it has not taken action. I speak as one who, with all my Labour colleagues, always wanted the destruction of apartheid. It is in South Africa's interests to act, and it is extremely disappointing that it has not done so.

Mr. Ancram: I agree. So much of what was achieved with the ending of apartheid, and in the 10 years since South Africa returned to democracy, is being undermined by the position that it is taking in relation to Zimbabwe. The legacy of Nelson Mandela, for whom I too have tremendous admiration, is being tarnished by the attitude now being taken to Zimbabwe.

What would we do? I have a five-point plan, which I believe should now be urgently considered and pursued. First—to return to what my hon. Friend the Member for Banbury (Tony Baldry) was saying—we must, if necessary by invoking the benefits of good governance in return for NEPAD aid, persuade South Africa and the other Southern African Development Community countries to insist on the SADC norms for the elections in March 2005. We must be prepared to criticise South Africa's culpable inaction in the face of Mugabe's evil.

Secondly, the United Nations should join with SADC to produce free and fair parliamentary elections in Zimbabwe by supporting any SADC benchmarks that are developed to determine whether the process is credible. I want to see SADC and United Nations teams in Zimbabwe as soon as possible to observe the entire electoral process. United Nations personnel on the ground must be demonstratively effective in their monitoring of the elections and in their humanitarian advocacy. Mugabe must never again be allowed to select which countries can send observers.

Thirdly, pressure should be brought to bear, not only by the EU but by the United States, to repeal the Public Order and Security Act and the Access to Information and Protection of Privacy Act, and amend the Electoral Act.

[Mr. Ancram]

Fourthly, there is an increasingly urgent need for EU and US-targeted sanctions to be revised and strengthened, as the hon. Member for Vauxhall (Kate Hoey) said in an intervention, to include the family members and business associates of key ZANU-PF figures. Freezing the assets of those who bankroll Mugabe would have an immediate and dramatic effect.

Fifthly and finally, it is time the British Government tabled a resolution to send United Nations observers to Zimbabwe to monitor the fair distribution of food. This would at least internationalise the crisis. The Foreign Secretary argues, as he has in the past, that we would never get a resolution through the Security Council: perhaps not, at the first attempt—but he could then persist by, as he said, making the case for engagement more strongly, and shaming those who vote against such a resolution, until he succeeds. One thing is certain above all else: if he does not try, he will never succeed.

For too long Zimbabwe has been the crisis from which the world has averted its gaze. South Africa has murmured about quiet diplomacy on the one hand, and feted Mugabe on the other. The EU has imposed targeted sanctions, which have then been more honoured in the breach than the observance, and the British Government have wrung their hands and walked by on the other side. The time of walking by is over. Zimbabwe cries out for international action, and we should take the lead in making sure that it gets it.

2.24 pm

Donald Anderson (Swansea, East) (Lab): The right hon. and learned Member for Devizes (Mr. Ancram) made a powerful speech. Certainly the description of the ills inflicted on Zimbabwe by its present leadership was powerful; much less powerful was the prescription. Each one of his five points can be examined and found to be vacuous or ineffective.

We have already said that there is no prospect of putting the subject on the agenda for the United Nations. There is the precedent of the United Nations Commission on Human Rights, where the Africans work as a bloc and prevent any such move. As the hon. Member for Banbury (Tony Baldry) rightly said, that must harm the fulfilment of the New Partnership for Africa's Development contract and the region as a whole. South Africa is losing out massively, perhaps by as much as £1 billion, and up to 3 million refugees are crossing the Limpopo border. I am not saying that we should do nothing, but we should not pretend that we can do things that we cannot, or invest money and effort in ineffective action that may make us feel better, but will not help the people of Zimbabwe in any way.

Mr. Gerald Howarth: The right hon. Gentleman is a great supporter of the United Nations, but is not what he has just said a savage indictment of the UN? Although it is so transparently obvious to the entire world that a whole country is being destroyed, the United Nations turns its gaze away and, as my right hon. and learned Friend the Member for Devizes (Mr. Ancram) said, walks by on the other side? What does that say about the United Nations?

Donald Anderson: I agree.

Mr. Howarth: What is the right hon. Gentleman going to do about it then?

Donald Anderson: We work within the multilateral framework and we try to persuade, as we have done already—but to pretend that the United Nations is likely to intervene is moonshine.

I shall now set out the involvement of the Foreign Affairs Committee on Zimbabwe. The conclusions that the all-party Committee, containing the three main parties in the House, reached were unanimous and we tried to be as realistic and powerful as we could.

First, I shall make a personal comment. I visited Zimbabwe several times in the 1980s. I helped form, and was vice-president of, AWEPAA, the Association of West European Parliamentarians for Action against Apartheid. I confess now that I was blinded—perhaps very few, apart from the hon. Member for Macclesfield (Sir Nicholas Winterton), were not—in relation to actions such as those in Matabeleland. Perhaps we were dazzled by the hopes at that time. Zimbabwe seemed to be economically stable, was exporting food to its neighbours—now it has to use its scarce resources to import food from South Africa and Zambia—and there were high hopes of positive political development. My response to the Zimbabwe tragedy is anger at what has been inflicted on a cheerful and welcoming people, and frustration at what we in the international community have been able to do to confront that tragedy.

The Foreign Affairs Committee has maintained a close scrutiny of developments in Zimbabwe, and of UK policy, for several years. We have been involved in an ongoing inquiry since 2001 and have produced three reports in the current Parliament and taken evidence on a number of occasions. Whenever possible, we have met visiting Zimbabwean leaders—obviously, mainly opposition leaders. When we visited South Africa in February, we also considered the way in which that country could have a positive impact on Zimbabwe, and made several comments and recommendations to that end.

Our unanimous conclusions in our several reports include a condemnation in the strongest possible terms of the seizure of farms, the disregard for human rights and the corrupt elections. We have generally supported the actions of the UK Government in refusing to accept the results of the fraudulent 2002 elections, and in working within the Commonwealth, the UN and other multilateral agencies to put pressure on President Mugabe. We have urged the international community, and the UK in particular, to continue providing aid to the long-suffering people of Zimbabwe and to ensure, as far as possible, that it is not diverted for political ends, as will be the real danger with the parliamentary elections next spring.

Mr. Wyatt: I confess that I have not read all three reports—I shall get a smack on the hand for that. When my right hon. Friend was taking evidence, was he able to take confidential advice from MI6? Are there surveillance pictures and photographs that show that food is being diverted, and have we ever presented them in the public domain?

Donald Anderson: We did not. We had an ongoing debate with the Government on our access to intelligence, but I suspect that Zimbabwe is not one of the priorities for the intelligence agency.

In our report numbed HC813, we concluded that "Zimbabwe deserves better". On the EU and Zimbabwe, we unanimously said that President Chirac's invitation of President Mugabe to the conference in Paris the day after the EU sanctions expired was "deeply regrettable". We were highly critical of the hard negotiations over the renewal of sanctions in 2003 and said that the UK Government needed to be more robust with France. Fortunately, such horse-trading was not repeated during this year's sanction renewals.

On the Commonwealth and Zimbabwe, we said that our Government were right to call for the suspension of Zimbabwe from the Commonwealth. We said that Zimbabwe should not be readmitted to the Commonwealth

"without a very substantial and verifiable improvement in its human rights record and major steps to re-establish democracy".

On the future, we said that the United Kingdom Government must continue to act multilaterally with Zimbabwe through the United Nations and our African allies. We should not act unilaterally because of our colonial history and President Mugabe's ability to twist any actions that we might take and use them against us. We said that the United Kingdom must be ready to respond speedily to a change of regime in Harare and, of course, that we cannot assume that President Mugabe will carry on for ever.

We published a report on South Africa and Zimbabwe earlier this year. We said that our Government and the South African Government have not seen eye to eye on the issue for some time. They share the same ambition—a return to democracy in Zimbabwe and its respect for human rights—but the South African Government have pursued a policy of quiet diplomacy that has produced no proper results. They have refused to criticise President Mugabe and have even gone out of their way to support him, as we saw at the Commonwealth conference and from the strong letter that President Mbeki sent afterwards, which led to Zimbabwe's walk out from the Commonwealth.

Tony Baldry: The Foreign Affairs Committee said:

"We conclude that if Zimbabwe's neighbours were fully to assume their responsibilities—for example, by imposing targeted non-trade sanctions similar to those already imposed by the EU, by some Commonwealth countries and by the United States—Mugabe's regime would be further isolated, his opponents would be encouraged and his days would be numbered."

How does the right hon. Gentleman envisage that our Commonwealth colleagues and others might take a policy of non-trade sanctions by neighbours forward? He has not specifically mentioned that powerful recommendation in his speech.

Donald Anderson: It is clear that Zimbabwe's neighbours respond very differently. For example, President Sam Nujoma of Namibia has always acted as a cheerleader for President Mugabe. Indeed, alarming reports suggest that he might want to follow President Mugabe down the path of the expropriation of farms, which would not only damage Namibia, but have a deleterious effect on perceptions of southern Africa as a whole. Of course, the bravest of Zimbabwe's neighbours have been Botswana and Malawi, to an extent. However, there is no consensus among its neighbours on the use of effective pressure, despite the harm that is being done. The greatest pressure can come only from its neighbours.

Sir Nicholas Winterton: I have put this question to a Foreign Office Minister during Question Time. Does the right hon. Gentleman think that restricting or cutting off electricity supplies from South Africa to Zimbabwe might have an impact on Mr. Mugabe's Administration?

Donald Anderson: It is clear that South Africa and its parastatal are owed much money by Zimbabwe, which is heavily dependent on South Africa for its energy supplies. Turning off the electricity would cause chaos, and the danger for South Africa would be that even more refugees would stream over the border. Perhaps the most powerful argument made by the politicians and others in South Africa to whom we spoke was that we in Europe could be fairly sanguine about the situation, but that they had to live alongside Zimbabwe. If the country imploded further, it would have awful effects on South Africa's economy and the refugee stream, even though up to 3 million refugees from Zimbabwe have already crossed the Limpopo into South Africa.

We were given other reasons in South Africa for the country's continued support of, or failure to deal with, the regime in Zimbabwe. We were told about regional solidarity and that it was the practice of African leaders not to criticise each other. We heard about their shared history of fighting together in a struggle, although ZANU-PF was linked with the Pan Africanist Conference at first, and was not linked with the African National Congress until much later. We were told that, on land reform, Mugabe was seen as the only African leader actively trying to reverse the colonial legacy. We were told that the double standards of the west were tough on Mugabe, but not on such issues as third-world debt. Of course, we must also take note of the popularity of President Mugabe in the ANC. Additionally, we must consider the challenge to Mugabe from Morgan Tsvangirai, a trade union leader, and the possible implications for South Africa of a trade union leader from the Congress of South African Trade Unions challenging the South African Government. However, perhaps the most powerful argument is the domestic implications for South Africa of the implosion of Zimbabwe.

We were also told that South Africa's views might have been shaped by its experience at the end of apartheid when two implacably opposed sides were brought together in private negotiations to build a consensus. Some South Africans honestly believe that the same situation can be brought about in Zimbabwe. There are rumours of secret talks between ZANU-PF and the Movement for Democratic Change being sponsored by the South African Government, but I know of no serious evidence for that. It is true that South Africa possesses many possible levers, but it is reluctant to use them because of the danger of the further collapse of Zimbabwe into anarchy. Additionally, we are told that the west overestimates the influence that South Africa has on Mugabe.

The Committee concluded that South Africa is

"acting in the manner it sincerely believes to be the most effective and the most likely to bring about"

[Donald Anderson]

change, and that it shares the same goal as the United Kingdom. We urged our Government to work closely with South Africa to achieve a solution for Zimbabwe. We returned with a greater understanding of the South African Government's policies, but we were unconvinced that our interlocutors fully appreciated the damage done by Zimbabwe's actions to perceptions of South Africa, the South African economy and the New Partnership for Africa's Development, which the hon. Member for Banbury mentioned.

The South African Development Community has played a disappointing role on the resolution of the situation in Zimbabwe. It has put no pressure whatsoever on President Mugabe to reform, and could play a more useful role. As has already been said, Zimbabwe's neighbours are not assuming their responsibilities or putting pressure on the country.

The 2003 session of the United Nations High Commissioner for Refugees saw South Africa co-ordinating an African group of members to block all debate on Zimbabwe. Such misplaced solidarity can only harm Africa as a whole, and it devalues the UNHCR.

The right hon. and learned Member for Devizes effectively chronicled the way in which the situation has deteriorated since we produced our report. There have been greater problems with the economy, government corruption, inflation and unemployment. Direct foreign investment in Zimbabwe has declined by 99 per cent. over the past three years. There is a chronic shortage of foreign exchange and last December, the International Monetary Fund initiated procedures for Zimbabwe's compulsory withdrawal from it.

The human cost is appalling. Life expectancy is 34 for men and 33 for women. Officially, about a third of the adult population is HIV-positive. President Mugabe has forecast a bumper harvest this year, but Mr. James Morris, director general of the World Food Programme, has expressed astonishment at that, saying that an increase from 980,000 tonnes to 2.8 million tonnes would be quite unprecedented. Obviously, the regime is not prepared to admit the crisis, as that would be an acceptance of the total failure of its agricultural policies. Political deterioration has already been mentioned, and there is a danger of the problem spreading to neighbouring countries including, worryingly, Namibia.

The image of Zimbabwe affects South Africa and the region as a whole. I have commented on the UN's role, and there is no serious prospect of the issue being taken up by the Security Council. To argue otherwise would be misleading. The Select Committee urges the Government to work closely with South Africa to achieve a solution, and we are pleased that the Prime Minister has made Africa a key theme not only of our presidency of the European Union in the second half of next year but of our presidency of the G8. In conclusion, it is sometimes said that individuals cannot make a mark in today's societies, but southern Africa disproves that. On one side of the Limpopo, President Mugabe has control, on the other side, President Mandela was once in power. One exalted his people, the other debases his. The people of Zimbabwe, the region and, indeed, Africa as a whole are the losers.

2.42 pm

Mr. Michael Moore (Tweeddale, Ettrick and Lauderdale) (LD): It is a great pleasure to follow the right hon. Member for Swansea, East (Donald Anderson), and I pay tribute to him and his colleagues on the Foreign Affairs Committee, as their reports are important to the House and always inform our debates.

In the past few years, we have debated Zimbabwe more than a dozen times in Westminster Hall, and we welcome the opportunity to put our views on the record in the main Chamber. Those debates and today's contributions have documented the terrible decline of a once wonderful country, which, we hope, will enjoy a return to good times. It is hard to comprehend that a country that could once feed itself and many others is suffering from desperate food shortages, but that does not make them any less serious. Some factors are beyond anyone's control, but the heaviest responsibility falls on Robert Mugabe and his henchmen, who have wrecked Zimbabwe's agriculture and undermined external efforts to alleviate the problem. Land reform, which was agreed on independence, has been undermined, and land grabs by state decree and violence have further wrecked the economy. The process has reached its logical conclusion with the announcement that all land will be nationalised and existing landowners must apply for leaseback arrangements.

All those tragedies play into a desperate economic situation. Zimbabwe has the unpleasant distinction of having the world's fastest shrinking economy. Unemployment is rampant, and on some estimates income per capita is less than $250 per annum. Inflation is astronomical, and it was ironic to hear Gideon Gono, on his recent visit to the United Kingdom, talk with pride about his intention to reduce it to below 200 per cent.

Sir Nicholas Winterton: The hon. Gentleman mentioned Mr. Gideon Gono. Why was that gentleman, who is closely associated with Mr. Mugabe, allowed to come to this country?

Mr. Moore: The hon. Gentleman makes a serious point, to which I shall return in due course.

Mr. Gono and other members of the regime have taken it upon themselves to talk up the Zimbabwean economy, but opposition leaders argue that although statistics are rapidly outdated they always get worse. We need therefore not believe the reassurances of Mr. Mugabe and his team. The economy's underlying weakness is exacerbated by money laundering and corruption, and individuals' economic capability is horribly ruined by the spread of HIV/AIDS. UN experts estimate that a quarter to a third of adults are HIV-positive; 1.5 million people are infected, more than half of them women. In addition, it is estimated that the consequences affect as many as 165,000 children under 15.

Other African countries suffer from those terrible problems, but Zimbabwe's predicament is homemade, as state control and corruption are at the heart of the disasters facing the country. Where that strategy is not sufficient for the regime to retain control, every dictator's trick is used to limit freedoms and achieve ZANU-PF's aims, including undermining press

freedom, which was highlighted by the right hon. and learned Member for Devizes (Mr. Ancram), limiting the independence of the judiciary, and the many well documented attacks on the opposition. In addition to legal and quasi-legal measures, the Government make wholesale use of the army and militias to do their dirty work. Amnesty International documented more than 1,000 cases of torture in its most recent human rights report, and drew particular attention to the horrendous practice of extra-judicial killings by the military.

Everything is geared towards the maintenance of power by President Robert Mugabe. Few believe that he won a free or fair election last time, and many rightly fear that he has already undermined the prospects for a proper parliamentary election next year. There are extremely worrying reports that in many constituencies voter registration was completed in the past few weeks, as the right hon. and learned Member for Devizes said. In many instances, registration took place on a single day following the publication of a newspaper notice. As has been said, Zimbabwean MPs themselves were unaware of what was going on.

It has been suggested that progress has been made with plans for a revision of electoral law. For example, there will be transparent ballot boxes to prevent them from being stuffed with votes. There will be local counts, and the ballot will take place on a single day, which ought to be an improvement on the national counts that took place over a number of days in which boxes mysteriously disappeared or materialised en route to the count. However, if we are tempted to view that as progress, we can divine Mugabe's true intentions from his decision to forbid the attendance of election observers from countries that are outside his circle of friends. That is part of a consistent undermining of democracy, further illustrated by the harassment of opposition politicians and the politically motivated trials of the leader of the MDC.

As Zimbabwe has crumbled, the rest of the world has been powerless, and we must consider whether that is by choice or design. Like many others who have spoken this afternoon, I believe that the heaviest responsibility lies with the neighbouring states, particularly South Africa. It is clear that with the necessary will President Mbeki could influence the position in Zimbabwe. It is a complete mystery why he chooses not to do so. Whatever the source of his loyalty to Robert Mugabe, surely the suffering of the Zimbabwean people and the devastation in Zimbabwe should encourage him to act.

More broadly, the New Partnership for Africa's Development boasts of a peer review mechanism at the centre of its activities. All recent meetings of that group have failed to take on the instance of Zimbabwe. Likewise, the African Union, a welcome development for the whole of that continent, is to have a summit of its leaders in the next few days. From the draft agenda that the African Union is touting, it does not look as though the issue of Zimbabwe will be tackled.

Andrew Selous: Does the hon. Gentleman agree that were a white regime in Zimbabwe inflicting on its people what is currently going on, there would certainly be far more action nationally and internationally to do something about it, but where blacks do that to other blacks, the world seems to lose interest? Does the hon. Gentleman agree that it is a case of horrendous double standards?

Mr. Moore: The hon. Gentleman makes his point. We in Britain and in the west must be a wee bit cautious about preaching to others about double standards. I am trying to make a speech in a colour-blind way, if I may.

Beyond the regional players who ought to have an influence on Zimbabwe, the record has been extremely patchy. Perhaps the only small success has been in the Commonwealth, whose suspension of Zimbabwe led to great concern in that country and a great deal of hurt to the president himself. The fact that the suspension was maintained 12 months later was very welcome. The fact that Zimbabwe then chose to leave the Commonwealth shows the strength of the action that had been taken.

We have always supported the European Union's travel ban, arms embargo and the embargo on equipment that might be used for internal repression. We also believe that the assets freeze is an important feature of those sanctions. We support the fact that the sanctions were renewed in March this year, but what is the outcome of these measures so far? Precious little, it seems. I should be interested to hear from the Minister when he replies what assessment he and his colleagues have made of the effectiveness of the embargoes. If he could provide the information, the House would find it useful to know what assets, if any, have been frozen here in the United Kingdom.

The Foreign Secretary spoke, properly, about the extension of the travel ban, but we should not lose sight of the modesty of the numbers involved. The numbers affected have risen only slightly, from 79 to 95, which contrasts with New Zealand, which has a list of 133. To take up the point made by the hon. Member for Macclesfield (Sir Nicholas Winterton), the list in New Zealand includes the name of Gideon Gono, who has such a central role in the Zimbabwean economy, yet was allowed to travel through the UK in the middle of June, attending events at the high commission or embassy, according to one's preference, in Birmingham and Oxford, quite apart from the *Financial Times* interview that I mentioned earlier.

The limitations of the existing travel ban are clear. We support the use of targeted sanctions but find it hard to believe that only 95 people in that country can be linked closely enough to the regime to be forbidden EU travel. Likewise, it surely makes a mockery of the system, such as it is, when the families of those already named are still free to travel to the UK, although I welcome the fact that the Foreign Secretary said that his decision not to argue for the extension of the ban to children was a finely judged one. I hope he will listen to the concerns expressed in the House today.

The cricket tour is a source of proper concern. I shall make some brief points in passing. We on the Liberal Democrat Benches do not believe that any tour should go ahead to Zimbabwe in the current circumstances. Despite all the difficulties, we welcome the England and Wales Cricket Board's confirmation that players who, after reflection and as a matter of conscience, do not wish to travel because of the situation there will not be forced to do so. We also accept that the Government cannot and should not ban English and Welsh participation in the tour. That would set a dangerous precedent.

[Mr. Moore]

It is clear that the International Cricket Council must be engaged and challenged to rethink its rules on permissible grounds for cancelling cricket tours. That will not be easy, but given the cross-party consensus at least on this small aspect of the problem and on the unacceptability of the existing situation, there should be scope for a cross-party initiative and approach to the ICC on behalf of all the parties represented in the House.

Mr. Ancram: The hon. Gentleman may not know, but apparently the president of the ICC, Mr. Ehsan Mani, has said that England has promised to fulfil its tour this November in Zimbabwe. Has he any comment to make on that?

Mr. Moore: I am not sure that the announcement that the ECB will fulfil its tour changes much. Everyone in the House wishes that that tour would not go ahead, but our Government should not be in the business of banning tours and instructing sportsmen and women where they can pursue their sport.

Away from the cricket fields, the build-up to next year's elections in Zimbabwe places the onus on the international community to build and maintain the pressure on the Mugabe regime. The UK is in a key position, as was pointed out by the right hon. Member for Swansea, East. We have the imminent presidency of the G8 and will have the presidency of the EU in the period likely to follow the Zimbabwean elections. Furthermore, the Prime Minister has put his credibility on the line with the creation of the Africa Commission, which we have supported.

Recognising the primary responsibilities of the southern African countries, we should use those diplomatic opportunities next year to persuade them of their lead role in tackling Zimbabwe. Beyond that, we should not constantly fall hook, line and sinker for the post-colonial guilt trip. We should extend our targeted sanctions. Here I take issue with the Foreign Secretary. We believe that such is the scale of the problem represented by Zimbabwe that we should seek to force the pace in the United Nations. I accept that at present there is precious little prospect of getting a resolution through the Security Council, but we should not shrink from forcing the issue and revealing who is standing in our way. If we do not start, we cannot hope to succeed.

The issue of Zimbabwe remains one of the greatest foreign policy challenges facing this country and many others. It is hard to imagine the suffering of the people of Zimbabwe. We owe it to them to do everything possible to change the conditions in which they live.

2.59 pm

Kate Hoey (Vauxhall) (Lab): I am pleased to follow the hon. Member for Tweeddale, Ettrick and Lauderdale (Mr. Moore), as we have spent many hours debating the subject in Westminster Hall over the past two years. I, too, welcome the opportunity to hold a debate on the Floor of the House.

I shall not go over the detail of what is happening in Zimbabwe. Many hon. Members have reported on that. We heard from the right hon. and learned Member for Devizes (Mr. Ancram) and others who have visited Zimbabwe. I visited the country about a year ago. We have seen that decline in Zimbabwe affecting every area of national life. I saw for myself the way in which it was affecting ordinary people. I also saw the black farm workers who had nowhere to live, not being fed by anyone, in complete despair, to whom the right hon. and learned Gentleman referred. I saw how the medical care had collapsed, the massive unemployment and the rampant inflation. All of that stems from one single cause. It is all very well saying that there are many other related problems in Africa, but the single root of the chaos that we are seeing now in that country is the determination of Mugabe and the ruling ZANU-PF to cling on to power at any price. That is why the focus of today's debate has to be on the need for free and fair elections. Zimbabweans need and deserve the right to elect a Government of their own choice and to be able to vote out those who fail them.

How do we get those free and fair elections? We saw what happened in 2000 when the people courageously rejected Mugabe's proposed constitutional changes in the referendum. Having been an election observer myself in Angola, I am probably one of those whom Mugabe was referring to when he said last week at the summit of the African, Caribbean and Pacific group of nations held in Mozambique, that he would not allow former imperialists to monitor forthcoming parliamentary elections in Zimbabwe.

For anyone concerned with human rights and democracy, that vow to bar election observers or to choose where they come from, is deeply disturbing, but it is predictable, and it is what we have all come to expect from him. Far more disturbing is that when he told the assembled leaders of the ACP nations, "We will invite all of you, but we will not allow erstwhile imperialists to come and judge our election," there was sustained applause. Mozambique's President Chissano told a news conference after the summit that Mugabe's message had elicited a lot of sympathy. Sadly—I am genuinely sad—that reaction is predictable from so many of the African leaders.

None of us should be under any illusions about the cunning and expertise of Robert Mugabe. He is certainly not a fool when it comes to manipulating world opinion or singing a tune that will please his audience. Members will perhaps know how different his promises and rhetoric are when he addresses an international audience in English compared with his pronouncements in Shona for his audiences in the rural areas of Zimbabwe that ZANU-PF has turned into no-go areas. There are no-go areas not only for the opposition MDC, but even for the humanitarian missions of the UN. We must say clearly today that we are dealing with one of the most ruthlessly callous regimes imaginable.

The Government of Zimbabwe have refused to co-operate with the UN crop assessment team, and, days after the officials went into the fields to begin to calculate the annual food harvest, ordered it to stop its work. The order blocked UN and EU preparations to provide the food aid that it is reckoned will be needed for more than 5 million people later in the year. The cancellation was ordered because another year of serious food shortages looms after the drastic fall in production caused by the Government's land seizures. I saw for myself the empty grain silos and fields, and the desolate workers.

Mugabe's Government did not want the UN team gathering figures that would show harvests falling far short of their massively inflated claims. The Agriculture Minister, Joseph Made, said that the UN team was in the country without his approval, although *The Guardian* reported having seen a letter dated 30 March from his own ministry inviting the UN World Food Programme officials to estimate the country's food aid needs. Three weeks ago, as has already been said, James Morris, the UN Secretary-General's special envoy, who is also head of the World Food Programme, had to call off a planned visit to Zimbabwe because neither Mugabe nor a single Government Minister was prepared to see him.

All that behaviour shows that there is only one answer to getting rid of Mugabe and solving the problems of Zimbabwe, and that is for the international community to act and to act decisively. My friend, Eliza Mudzuri, who many Members present have met when he was here recently and who was elected the executive mayor of Harare in 2002 by a massive majority, even in what were flawed elections, is visiting the United Nations in New York. One of the messages that he hopes to get across is that it is no good just saying that the people of Zimbabwe must find a solution to their own problems. His own removal from office shows that where the people of Zimbabwe make a democratic choice that threatens the regime, the democratic will of the people is simply overridden.

The solution to the Zimbabwe crisis now has to lie in a partnership between the people of Zimbabwe and the international community. Here again, I want to express my real anger at the way in which South Africa still takes the lead in blocking action on investigation into human rights by the UN High Commissioner for Human Rights. How much longer can the entire membership of the AU or the ACP nations be hoodwinked into falling in behind President Mbeki? The mood among the young activists inside Zimbabwe is growing more and more restive. They feel that the only way of making the international community take the crisis in Zimbabwe seriously is to resort to violence. The strength of the opposition in Zimbabwe and of civil society is that they have been peaceful. They have been battered and tortured, but they have been peaceful. Such violence among the people, particularly the younger elements, must be avoided at all costs.

After four years of failed promises and failed deadlines, it is no longer possible to see the South African Government as any sort of impartial broker of a solution to the crisis. We remember the weasel words resorted to by the South African observer mission that President Mbeki sent to monitor the presidential elections in 2002. From all it had seen, it was blatantly clear, as the observer mission's leader said, that he could not describe the elections as free and fair, but he managed to give the deeply flawed process his bosses' required seal of approval by claiming that they were legitimate. Legitimacy in this context, of course, is simply a legal nicety.

The MDC recently issued a document called "Restore", which sets out clearly its minimum standards for the restoration of genuine democratic elections in Zimbabwe. The principles are based on the Southern African Development Community's parliamentary forum election norms and standards. It is not asking for anything new or special; it is simply asking for what the SADC has agreed. In any normal country, no one would bat an eyelid at what it is demanding. But it is a tragedy that today, only months away from parliamentary elections, most Zimbabweans see them as an almost impossible dream. For all the fine words and communiqués of the ACP nations and the SADC, they show no signs of calling the Government of Zimbabwe to task on those very basic requirements.

Those requirements include measures such as restoring the rule of law, ending all political violence, disbanding the youth militias, ensuring that police and security forces are impartial and non-partisan in conducting their duties, and establishing an independent and impartial electoral dispute court to hear and swiftly resolve all election-related disputes. All the messages that have come from Mugabe in the last week are just a smokescreen; none of the changes is really about genuinely making a free and fair election possible.

The MDC's second demand is for a restoration of basic rights and freedoms; to revoke those aspects of the Public Order and Security Act that curtail the right of citizens to move, assemble and speak freely, measures that are even more severe than those that existed under Ian Smith. Often people ask why, if people in Zimbabwe feel so strongly, they are not out on the streets. But when they go out on the streets they are beaten and shot, and we do not hear about it because very few journalists there are allowed to report freely. Women in Zimbabwe have been leading a great struggle at the grass roots level in all sorts of ways to keep their families together. I and other Members have had the privilege of meeting Jenny Williams from an organisation called Women of Zimbabwe Arise. Over 70 of its members were arrested, detained and beaten up just because they went on a peaceful demonstration in Bulawayo. While such things are happening there is absolutely no chance of a free and fair election, and we need an independent electoral commission. We must restore public confidence in the electoral process. We have seen with the recent by-elections that it is almost impossible for the MDC to hold a proper campaign because the youth militia are sent in weeks before a by-election and people are not allowed to move about or do anything. I saw such practices myself in last year's council elections. In order to stop people submitting papers to allow them to stand in those elections, the town hall, as we would call it, was ring-fenced by ZANU-PF militia. No one could submit their papers, and the election was therefore declared a great victory for ZANU-PF. We must ensure that that situation changes.

All the non-state-controlled daily newspapers and broadcasts have been closed. Without a free press, it is almost impossible to hold a free and fair election. Even with election observers drawn from Westminster, which is unlikely, or Namibia, the opposition cannot win the election if the people of Zimbabwe are denied a forum in which to exchange ideas and read about what is happening in their country. Many hon. Members have campaigned on behalf of *The Daily News*, and its staff and journalists, many of whom have become our friends, our heroes. Its closure was a nail in the coffin of free speech for many Zimbabweans, and although many of the journalists were killed or tortured, the world did not hear about it.

[Kate Hoey]

Like other hon. Members, I want to mention cricket, which we, as a country, can do something about without rocking the boat or upsetting Mbeki. Cricket is close to my heart, because on 14 September the Zimbabwean cricket team may play at the Oval in Lambeth, which is home to many Zimbabweans, who will be out in their hundreds to protest if the match goes ahead—I do not want it to go ahead.

The extent to which cricket in Zimbabwe is used as a tool by the ZANU-PF regime has been misunderstood and underestimated. Mugabe's lackeys are trying to impose political control over team selection and other aspects of Zimbabwean cricket. It is clear that the policy is about the domination and elimination of all opposition to the Government-backed board, and the silencing of dissent is instrumental in that—people who are likely to protest about the regime do not get picked. Mugabe is the patron of the Zimbabwe Cricket Union; cricket teams are politically vetted; and the regime clearly sees the maintenance of sporting links with the outside world as an important seal of approval. There are few enough ways in which British people can show our solidarity with the majority of Zimbabweans, who loathe Mugabe and all he stands for. To welcome his politically selected team here, and to see ZCU officials, who collaborate with the oppressors, hobnobbing at the Oval is more than I can bear thinking about.

Ministers have the power to refuse or revoke visas, and such a simple step is the least we can do to show solidarity with the pro-democracy activists in Zimbabwe. The British high commission in Harare refuses visas to Zimbabweans every day. Recently, two journalists travelling as guests of British Airways were refused visas because it was felt that they might not return to Zimbabwe. Let us not hear any more nonsense that we cannot refuse visas. We can simply say, "We will not give you visas. You are not coming to play cricket in this country in the name of a dictator who has stolen an election."

Mr. Bellingham: Does the hon. Lady agree that it would be easy to add some of the henchmen who run the Zimbabwe cricket board on to the list of people against whom smart sanctions have already been applied?

Kate Hoey: One or two people in the ZCU should be subject to the same restrictions as the small number of people who are already on the list. I have no time for those who claim that such a move would play into Mugabe's hands and make the dispute one between Mugabe and Britain, because the current situation is a bilateral dispute between freedom and oppression.

Mr. Wyatt: Has my hon. Friend taken into account the journalist Mihir Bose, who was born in Bombay and is now domiciled in London? When he went to Zimbabwe to report on cricket, he was stopped and had to return to the UK. He says that that is categorical proof that the cricket team is a ZANU-PF instrument. It is no longer possible for our Government to sit on the fence.

Kate Hoey: I agree with my hon. Friend. Even if Mihir Bose did not possess the technical press card to cover that sporting event, journalists who arrive late can usually obtain such documents, but Mihir Bose was not given the slightest bit of support by the ZCU. When well-known cricket journalists arrive in any other country, they are helped and supported. The Mugabe regime was silly to take such action, because, until that point, Mihir Bose had said that the Zimbabwe cricket team should tour. When Mihir Bose returned from Zimbabwe, he made it clear that no one, particularly cricketers, should have any truck with the regime. I want an answer from the Minister on cricket, and it is not good enough to say, "We cannot do it." We stop people obtaining visas all the time, sometimes for spurious reasons, and I am sure that we can find a reason to stop visas in this case.

I shall address a point raised by the hon. Member for Tweeddale, Ettrick and Lauderdale. The Government cannot ban cricket and say, "You are not going to tour. We are taking your passports off you", but nobody has asked for that. We are asking the Government and the England and Wales Cricket Board to get together and clearly state, "We are not touring, and we are telling the International Cricket Council that we are not touring. We do not want Zimbabwean cricketers to come here." We should follow that simple, straightforward policy.

Many of my constituents are poor, and, through their taxes, they pay to feed millions of people in what was once the bread-basket of Africa. I am not surprised that some of them ask why they should pay for food aid to a country that uses force to prevent skilled farm workers from cultivating some of the most productive land in Africa. It should be a condition that all food aid we provide to Zimbabwe, directly or via the European Union, is distributed only by agencies operating entirely independently of the Zimbabwean Government. To those who say, "That means ordinary Zimbabweans will suffer", I say that ordinary Zimbabweans are suffering already. Zimbabweans would rather that the crisis were moved on, because it must come to an end. We are postponing a crisis by continuing to allow aid to go in while not making it clear that it should not be used for electioneering purposes and bribery.

As was mentioned earlier, more must be made of the link between development aid from this country and the stance on good governance and human rights of nations in the region. Inward investment to the region is never likely to pick up while sores such as the Zimbabwe crisis are allowed to fester. We must help African nations to take responsibility for what happens in Africa, and we will not get them to take responsibility while we continue to bail them out whenever a problem arises. The result is that development efforts supported by our aid programme are constantly undermined and Africa's long-term goal of self-sufficiency is compromised.

The New Partnership for Africa's Development foresaw a link between aid from the developed world and the delivery of good governance and human rights by African nations. We need to hold African nations to that not only as part of NEPAD, but simply as a basic precondition for providing aid. We need to spell out in no uncertain terms that applause for Mugabe's wild rants and expressions of solidarity with his regime will mean an end to support for development projects. A solid basis of democracy, free elections and free expression are the fundamental requirements for sustainable development, and there is no point in

pouring in the aid. Unless there is support for those principles from the region, we are simply pouring our money down the drain and my constituents are paying for that. Even if they are not willing to embrace the higher moral principles at stake, surely straightforward self-interest in terms of aid, investment and economic stability should persuade the leaders of the SADC countries that Mugabe must be shunned.

An abiding memory of my visit to Zimbabwe is the feeling of fear and violence that has become a normal part of everyday life. As I heard someone say the other day, people ask what is wrong when the police do not beat them up. With torture and brutality having been meted out on such a scale, there is almost no need to use it any more; many of the people are already cowed into submission.

In March this year, I hosted a meeting here with other Members to present a report issued by the Zimbabwe Institute, which is based in South Africa and which found that 50 of the Movement for Democratic Change's 59 MPs and 28 of its parliamentary candidates had personally experienced human rights abuses in the past three years at the hands of the security services and supporters. That is just the tip of the iceberg. If an elected representative can be beaten up, tortured, disappeared or even killed, how can the ordinary person in the suburbs or rural areas believe that they can possibly stand up to this regime?

That is why for free and fair elections to take place there needs to be a clear undertaking that human rights will be guaranteed by the international community not only during an election campaign, but for a good six to nine months in advance, and for long afterwards. People are genuinely afraid that Mugabe and his henchmen will resort to violent reprisals even after they lose power. We need to plan for that now; otherwise there can be no hope of a lasting and peaceful transition to democracy and reconstruction in Zimbabwe.

Only yesterday, Zimbabwe's Parliament passed new detention laws. They are the most repressive in the country's history, yet Mugabe is dressing them up as part of his so-called campaign against corruption. The laws extend the amount of time prisoners can be detained under security legislation without an appearance in court from 48 hours to more than three weeks. Many hon. Members will have read the gruesome accounts of what can happen to people who are detained even for brief periods by the Zimbabwean police. These new measures do not bode well for the safety of opposition activists during the forthcoming election campaign.

I want to mention Gideon Gono, the governor of the Reserve Bank of Zimbabwe. Ministers made it clear that they felt powerless to prevent him from coming into the country because he was not on the EU list, which is designed to exclude those engaged in abuse of human rights. His role as private banker and provider of funds both for the regime and for the Mugabes' private shopping trips is now well known, but Ministers may not be aware of his involvement in the victimisation of students at the university of Zimbabwe. Student activists have been at the forefront of the struggle for human rights and democracy in Zimbabwe, and they have long borne the brunt of the brutality handed out by state security agents. Security guards at the university of Zimbabwe are better paid than the police. Many graduate upwards from the ranks of the police and can be every bit as brutal as the special units that specialise in repression. As chairman of the university council, Gideon Gono was complicit in the banning of students who dared to raise their voices against the repression of the state and their violent treatment by the university security guards. Given Mr. Gono's record in the abuse of human rights and freedom of expression at the university of Zimbabwe, I appeal to the Minister to give an undertaking that next time he applies for a visa to come here on a fundraising trip for the Zimbabwe regime his request will be turned down.

Like the right hon. and learned Member for Devizes, what struck me most about the people I met in Zimbabwe—members of civil society, torture victims, displaced farm workers, white farmers, and many others, including Morgan Tsvangirai—was that when they discovered who I was and where I had come from, they said over and over again, "Don't let people forget us, and please tell people how it is." This is what is happening, and we need to do more.

3.24 pm

Sir Nicholas Winterton (Macclesfield) (Con): I am delighted to follow the hon. Member for Vauxhall (Kate Hoey), who has taken a courageous and principled stand on the issue of Zimbabwe over many years. She put her life in danger by going there a year ago to find out for herself precisely what the situation is.

As many hon. Members know, I have taken a deep interest in Zimbabwe, Zimbabwe-Rhodesia and Rhodesia over very many years—in fact, for all the 33 years in which I have sat in the House of Commons. I say quite openly that I have a dream, to use the words of Martin Luther King. I am determined to see a democratic and peaceful Zimbabwe in the central part of central southern Africa. I want to see peace, stability and prosperity restored to the people of Zimbabwe. I am delighted to see the hon. Member for Sittingbourne and Sheppey (Mr. Wyatt) in his place, as he chairs the all-party group on Zimbabwe with great distinction and puts a huge effort into the meetings and into obtaining people who have a positive contribution to make to the subject of Zimbabwe.

Interestingly, in 1979 I visited Zimbabwe-Rhodesia, as it was then, as a guest of the interim Government of Bishop Muzorewa. While I was there, Bishop Muzorewa and his Government team—including the former Prime Minister of Rhodesia, the Honourable Ian Douglas Smith; General Walls and his team of Ministers; and Mr. Sithole, Joshua Nkomo, Robert Mugabe and Chief Chirau—flew to the United Kingdom to take part in the Lancaster house talks. My visit was to look at the progress that was being made in education and health provision for the whole population, and to look at the way in which development was taking place to provide better farming and agriculture for all the people of the country.

As has been said by many hon. Members, huge progress was being made at that time, and it continued for a few years. Tremendous progress was made in reform of and investment in education, health, infrastructure and housing. That set Zimbabwe-Rhodesia—now Zimbabwe—apart from many other

[Sir Nicholas Winterton]

countries. It was prosperous; many people know that it was the bread basket of central and southern Africa, supplying food to many surrounding countries.

Perhaps, however, it would be appropriate to come up to date. On 25 June, in the *Cape Times*, a South African newspaper, Basildon Peta reported from Johannesburg:

"In an unprecedented move, dozens of the ruling ZANU-PF Members of Parliament walked out of Parliament (Harare) in protest against a bill that empowers police to detain corruption suspects for up to a month"—

the hon. Member for Vauxhall referred to that—

"without trial. Opposition Movement for Democratic Change MPs remained in their seats.

This effectively thwarted plans to bulldoze the Criminal Procedure and Evidence Amendment Bill through Parliament.

ZANU-PF normally rubber-stamp Robert Mugabe's proposed legislation. ZANU-PF MPs fear that if they allow the regulations to become permanent law, many would be targeted as Mugabe seeks to win the hearts and minds of the urban electorate through his much-vaunted anti-corruption crusade."

That shows not only the deep problems that the ordinary people and Opposition Members in that country encounter but the concern that Robert Mugabe's ZANU-PF party feels.

Meanwhile, as some hon. Members know, Mr. Roy Bennett, the popular Member of Parliament for Chimanimani, dared to raise in Parliament the brutal military seizure of his prosperous farm, Charleswood, in spite of several court orders upholding his ownership of the farm. His employees—hundreds of black Zimbabweans—were driven out through violence, rape and torture. After prolonged, repeated and sustained taunts and provocation by Government Members of Parliament, he cracked, lost his cool and pushed one of his persecutors. That is precisely what Government Members of Parliament and others wanted. Mr. Bennett has been pursued by a country-wide hue and cry to drive him out of his country—Zimbabwe—completely. A mob of some 3,000 howled for his blood through Harare, roughing up white Zimbabweans on its way to wrecking the headquarters of the Opposition party in the capital.

As previous speakers have said, 90 per cent. of Opposition Members of Parliament and officials have reported harassment, torture and burning of homes. Helen Anderson, whom some of us know, has published accounts of the ravages and tortures that Mugabe's so-called green bombers inflicted. Last month, the Zimbabwe Government closed a third independent newspaper—*The Tribune*—and they control almost all the printed and electronic media. They already vet telephone conversations.

As the hon. Member for Sittingbourne and Sheppey knows, the Zimbabwean Government are now legislating to control internet communication and thus suppress all criticism that may go beyond its tightly controlled borders. The extent to which internet control is technologically practicable is questionable, but it spreads fear and stifles communication. People in Zimbabwe think twice before writing freely to friends who remain in the country lest they endanger friends and relatives who may be suspected or accused of having contacts in the supposedly hostile western world.

As some of us know, the huge Kondozi farm at Odzi, on which thousands—I mean thousands—in Manicaland depend for their livelihoods, has also been seized. Apparently, the Minister for Agriculture coveted the income of the farm, which sold produce to supermarkets in South Africa, Europe and the United Kingdom. Its seizure left thousands of employees destitute in the winter bush without food or shelter.

I regret to say that commercial agriculture in Zimbabwe is at a turning point. Of the 4,500 commercial farmers who were on the land in 2000, probably fewer than 500 are now fully or partly operational. So far, some 6,897 farms with a total area of almost 12 million hectares have been gazetted for resettlement.

The Commercial Farmers Union offers a note of hope in saying that it believes that there is a strong positive element within ZANU-PF that wants a return to productivity in agriculture and in the economy as a whole. However, the union is equally aware that a strong element is intent on continuing the third chimurenga, in its literal sense, and probably extending it beyond its land-based origins to embrace other sectors of society and of the Zimbabwean economy.

The Zimbabwe Government have also legislated to prohibit sales of maize, the staple food, to anyone except the official grain marketing board. They claim that the country is about to reap a bumper harvest and therefore needs no outside help. Of course, the Government turned out the three teams from the Food and Agriculture Organisation and the World Food Programme, but not before they had established that, despite more favourable weather conditions, the harvest would be worse even that that of last year. After the seizure of the commercial farms, surely the need for food aid remains if millions are not to suffer hunger, malnutrition and, in many cases, slow death through hunger-enhanced AIDS. The percentage of people in Zimbabwe with AIDS has already been highlighted in this debate. The mayor of Mutare attempted to buy maize for the destitute through his Christmas cheer fund, but was refused by the grain marketing board.

The Zimbabwe Government are, as we know, quietly importing maize and evidently hope that, with their own stockpile, they will be able to feed their own supporters through the crucial general election period next March. No provision at all appears to have been made for the minority Matabele people, who largely support the Opposition. They vividly remember Mugabe's massacres of their people in the early 1980s by the North Korean-trained fifth brigade. I think it was the Foreign Secretary himself who pointed out that some 20,000 Matabele people lost their lives at that time. I pay tribute to the BBC and its journalist, Fergal Keane, for the "Panorama" programme that they produced a little while ago to highlight what had happened at that time, along with the fact that the British Government—yes, I have to say to my right hon. and hon. Friends on the Front Bench, a Conservative Government—failed to do anything about it. This country should be ashamed of its lack of action at that time.

In pursuit of the objectives relating to farming that I have mentioned, the Commercial Farmers Union and most of the citizens of Zimbabwe expect that people's individual, constitutional and property rights should not be violated or abused by the Government. Similarly, the principles on which commercial agriculture is

founded should not be abandoned if the future productivity of the agriculture sector is to match or exceed that of the past, which is what the country needs if it is to regain its position and prosperity, and feed its own people.

The principles of security of tenure, law and order, and viability and sustainability are internationally recognised, and were historically the basis for the thriving national economy of Zimbabwe. If Zimbabwe's economy is to be revitalised, this vital set of principles should be adhered to, and their application extended over the years to embrace as much of the productive farmland of the country as possible.

There is no time to describe the creeping destruction of Zimbabwe's schools, both public and private, or the decay of medical and hospital services. With high unemployment currently running at some 70 per cent. and hyperinflation that has risen as high as 600 per cent., it is hardly surprising that official figures published by the Reserve Bank of Zimbabwe suggest that 3.4 million people—about a quarter of the population—have fled Mr. Mugabe's rule. About 1.1 million Zimbabweans live in the United Kingdom; another 1.2 million have fled to South Africa, and more are going. Another 100,000 have taken refuge in Australia, almost on the other side of the world, and a further million are scattered throughout other parts of the world.

It is not surprising that Mr. Gideon Gono, head of the Reserve Bank of Zimbabwe, has toured this country to persuade the Zimbabwean community to use a new Government service when they send money home to their relatives, rather than the black market means that are currently available. That, of course, will inflate the Mugabe Government's cash-starved foreign exchange coffers, but, surprisingly, it appears that he legally evaded the UK sanctions intended to keep high-profile supporters of Mugabe's regime out of this country. *The Times* on 11 June quoted the South African *Sunday Times* as alleging that Mr. Gono is the controller of a slush fund in the state-owned Commercial Bank of Zimbabwe, which has dealt illegally in foreign currency and handed out funds to the ruling party bosses, including the Mugabe family.

Reports that Zimbabwe is buying fighter jets from China while her people face starvation are denied by China—I dealt with this question on the Floor of the House a week or two ago, and I hope that the Minister will deal with it. Does he have any evidence that Zimbabwe is buying fighter aircraft and military transport trucks from the People's Republic of China? Certainly, the drying-up of European sources of military spares through sanctions is inevitably driving Zimbabwe to look east and elsewhere for help, although it faces no military threat from any quarter whatsoever.

Will the Minister comment on a document that, it is said, his Department is investigating, which is dated 8 June and headed, "Solution to the White Problem"? The proposal is to drive out most of Zimbabwe's remaining 50,000 whites before next year's parliamentary elections. The document was reportedly drawn up by advisers to the director general of Mugabe's Central Intelligence Organisation, and leaked to the British embassy in Harare and a newspaper. It is said to propose a phoney threat of white sabotage, and staged support for an imaginary British and opposition-sponsored terrorist movement. It is alleged that such a programme of ethnic cleansing would produce an unparalleled exodus of terrified white Zimbabweans, but that it would achieve little reaction from Britain or anywhere else. In that situation, the opposition in Zimbabwe would collapse, and Mr. Mugabe would be left in complete control.

Will the Minister comment on the so-called "Zimbabwean Community in the UK", which is allegedly a Birmingham-based asylum fraud linked to the Mugabe regime? I ask him to examine it seriously. Police and immigration officers are investigating an organisation set up with national lottery money to help immigrants, after claims that it forged documents and provided false life histories for 1,000 Zimbabwean asylum seekers. Detectives have also reportedly been given information allegedly showing that Albert Matapo and his wife Grace, founders of the "Zimbabwean Community in the UK", have provided national insurance numbers and false passports to help immigrants get jobs.

Finally, does the Minister recall the visit last year of somebody for whom I have the highest regard and respect, the heroic Zimbabwean archbishop, Pius Ncube, who visited the UK to draw attention to Mr. Mugabe's crimes against humanity, and against the people and interests of his country? Sadly, the impact of the visit of this distinguished cleric was limited, as he was subject to a media blackout, apparently at the request—I say this with much regret and some reservation—of the Catholic Fund for Overseas Development. It appears that the bishops' overseas development agency did not want him to achieve the publicity that his visit merited, because, apparently, CAFOD unfortunately includes many former admirers of Mr. Robert Mugabe. It is a matter of some regret that our own Prime Minister, who shows considerable interest in Africa and is clearly deeply concerned about the problems in Zimbabwe, was not able to find time in his busy diary to meet the archbishop.

I pay credit to the Prime Minister, however, for telling me that I was free to take members of the Zimbabwean opposition to see him at No. 10 Downing street. I shall take advantage of that in due course, when opposition members are able to obtain visas to come to this country and present their case. The hon. Member for Vauxhall spoke of the problems that they encountered when trying to leave Zimbabwe. I hope that the Prime Minister will be in a position to meet not just me, but those representatives.

Zimbabwe is only one of the United Kingdom's overseas problems, but Britain has a unique and unprecedented responsibility. It was this Parliament, under a Conservative Government, that granted Zimbabwe independence and brought Robert Mugabe to power. I remind the House that a United Kingdom Government promised, to outlaw all intimidation during the 1980 election; but then—again, I am deeply ashamed of this—the Government and their representatives proceeded to ignore hundreds of affidavits testifying to the sustained intimidation that finally ensured Mr. Mugabe's outright victory.

Despite the recommendations of the acting governor, Christopher Soames—who suggested to the Foreign Secretary at the time that certain areas should be taken out of the election because of the levels of

[Sir Nicholas Winterton]

intimidation—the Foreign Secretary refused to allow the exclusion of those areas. As a result, Robert Mugabe came to power.

Mr. Bellingham: That was Peter Carrington.

Sir Nicholas Winterton: Yes, it was Lord Carrington. I know what happened for a fact, because the chief executive of Cheshire county council, Sir John Boynton, was returning officer for the election in Zimbabwe. Many representatives of the Cheshire constabulary were also there to monitor the election, and ensure that it was free and fair. The views that they expressed on their return to this country suggested that in many areas it was far from free and fair.

We cannot allow things to go on as they are. Some action must be taken. I suggested to the right hon. Member for Swansea, East (Donald Anderson), who chairs the Foreign Affairs Committee with great distinction, that switching off electricity might be a way of concentrating the minds of the people of Zimbabwe and perhaps securing action to bring about the removal of Mr. Robert Mugabe. I do not want to bring any additional suffering to the already long-suffering people of that country, but I believe that, given our special responsibility, we must do something to save them from Mugabe and bring about his removal.

3.48 pm

Mr. Derek Wyatt (Sittingbourne and Sheppey) (Lab): I apologise to you, Madam Deputy Speaker, and to the Foreign Secretary. As I am supposed to be at a meeting of Borden parish council early this evening to discuss a problem relating to speeding in Oad street, I may not be here at 5.30 pm for the winding-up speeches—and my own speech will be amazingly quick.

I thank the hon. Member for Macclesfield (Sir Nicholas Winterton) for his kind comments about my chairmanship of the all-party committee. I can tell him that it is impossible to ban the internet, although I will not say why. It is possible for Mugabe to do many things, and he will close down some parts of the internet; but he will not be able to close all of it down, which is a relief.

I want to make one or two comments following on from the right hon. and learned Member for Devizes (Mr. Ancram). There is a cultural deficit, which he said nothing about. Although Hitler burned the books in the libraries and Stalin and Khrushchev banned music, or allowed only a certain type of music or art that they liked, we should remember that out of that came such things as the fantastic works of Solzhenitsyn and many fine musical compositions, as well as samizdat, the system by which photocopied works were smuggled out. In Zimbabwe, however, there is an absolute cultural deficit: there is no music, art or literature. That is a terrible shame.

I took on the founding of the all-party group because I have constituents who have farms who had come to me in tears to ask me what on earth I was going to do. A reasonably good constituency MP tries to take some action when that happens, and it seemed to me that we needed a focus in the House.

A point has been made about the United Nations. I have received a comment on that, which says that it is "unlikely" that the subject of Zimbabwe

"would be brought to the Security Council, unless the members of the Council perceived the situation in Zimbabwe as a serious threat to the stability of neighbouring countries."

It is said that the number of Zimbabweans moving out of Zimbabwe to South Africa, Namibia and Malawi is a problem, but I can tell the House that President Mbeki's brother, who lectured the all-party group about a month ago, said that his country welcomes the coming of the Zimbabweans because they include dentists, nurses, doctors, farmers, skilled plumbers and builders who are making a phenomenal difference to the economy in South Africa. We have to bear that in mind, coming from a man who has close knowledge of those matters in South Africa. Only if there were a large exodus of refugees to Malawi, especially its northern part, would there be a serious problem for the area.

The Archbishop of Canterbury, Rowan Williams, and the Catholic Archbishop of Westminster are keen to hold our Government to account over Iraq, and rightly so; however, I wish that they would also consider their statements, comments and positions on Zimbabwe. They have a particular opportunity, even now at this late stage, to come together to make a statement to President Mugabe, who was trained in a Jesuit college, apparently pretends to be a Catholic of some sort and has caused huge problems to Archbishop Ncube. Why could not the Christian churches come together to go to Zimbabwe and produce an official report? Why can they not discuss the matter? It seems improbable that they could not do something about the position. We need them to stand up and be counted.

Some 20 years ago, I was a head of history at a school, where I taught world history. I used to teach on the Foreign Office and give a lecture called, "The Foreign Office: a disaster abroad." I used to tell my students, "Look at Palestine on the one hand and, on the other, the creation of modern Israel. Look at the Saudis: we backed the wrong family. Look at Persia: blow it, we backed the wrong family. Look at South Africa: for far too long, we backed the Afrikaners. We even got it wrong in Rhodesia." There were many more examples.

If I were giving that lesson today, I would be discussing a real dilemma that we are not being honest about and on which we are not taking any sort of leadership. Since 11 September, the world has changed. If we look at the institutions that pretend to represent us in the world—the United Nations, the World Bank, the International Monetary Fund and the World Trade Organisation—we see that they are by and large run by the west. They skew votes and use vetoes. It is very hard for a country to get its own way in the WTO unless America wants it to and the UN is skewed in our favour. The UN was born out of the first world war through the League of Nations, but the other institutions were born out of the second world war. Since 11 September, I would say, they are almost redundant, and we have not challenged the institutions that purport to represent us. It is no wonder that the African bloc uses the United Nations to block us continually over this issue. Would not we do the same? After all, we created the system. They are doing their damnedest to make sure that it does nothing.

We ask why the UN cannot do anything, but what or who could? Let us consider the Commonwealth. Zimbabwe is not in the Commonwealth, so what on earth can that organisation do? President Obasanjo is supposed to be going to Zimbabwe, but he does not seem to have gone there very often since last December. In reality, the Commonwealth is powerless. It might be good for the Commonwealth games and the odd Commonwealth Heads of Government meeting, but what does it really do?

In a sense, we have left only the EU and the G8, and we should focus on the latter. It is terrible to think that, in a year's time, we might still be confronting this issue, but next year we will hold the presidency of both the G8 and the EU. It is not too late to put Zimbabwe on the agenda for the G8. It is a scar on our conscience and no one can disagree about how bad the situation is. It is the Palestine of Africa and what is going on there is terrible. I hope that the Minister will think about using the G8 as a way to solve this problem.

I wonder whether we should make use of the technology that enables intelligence surveillance from space. I have three prisons in my constituency. I have also discovered that pictures are taken of fields to check whether rape or wheat is being grown so that that information can be checked against the common agricultural policy regulations. In the same way, it would be possible to check whether Mugabe is telling the truth about the food. Why do we not take such pictures and put them into the public domain? What would be wrong with that? Why do we not expose the hypocrisy and allow people to see the evidence?

The Secretary of State said earlier that certain things are going on in readiness for a post-Mugabe situation, but what things? What is going on? All economists agree that, if Mugabe were to die next year or to stand down—what a miracle that would be—it would take Zimbabwe at least 10 years to recover economically. It is no good waiting for next year or the year after. We need to act now and to corral the goodness inside and outside Zimbabwe in order to put in place the necessary systems, investment and training. It surely is not beyond the wit of Britain to take that lead. I want far greater investment in the people of Zimbabwe who are in this country to prepare and train them for when they return.

Sport has obviously been a big part of my life. I once played on the wing for England; fortunately, it was the left wing. *[Interruption.]* I am glad somebody got that one. The International Cricket Council is registered here but, cleverly, it is also registered in Monte Carlo for tax purposes. I employed a solicitor and a Queen's counsel to try to get the ICC's constitution from Lords, but I was refused five times. That happened because the constitution contains clauses on the aims and objectives of international cricket. I see that the Minister is looking at me, so perhaps I might ask him a favour. So that I can stop paying money to my solicitor and QC, will he ask Malcolm Speed, chief executive of the ICC, to send him the aims and objectives and the complete constitution of the ICC?

The Football Association of Wales had a problem recently, involving the late registration of a Russian player, and it went to the international Court of Arbitration for Sport in Lausanne. Why is the case of Zimbabwe not being argued out in the only international court of law for sport? Let us take Zimbabwe there, get the constitution and issue the writs. The Government could do that, and we could stand up and be counted in that way, instead of being so lily-livered about sport as a whole. I hope that the Minister will address this issue.

Sir Menzies Campbell (North-East Fife) (LD): Given that the hon. Gentleman has paid so much money for legal advice, perhaps I might offer him some for nothing. The Select Committees of this House have the power to send for witnesses and papers. He might seek to persuade one of them to send for the constitution of the ICC.

Mr. Wyatt: That is a cracking good idea. I will do that, as well as ask the Minister, in case he is not supplied with it.

I have to put this carefully, but I am an expert in laundered money—in the sense that I try to find out where laundered money goes. Some of us have been to Zurich and spent a whole day at UBS looking into where Mugabe's money might be. May I tell the Minister that we spent a most interesting day with UBS? We went there because the bank had the money of Abacha of Nigeria: $5.8 billion of his money was deposited, eventually, at UBS in Zurich.

We talk about numbers and hear of more than 75 people being banned from coming here and now it is 90-odd. However, I know that UBS had more than 800 leads about Mugabe's money, traced through 800 different people and companies. If we really think that banning 75 or 90 or 93 or 101 is going to help, let me stress that we should go and see what the diligent forensic lawyers and other people in UBS have done. Thus my second request to the Government is for a one-day conference on laundered money in Zimbabwe. I have spent some time with the Financial Services Authority, three of whose people came to see me. I have spent some time with our security people. I have talked to our high commission in Malaysia, because President Mugabe takes so many trips to Kuala Lumpur and he may be using money there. As far as we understand it, it is all cash and very difficult to trace.

In the light of some of our successes in respect of some African leaders—I am thinking of Hastings Banda, Moi or Abacha, whom I have already mentioned—when billions and billions of dollars were being laundered, I cannot believe there is no prospect of the same success with Mugabe.

I am just wondering out loud, but if I were Mugabe, I would loan my army to the Democratic Republic of the Congo for as long as I could because I would get paid for that army. However, I am going to get paid in diamonds. Where are those diamonds? Who trades those diamonds in Holland? How do they get there? We need to do more work on laundered money. Is it true that Mugabe traded the diamonds for oil from Libya? Now that we have a convention and good trading relationships with Libya, did the Prime Minister or Foreign Secretary ever ask whether the oil was being turned off or whether the diamonds were being swapped? Is it true that there is now no more oil? If there is no more oil, where are the diamonds? Where are they being traded? That is the key.

I have talked to Transparency International, as the Minister knows, because we have had this debate before. People are beginning to think that the money is being

[Mr. Wyatt]

traded through Cairo. I do not have the evidence for that, but it is something that is being said on the street. Can we bring the banks together to sign the international convention on money laundering? We really can do more and it is up to the G8 to do it. I would ask us to do much more than just say that we are trying.

There are one or two things that I would like us to do. I would like us to take that wretched honorary knighthood away from Mugabe because it besmirches the whole honours system and is a disgrace. I do not understand whether nothing has happened because the monarch does not like the impact on the Commonwealth: she is Queen of the Commonwealth and it embarrasses her. I would have thought that even the royal family would understand that Mugabe's knighthood has to go—and it could go tomorrow. Would it not be wonderful if it did? I know that it is just a small token, but it is one of those things that I think we should get rid of.

When I worked for the African National Congress in the 80s, I worked for 10 years raising funds here in London as a part-timer interested in South Africa. Eventually, with the help of Donald Woods and one or two others, we decided to send an eminent person to visit South Africa. That was the turn of the screw for the Afrikaans Government. I know that we have asked this before and that we have said that we must let President Obasanjo do this, but it seems to me that we are not getting very far. Is it not possible to get, say, a Maori archbishop from New Zealand together with a black Catholic priest from Boston? Is it beyond the wit of man to find eminent people in the world who have no political attachment to Great Britain and to make an eminent visit? If Mugabe bans them, he bans them, but at least we should make the effort, present the argument and get the people together. The Archbishops of Canterbury and of Westminster could do that for us, and I hope that we will have another go.

People who are close to foreign affairs know that, in matters such as this, we always turn to Norway for intervention. That has happened in connection with the Tamils in Sri Lanka and the problems in Palestine. Have we tried Norway on Zimbabwe? Is there a way for us to open talks through an independent country that has huge integrity, and which people trust?

If talks are under way, I take all that back, yet my sense is that we have lost the urgency to do anything about Zimbabwe. However, Norway represents a chance—as would Canada, although the fact that it is a Commonwealth nation might pose a problem. Could not Norway help the G8 countries convene a meeting to look at a post-Mugabe society in Zimbabwe? That meeting could plot some of the brickwork— I hate to say road map—that would be needed. It could try to work out what could be done, how much might be needed, and how we might trade with Zimbabwe. As I have said before, we cannot stand still and do nothing.

4.6 pm

Mr. Gerald Howarth (Aldershot) (Con): I am delighted to follow the hon. Member for Sittingbourne and Sheppey (Mr. Wyatt). Given everything that he has done in the cause of helping the people of Zimbabwe, perhaps the right thing to do would be to transfer Mugabe's knighthood to him. That would amount to the just deserts that we would all like to accord him.

This debate has been extremely interesting. I have not been able to participate in these matters as often as I should like, but I want to pay tribute to all those who have kept the torch alight. They have tried to draw to the attention of the House and the people of this country the terrible evil of the regime over which Robert Mugabe currently presides. In that respect, I want to single out the hon. Member for Vauxhall (Kate Hoey) and my hon. Friend the Member for Macclesfield (Sir Nicholas Winterton), who have been trenchant and consistent in their campaigning.

My interest arises from the fact that I visited the country then called Rhodesia in 1967, when I was at university. My hon. Friend the Member for Lichfield (Michael Fabricant) was also present, and we went as guests of the Anglo-Rhodesian Society. No one who visited the country at the time could fail to recognise how fantastic it was. It was stunningly beautiful and had so much potential: the country was on the go and on the move. Of course it had its political problems, and I dare say that Labour and Conservative Members might disagree about the politics of that time, but the strong impression was that a dialogue was under way. There was much more freedom of expression in Rhodesia than there is today in Robert Mugabe's Zimbabwe.

In 1957, Harold Macmillan spoke about the winds of change sweeping through Africa, but he could not have foreseen the veritable tempest that was to follow. The ordered and increasingly prosperous societies left behind as the colonial powers scuttled out of Africa gave way to an appalling wave of violence and economic incompetence. The carefully crafted, Westminster-style constitutional arrangements were soon torn up as the democratic legacy gave way to dictatorship, corruption—and the hon. Member for Sittingbourne and Sheppey was very eloquent about that—chaos and the abandonment of concern for human rights.

What I have described happened in Nigeria, Uganda, the Congo, Kenya, Tanzania, Ghana—and, of course, in Zimbabwe, the former Southern Rhodesia. That is an appalling catalogue of failures.

Mr. Kelvin Hopkins (Luton, North) (Lab): I am interested in what the hon. Gentleman is saying. Was not some of the violence that occurred due to the post-colonial tendency of the west and the east to use Africa as a surrogate for their conflict?

Mr. Howarth: The hon. Gentleman is right to make that point. What he describes was a factor in what happened, but I do not think that it was the only one. We know that communist countries, and the Soviet Union in particular, sought to undermine western interests in those African countries. Many of those who came to power in the newly independent countries received training from the Soviet Union, so it was hardly surprising that they sought to implement Stalinist-style regimes—although at the time the rest of the world was quietly giving up the communist way of life.

Mr. Mullin: What about Mobutu? Was he a Soviet agent?

Mr. Howarth: I do not suggest that the entire continent was subverted by the Soviet Union: I was merely agreeing with the hon. Member for Sittingbourne and Sheppey. Perhaps the Minister should have a word with his hon. Friend.

Sir Nicholas Winterton: As my hon. Friend considers the history of Zimbabwe—Rhodesia, as it used to be—in the 1960s and before, will he comment on what President Gumede from Matabele, who was President when Bishop Muzorewa was Prime Minister, said to me—"If the western world would allow us to sort out our own problems, we would get it right. As it is, we're going to get the wrong answer."?

Mr. Howarth: Those were prophetic words. Life was very difficult at the time and a strong anti-colonialist stance was popular, especially among Labour Members. I do not entirely blame the colonial powers for wishing to remove themselves from Africa, because that was the way things were going. I merely make the point that those societies were ordered, and what followed was a disappointment. I was an international banker before I became an MP and I saw at first hand the appalling corruption in Nigeria. It was desperate to see so much money being siphoned off and denied to the people. Nigeria had so much going for it, including tremendous agricultural and industrial potential, but it was all squandered.

One country that has so far survived the storm is South Africa. It owes its survival in large measure to the personality and strength of one truly remarkable man—Nelson Mandela. I probably would not have said that 15 years ago. In fact, I freely admit that I would not have said it, but I do now. He has set a magnificent example, and it is a great shame that it has not been followed as widely in the rest of Africa as I would wish. Thankfully, some countries that have suffered lately are showing signs of improvement.

Today's debate has been characterised by a consensus across the Chamber about the level of evil of the Mugabe regime, and the violence and abuse that it visits on its own people. I shall not repeat that catalogue, because my right hon. and learned Friend the Member for Devizes (Mr. Ancram) has described it. The right hon. Member for Swansea, East (Donald Anderson) and other hon. Members also set out the problems.

I do not know how many other hon. Members have heard Alastair Leithead's recent broadcasts for the BBC about life inside Zimbabwe. He has obviously taken some risks to make them, but those who have spoken to him have taken even greater risks. He has lifted the veil and no one can still be in any doubt about the brutal nature of the regime. That nature is encapsulated by the words of the Foreign Affairs Committee in a report on Zimbabwe. It refers to the Mugabe regime's

"use of torture, beatings, rape and starvation against its own people, and the threat which it poses to the prosperity and stability of southern Africa".

What an indictment of a country from our Foreign Affairs Committee.

Alastair Leithead's reports make the point that those who are suffering most are the ordinary people of Zimbabwe. We know that the white farmers are suffering: they are being beaten and dispossessed of farms in which they, and their families before them, have invested their entire lives to grow food not only for the people of Zimbabwe but for the rest of southern Africa. They have had a terrible time—but things are even worse for the ordinary Zimbabweans.

As the Archbishop of Bulawayo said:

"They"—

that is, the Government of Zimbabwe—

"have a plan here to starve people to death for political ends—to get everyone aligned to their party at all costs, which is absolutely diabolical and vicious".

I referred earlier to the remark by David Coulthard that in the recent by-election at Lupane, those who did not vote for ZANU-PF did not get the food. Such behaviour is disgusting. An aid worker says:

"Children are dying from starvation. We had children fainting and not able to even walk to get food as they were too weak. This country has been brought to its knees and it is slowly dying. All we are doing is holding our finger in the dam trying to stop the final disaster—but it's coming".

There is incontrovertible evidence that Zimbabwe is a country where the people are crying out for help. Why should we tolerate that? There are three reasons why we should not. First, this is our concern. As the hon. Member for Vauxhall said, we have historic ties with Zimbabwe. As the colonial power, we handed over a country in which our citizens continued to play a part in both Government and the economy, and thousands of our kith and kin—to use that old expression—remain there. The Government have seen it right to intervene in Sierra Leone and the Congo, so I find it curious that Mugabe is allowed to get away with what amounts to genocide and the destruction of his entire country.

Secondly, there is a steady exodus of asylum seekers. We have heard about the people streaming out into the surrounding countries. I dare say that, as the hon. Member for Sittingbourne and Sheppey said, many of those are qualified people who will be well received in the neighbouring countries, but I must also point out that whereas in 1994 there were 55 applications for asylum from Zimbabweans in the United Kingdom, in the last four years there have been 14,000. People are streaming out of the country. Only recently, in my Aldershot constituency, I met a Zimbabwean applying to stay in the United Kingdom, and I have just been able to write and tell him that he will be able to stay. This country has an interest, because if the result of Mugabe's tyranny is that all those people are streaming out not only into the surrounding countries but into the United Kingdom, that is a matter of concern for us.

Thirdly, as the hon. Member for Vauxhall also said, we are paying for all that. Our constituents are paying for the rather futile attempts to help the ordinary people of Zimbabwe. As my hon. Friend the Member for East Devon (Mr. Swire) said in the debate in Westminster Hall on 9 March:

"the Department for International Development has given the country £62 million in humanitarian assistance since the crisis began in 2001, and it provides further funds to help tackle HIV/AIDS"—[*Official Report, Westminster Hall*, 9 March 2004; Vol. 418, c. 387WH.]

That is a lot of British taxpayers' money going into that country.

[Mr. Howarth]

The Foreign Secretary said earlier from the Dispatch Box that once democracy had been restored we would be paying even more to put things right—and by then, the country will be in ruins. I believe that the hon. Member for Sittingbourne and Sheppey said that that would take 10 years even if we could put things right today, so if things changed in two years' time, how long would it take to restore the country to normality?

It is clear that we must do something. The Foreign Secretary said that we had to avoid "playing into Mugabe's hands" by pitching ourselves against the rest of the world, but as my right hon. and learned Friend the Member for Devizes rightly said from the Front Bench, in this case, quiet diplomacy has failed.

It is an indictment of other countries that they are unwilling to support the United Kingdom in concerted action to save the poor people of Zimbabwe when what is happening to them is transparently obvious. It must be in the interests of the neighbouring countries to join us in taking action.

The right hon. Member for Swansea, East (Donald Anderson) said that it was clear that South Africa had a great deal to lose from the complete implosion of South Africa, and that is true. Perhaps skilled people are currently well received by neighbouring countries, but if Zimbabwe continues to implode, a stream of people without such qualifications will develop, which will become those countries' problem. It is not often that I agree with the hon. Member for Tweeddale, Ettrick and Lauderdale (Mr. Moore), but in the spirit of consensus that is clearly breaking out in the Chamber today, I concur that we ought to give things a try. My right hon. and learned Friend the Member for Devizes is to be congratulated on his five-point action plan to try to get something done. We owe it to the people of Zimbabwe, both black and white, to end the tyranny of President Mugabe's Government.

Several hon. Members have mentioned the cricket. The Foreign Secretary said grandly that it would be quite improper for the Government to intervene and that the private sporting body should make the decision on the matter. Those of us who are concerned about the problem, such as the hon. Member for Vauxhall, might like to take a leaf out of the Leader of the House's book. When he was masquerading as a Liberal, he brought about the Government intervention that stopped the South African cricket tour of 1970 by threatening to flash mirrors in batsmen's eyes and a load of other measures that were then called "direct action". I set up something called the Hain prosecution fund, so I am intimately familiar with the matter. Given that the Leader of the House was able to push the then Government into action, I am sure that he will be able to give advice on how we may be able to prevail on the Government to take proper action on the cricket tour.

I wish to raise a further issue in my capacity as honorary parliamentary adviser to the Overseas Service Pensioners Association. The Minister knows that we have a longstanding interest in the plight of the public servants who stayed on in Zimbabwe after the handover of power that followed the Lancaster house agreement in 1979 and 1980. I associate my hon. Friend the Member for Daventry (Mr. Boswell) with my comments. He is unable to be in the Chamber because he is engaged in important "warfare" work elsewhere in the country, but I know that he strongly supports the cause.

Some 1,200 people in this country should be in receipt of pensions from the Government of Zimbabwe. The pensions dried up in February 2003 and those people are seriously suffering. Even if they were paid, given the rate of inflation in Zimbabwe about which we have heard, such money that they would receive would not compensate them properly for a lifetime of public service to the people of Rhodesia and then the people of Zimbabwe. I am sorry that the Foreign Office has written to say that it has no duty of care or responsibility for those people who are genuinely suffering. I put it to the Minister and the House that if those people had not agreed to stay on and act as public servants to ensure that there was continuity of government and proper administration of the country following the handover of power, things might have been very different because the country could have been handed over to people without the qualifications or experience to run it. We owe a debt of gratitude to those public servants for what they did.

Mr. Bellingham: Does my hon. Friend not agree that the police and many other public servants who stayed on after the unilateral declaration of independence remained loyal to the Crown and built up pension rights? Now, however, everything has been lost.

Mr. Howarth: Indeed. I make no apology for raising the matter, as it is unfortunate that the Government, who accept that they have a duty to provide food aid to men, women and children who are being starved by Mugabe, do not think that they have a duty to people on whom they were dependent for delivering the agreement struck at Lancaster house. Even if a trust was not implied—the Foreign Office rejects that argument—Her Majesty's Government were the legal Government at the time of the handover to Zimbabwe and, as the holder of pension contributions, owe those people a duty of care worth much more than just the remittance of those pensions. My noble Friend Lord Trefgarne wrote to the then Government on 20 December 1979, referring to "full safeguards and remittability", but remittability is only part of the issue of the safeguarding of pensions.

The Government owe these people a debt of honour. It would not cost a huge amount, but if they accept that they have a duty to the victims of Mugabe's terror regime, I hope that they will step up to the mark and accept that they have a duty to discharge towards people who did not work for profit in the private sector but were public servants who sought to serve the people of Zimbabwe and played a critical role during the transition. That debt ought to be repaid by the Government.

4.26 pm

Ms Julia Drown (South Swindon) (Lab): I am pleased to have the opportunity to convey to the House my constituents' concerns about Zimbabwe, where the situation is appalling, as Members on both sides of the House have said. There are worsening attacks on press freedom and horrific human rights abuses directed at ordinary members of the democratic opposition, who should be able to challenge the regime. We have heard worrying statistics that 90 per cent. of opposition MPs

have been subject to human rights abuses, 16 per cent. have been tortured, and three have died after being assaulted.

We might hope to look forward to next year's parliamentary elections, but the prospects are not good, as by-elections in April and May clearly showed that conditions in the country are not conducive to free and fair elections. If there is anything that we can do either as parliamentarians or by applying ministerial pressure we should do so to make sure that in those elections people enjoy the right to express their views. The international community does not yet have the powers to represent ordinary people. Members will be aware that people in Zimbabwe do not support what is going on. It is for Africa to deal with the problem but, distressingly, it lacks the political will to do so at a time when it is at the forefront of many international debates. African countries would raise objections if the issue were raised at the UN Security Council, so there is a genuine test for the New Partnership for Africa's Development and the new Commission for Africa. If we cannot focus on turning the situation around in Zimbabwe, UN resolutions and other procedures should be adopted to protect ordinary people.

I recognise that the Government have taken action on Zimbabwe. It is clear that our food and humanitarian aid is keeping many people alive in that country, and we are the biggest cash donor. I should like to push for more aid to and support for Zimbabwe. I should like to call on the Government to do more and to set a timetable to spend 0.7 per cent. of our income on international aid, but I can see why Zimbabwe does not make a good case for that. I understand why my right hon. Friend the Secretary of State for International Development wants to spend money only on humanitarian aid there. To do more might be seen as support for the Mugabe regime. However, there is no reason why we should not set a timetable to achieve the goal of spending 0.7 per cent. of our income on international aid. Unfortunately, there is so much poverty in the world and so much that we could do that there is a clear case for us to do so.

For Zimbabwe, we need to concentrate on providing food aid and helping the AIDS victims, which I am pleased the Government are doing, particularly looking after the 700,000 AIDS orphans. I am pleased also that we have done more to support those who are bravely trying to stand up to the Mugabe regime—the trade unionists, lawyers and civil rights activists. When representatives of those people from Zimbabwe were here in Central Lobby, my right hon. Friend the Secretary of State for International Development met them and spoke to them. They very much appreciated his presence.

Several hon. Members have mentioned the fact that we give asylum to those persecuted by Mugabe. Yes, we do give them asylum, but as constituency MPs we all know of such people who would like to have their family members join them in the UK, but they cannot. That gives the lie to the claims made about how easy it is to come to this country, and shows how difficult that is, which is not the impression that one gains from most of our newspapers. The study of individual cases would make clear the asylum and immigration policies that we run.

I am pleased that, working with the European Union, we have imposed restrictions, particularly the travel ban and assets freeze, on Mugabe and some of his close colleagues. That supports the case for working with the EU on such issues. The more international support we can get for those policies, the greater the impact we will eventually have on Zimbabwe. If we adopted an isolationist stance, we would not achieve as much.

I am concerned about the general position. My work with heavily indebted poor countries leads me to deal with a number of neighbours of Zimbabwe. Through those contacts I hear of the plight of ordinary people there. Other hon. Members have mentioned that members of the Zimbabwean regime say that food aid is not needed, yet according to non-governmental organisations, including the Zimbabwe vulnerability assessment committee, an estimated 2.3 million people will need food aid this year. How can those such as Mugabe, supposedly representing his people, say that everything is fine, when he knows that by doing so he will delay the arrival of food aid, should it be needed? It seems that it will be much needed.

I turn to the reasons why we should do more with our international partners. When we had a visit from the Zimbabwe high commissioner I met him and some of his colleagues to express concern about the horrific human rights abuses taking place in Zimbabwe. I was appalled by the response that we got. Every criticism that we, as parliamentarians, made of the Zimbabwean regime was flung back in our faces, as though every problem in Zimbabwe was a result of its colonial history and of what British Governments in the past had done. Even when we said that, for all the wrongs of colonialism, there was no way that one could associate the torture and human rights abuses in Zimbabwe now with its colonial history, they did not listen. That brought home to me how vulnerable Britain is in terms of leading the protest on Zimbabwe. I could see how the Mugabe regime might relish some of our criticism and want to use it as ammunition in their own country, and how Mugabe might say, "This is the big old colonial power coming back to have another go at my people, but I, the great ruler of Zimbabwe, will stand up for you." That is a real and huge danger. I was disappointed that there were not more parliamentarians at the meeting to push the case, but those of us who were there did do so. The response that we got was frightening, but it showed how, in trying to get Zimbabwe to change, it is fundamental to get the neighbours on board; to get Africa on board. They are the only people who will make Mugabe and his regime change.

That does not mean that we can do nothing. That is why the Government are trying to get those partners on board. It is probably not helpful if we are seen to lead the protests, but we need to encourage others to lead the way on this. This is undoubtedly a serious issue, and I urge the Government to do everything possible to put pressure on Zimbabwe and to get others to do so. Several Members have made good suggestions that I hope the Government will address, both in replying to the debate today and in determining policy. I am pleased that we were among the first to introduce targeted measures, such as the arms embargo in 2000, and that the EU played a big part internationally with measures such as asset freezing and travel restrictions, which have

[Ms Julia Drown]

recently been renewed with the number of people prevented from travelling being increased. However, I urge the Government to do more wherever possible.

Ultimately, this is about the ordinary people in Zimbabwe who are being let down by the international community. They are suffering under Mugabe's appalling regime and if we can do anything more to help them, we should do so.

4.37 pm

Mr. Henry Bellingham (North-West Norfolk) (Con): I agree with the criticism made by the hon. Member for South Swindon (Ms Drown) of the Zimbabwe high commissioner to London, Simbarashe Mumbengegwi. He wrote me one of the most supine, absurd letters that I have ever read in my life. He lives in a different world altogether.

We have seen the total disruption of the rule of law, the totalitarian state is now complete and tyranny is fully entrenched. Many examples of that have been given today, in particular by my hon. Friends the Members for Macclesfield (Sir Nicholas Winterton) and for Aldershot (Mr. Howarth). I also recognise the points made by the hon. Member for Sittingbourne and Sheppey (Mr. Wyatt) in his very good speech.

I should like to refer to one or two of the most appalling incidents in this sad and tragic country. A human rights lawyer called Gabriel Shumba, a thoroughly upstanding member of Zimbabwe society, who had often spoken out about the wrongs in that society, was called on to defend an MDC Member of Parliament who had had certain threats and accusations made against him. While he was consulting his client he was seized by armed police and held in a prison cell, then he was removed, shoved into a yellow vehicle with his head covered in a black hood and taken away to an unknown place. He was thrown down three flights of stairs, stripped naked, shackled by his hands and feet and abused and assaulted for many hours. He eventually sought asylum in South Africa, from where he bravely speaks out on behalf of the many different Zimbabweans who have sought asylum abroad and who want to return to Zimbabwe one day.

My hon. Friend the Member for Macclesfield spoke at some length about the agricultural and farming sector in Zimbabwe. He was right to do so, because that part of the productive capacity of the country has been subject to premeditated destruction. Previous debates on Zimbabwe in this House and in Westminster Hall have been dominated by events in the agricultural sector, and I do not want to add to those points today, except to comment on one aspect of that appalling situation that has not received any coverage in the press here.

Zimbabwe recently made international news by announcing the nationalisation of all land. What did not make the news, however, was the Acquisition of Farm Equipment or Materials Bill, despite the parliamentary legal committee in the Zimbabwe Parliament's unanimous declaration that five clauses of that Bill are unconstitutional. All opposition MPs walked out of Parliament in protest when it came to a vote, but the Bill was passed. The Bill allows the state compulsorily to acquire farm equipment and materials, and it forbids farmers from selling, dismantling, removing or destroying their property, which obviously includes tractors, ploughs, irrigation equipment, machinery, seed and fertilizer. That is just one more step on the way to the absolute breakdown of the rule of law.

A number of hon. Members mentioned the situation in Zimbabwe's schools, which affects not only the small number of white people in Zimbabwe, but many millions of black people. A couple of months ago, the Education Minister ordered the closure of all private schools. He said that those schools were racist, and that they threw out African pupils by hiking up their fees, but he did not say that 90 per cent. of pupils in Zimbabwe's private schools are black—virtually all Zimbabwean Ministers and civil servants send their children to such schools. Those schools may well survive, but they have not been allowed to put up their prices. A number of them are still closed, and they are suffering serious difficulties.

Ms Keeble: I am grateful to the hon. Gentleman for raising the issue of private school fees, because the Zimbabwean Government have also increased state school fees. Does he agree that they should examine their polices for educating children?

Mr. Bellingham: The hon. Lady is absolutely right, and I agree with her 100 per cent. The House has reached a consensus this afternoon, and one encouraging aspect of the debate is that few of the disagreements that would have arisen a few years back have come up today.

What more can Her Majesty's Government do? I agree with my right hon. and learned Friend the Member for Devizes (Mr. Ancram), who rightly states that not enough has been done. On smart sanctions, the net should be widened to cover the children and relations of the 79 people who have been targeted already. Indeed, if a small country such as New Zealand can target 140 individual Zimbabweans, why can Europe not target more than 79?

What about the business associates of the regime who come to this country? The hon. Member for Vauxhall (Kate Hoey) mentioned the governor of the Zimbabwean central bank, who came here with impunity. That man has blood on his hands and is closely connected to the regime, so why is he not on the list of smart sanctions?

Mr. Mullin: The EU sanctions list includes 95, not 79, people.

Mr. Bellingham: I am grateful to the Minister for putting me right. I got the figure of 79 from an e-mail from someone in Zimbabwe, but it is clearly out of date. I am glad that it has been extended, but it is still far short of the figure of 140 that was targeted by the New Zealand Government.

On next year's elections, I entirely agree with the hon. Member for Vauxhall that it is vital that international monitors are put in place well in advance. The hon. Member for Sittingbourne and Sheppey suggested that an eminent persons' delegation should go out to

Zimbabwe as soon as possible to prepare the way for a proper monitoring process to oversee those elections. That is a good idea.

One of the recent by-elections took place in the seat that fell vacant on the death of Vice-President Simon Muzenda. When one considers the catalogue of abuses and outright criminal events that occurred in the run-up to that by-election, it is staggering that the Movement for Democratic Change managed to get any votes at all. In fact, its candidate ran the ZANU-PF candidate very close, despite the raiding and firebombing of its offices and the removal from the register of the names of some 7,000 of its supporters. In the event, the winner, Air Chief Marshal Josiah Tungimirai, polled only 1,000 more votes than the MDC candidate. That shows the level at which abuse of the electoral process is still going on; it is therefore vital that independent observers are put in place in very good time.

As we have heard, South Africa has a pivotal role to play in this, and I believe that it needs to have pressure put on it by the United States. Many US companies are based in South Africa and a huge amount of US aid goes into the country. South Africa's locus is pivotal, and I would have thought that the US could use its position to address that fact. South Africa can also play a role in increasing the number of targeted non-trade sanctions that could be effective against Zimbabwe. I agree with the hon. Member for Sittingbourne and Sheppey that we can make more imaginative use of our position in the G8 to ensure that Zimbabwe is right at the top of the agenda.

On cricket, I agree with the comments of other hon. Members; indeed, I intervened on my right hon. and learned Friend the Member for Devizes to that effect. The cricket world accepted South Africa for many years, despite the apartheid regime and abuse of human rights in that country, on the basis that the team was selected on fair grounds. But when the South African Government intervened directly in the English team selection of Basil d'Oliveira after he made his brilliant 158 not out at the Oval in the last test of the series, and the British Government were told that he would not be acceptable as a tourist in an English cricket team, we pulled out of that tour and sporting sanctions were applied to South Africa.

What we are seeing now is outright racism against the Zimbabwe cricket team. As the hon. Member for Vauxhall pointed out, the Zimbabwe Cricket Union is an adjunct to the Mugabe politburo, and racism is involved in the selection of players. The situation has got completely out of control. I sometimes despair at the supine attitude of the International Cricket Council. As the hon. Lady said, the Government must take more interest and start to get a bit tougher. It is no good their saying that it is entirely a private matter for the England and Wales Cricket Board, then standing back and doing nothing whatsoever about it.

The Prime Minister said, in his great speech at the party conference three years ago, that he would

"make Africa a major personal priority and a priority for the Labour Government."

Several suggestions have been made today about how he could ensure action on that. I strongly believe that the Prime Minister will be judged on progress in Zimbabwe.

I should like the Under-Secretary to consider an issue that is not on everyone's radar screen. He knows that a British subject, Simon Mann, was arrested in Zimbabwe a few weeks ago for suspected mercenary activity. He went to Zimbabwe approximately a month before he was arrested, held meetings with Zimbabwe Defence Industries and put in an order for various weapons, mainly hand guns. Zimbabwe Defence Industries led him to believe that he was allowed to purchase those weapons but he was arrested a month later. Of course, I do not condone what has been happening—Simon Mann is normally well able to look himself—but he is in prison in Zimbabwe. He has apparently been tortured and starved. He is a British citizen and the Government should take a close interest in his basic human rights. I ask the Under-Secretary to consider that carefully.

I am worried that, after the expression of severe anger, marching and demonstrations by those who oppose the Government in Zimbabwe, people have turned to despair. To some extent, they have been paralysed into inaction. The demonstrations have stopped and there is a terrible fear of violence, torture and terror. Many good people in Zimbabwe have been crippled by despair and are sitting back and saying that they can do no more.

I conclude with a quote from a marvellous book, "Beyond Tears", by Cathy Buckle, which alludes to a Nazi victim in 1945:

"First they came for the Jews
and I did not speak out
because I was not a Jew.
Then they came for the Communists
and I did not speak out because I was not a Communist.
Then they came for the trade unionists
and I did not speak out
because I was not a trade unionist.
Then they came for me
and there was no one left
to speak out for me."

We have spoken out in the House this afternoon. The Government must do their bit and speak out for the people of Zimbabwe.

4.52 pm

Mr. Kelvin Hopkins (Luton, North) (Lab): I shall speak briefly. I have a great sense of deference to all the other hon. Members who spoke today because they are clearly more closely involved with Zimbabwe than I am, although I feel strongly about it, and I do not pretend to have their extensive knowledge of or contact with the country. However, I want to make some specific points.

I do not defer to the hon. Member for Aldershot (Mr. Howarth) and his description of modern African history. Both sides in the cold war used Africa as a place where they had surrogates to fight that war. One could go through almost every country in Africa and find some mischief by right and left. For example, my hon. Friend the Under-Secretary helpfully mentioned Mobutu and events after the murder of Lumumba. The Congo has experienced possibly the worst violence of the past 10 years. Approximately 3.5 million people have died, yet that has hardly registered on western political screens.

We have to be consistent in our view of what goes on in the world and treat terrible regimes and events with equal dislike and action. We cannot single out one

[Mr. Kelvin Hopkins]

specific regime because we feel more strongly about it for various reasons. Events in the Congo, where 3.5 million people died, have been especially appalling. Several Congolese refugees have come to my constituency and I know from them what has been happening there.

Idi Amin in Uganda was the west's preferred dictator. When he replaced Milton Obote, it was perceived to be beneficial to the west. What he did thereafter was quite appalling, and the only benefit for this country was that the Indian population was driven out of Uganda and many of them came to Britain. They have made a fantastic contribution to our society ever since. Many in my constituency—and, indeed, in my birthplace, Leicester—have made a great contribution. Idi Amin's was, however, an appalling regime with which the west acquiesced, because he was seen as the west's preferred kind of dictator at the time. We have to be consistent, however: we must condemn all appalling regimes and do everything we can to try to overcome them and replace them with democratic and civilised regimes.

I have a number of Zimbabwean refugees in my constituency, several of whom are connected with or active in the Movement for Democratic Change. Some are active politicians, but I will not mention their names, for obvious reasons. I have been pressing the Under-Secretary of State for Foreign and Commonwealth Affairs, my hon. Friend the Member for Sunderland, South (Mr. Mullin) to be more agreeable to allowing their families to obtain visas to come to Britain, because those politicians feel that, although they are prepared to risk their own safety and their own lives, they do not want to risk the safety or the lives of their families.

Those politicians' families are being intimidated, harassed and threatened, and if we could be more amenable to allowing them at least to take temporary refuge in Britain until the present regime in Zimbabwe has gone and there has been a return to a more democratic and civilised society, it would free those politicians and activists in the MDC to become more active and to feel less intimidated than they are at the moment. We heard from the hon. Member for North-West Norfolk (Mr. Bellingham) that some of them have been cowed to the extent that they are no longer as challenging as they might be. I want to see Zimbabwe return to the path of democracy and freedom, but with the Opposition there so cowed, might we have to wait until Mugabe dies? Even then, some of his henchpeople might carry on if they held sufficient power.

We need to see some opposition in Zimbabwe, and we must do what we can to support the MDC activists and politicians. If that means helping them by allowing more of their families to come to Britain, at least temporarily until the Mugabe regime disappears, we ought to do that. I have had correspondence with my hon. Friend the Minister about this, and I have met him to discuss a particular case. I hope that he will take note that I still feel strongly, not only about that case but about all the people who are suffering similarly in Zimbabwe. If we can help in the manner that I have described, it might help to engender more active opposition there, because people will feel freer and less threatened and fearful for their families, even though they are brave enough to stand up on their own behalf. I urge my hon. Friend to give serious thought to what I have said.

4.57 pm

Sir Patrick Cormack (South Staffordshire) (Con): I apologise to the House for being out of the Chamber for some time after the opening speeches, but I was chairing a Committee elsewhere. I am glad to have this opportunity to make a brief contribution, although it will not be quite as brief as the admirable contribution of the hon. Member for Luton, North (Mr. Hopkins). He spoke with fervour and feeling, and I hope that his colleagues on the Front Bench will respond positively to what he said.

I remember being in the House one evening in 1979, when the late Ian Gow came to me and said, "Would you mind coming to the boss's room and cheering her up a bit? We're going to watch the handover in Zimbabwe." I duly went to the Prime Minister's room. My wife happened to be with me at the time—there were about a dozen of us altogether—and we sat there with Margaret Thatcher watching the small television set that she had in her room. We saw the immaculate Christopher Soames, who had gone over there as governor, and the handover was a most impressive sight. After it was over, I said, "Thank you, Prime Minister, for letting us watch this with you. This is an amazing achievement for your Government, so early in its period of office", or words to that effect. She gave me a steely look—she was quite good at that—and said, "Don't you be so sure. You wait and see how it all works out." Those were prophetic words.

The handover had to take place, Lord Carrington and others handled it with consummate diplomatic skill and it was a great achievement. What has followed, however, has borne out something of what Margaret Thatcher said. Certainly, no one who has taken part in this debate—I have had a briefing on some of the speeches—has not been appalled by the evil tyranny that we have seen unfold over the last few years.

During the Foreign Secretary's speech, mention was made of the massacres in Matabeleland in the 1980s, and it is true that, with one or two notable and honourable exceptions, people did not speak out. I was not one of those who spoke out particularly at that time—I wish I had known more, and I wish I had done so. The hon. Member for Vauxhall (Kate Hoey) and I spoke out at the time of Bosnia, and I am very glad that we did. We played a small part in changing the Government's and the Opposition's policy. It is crucial that as we look at Zimbabwe now, we speak out and urge our Government to speak out a little more.

I do not for a moment cast any doubts on the integrity of Her Majesty's Ministers on the subject of Zimbabwe. I do not for a moment question their good faith. I am sure that everyone who has taken part in this debate, including both the Foreign Secretary and the Minister who will wind up, can unite in deploring the tyranny and evil. We are at one. I want to take it a stage further, however.

First, we must remind ourselves constantly of just how evil this regime is. When I was on the Foreign Affairs Committee, I received on its behalf, with the hon. Member for Nuneaton (Mr. Olner), who is not here

today, a delegation from Matabeleland. The stories that we were told by those brave men—of the sterilisation of their women, of the food that they were not allowed to have, of the appalling visits in the night, and of all the other things that one associates with a tyrannical police state—were terrible. A few months later, I was invited to meet the Roman Catholic archbishop of Bulawayo, who is also a man of enormous stature and dignity. He has spoken out with a bravery that few of us would be able to emulate. Thank God that he is still there, and long may he remain there. Again, what he told us about the nature of that regime, and of the supine attitude of some other clergy there, who ought to speak out and do not, was salutary.

More recently, something has come to my notice in a personal capacity that I want to mention briefly in the House. One of my great friends and contemporaries when I was a schoolmaster many years ago, Dr. Alan Megahey, went out in 1983 to be the rector of Peterhouse, which is one of the foremost schools in Zimbabwe. At that stage, it educated boys—and now boys and girls—both black and white, and by the time that Alan Megahey left, the majority of the pupils were black. Robert Mugabe had paid the school a visit, given out the prizes and said what a wonderful institution it was. A few weeks ago, Alan Megahey's successor was briefly put in jail, and the school was threatened with closure. Of course, the same has happened to private schools, to which my hon. Friends have referred, throughout Zimbabwe.

I sent some documents to the Foreign Secretary and I had a reply a few weeks later from the Minister who is sitting on the Treasury Bench. His reply was in most respects impeccable. I shall quote what I approve of. He said he condemned the arrests, and that Ministers were dismayed that they had taken place

"despite a court order nullifying the Government of Zimbabwe's decision to close the schools . . . It is appalling that head teachers such as the current Rector of Peterhouse have received such treatment at the hands of the Mugabe regime. Our Embassy in Harare has kept a close eye on this issue . . . It is tragic that a school which has done so much to foster multi racial and multi gender education in Zimbabwe"

—I do not much like the syntax, but the sentiment is admirable—

"may now be forced to close as a result of Mugabe's policies. As Dr Megahey's memo makes clear, if the school is not permitted to remain as an economically viable institution, it will have to close. This will be just as damaging for black Zimbabwean pupils, staff and their families as for white."

That is all is splendid stuff, but then the Minister writes, and I referred to this briefly in an intervention on the Foreign Secretary:

"You suggest we make representations to the Zimbabwean Ambassador. The Government of Zimbabwe is fully aware of our views on its human rights abuses, which our European partners and we have condemned on numerous occasions. I do not believe that raising this issue with the Ambassador here will lead to any change in Zimbabwe policy."

I am afraid I saw red. I immediately wrote back to the Foreign Secretary, on 18 June, marking the letter for his personal attention. I make no complaint about the fact that after a fortnight he may still not have seen it. The Foreign Secretary is a busy man and a decent man. He has a lot to do. The Minister, too, is a decent man. He has campaigned vigorously on a number of issues, not always with my total agreement but always with my complete admiration. This is nothing personal.

I wrote that I was disappointed by the Minister's response:

"I entirely accept the Government's good faith"

and said that I had "a high regard" for the Minister and the Foreign Secretary, but continued:

"But surely the fact that you do not believe that raising this issue with the Ambassador will achieve very much is no adequate excuse for not raising it. The more that Zimbabwe knows that we disapprove of its Government's actions across a whole range of issues the more it will become isolated, especially if we give publicity to our disapproval. I . . . would be grateful if you would have another think about this one".

When I intervened on the Foreign Secretary, he replied that I had a good point. I hope that we will never—merely because we think we will not achieve anything—not tell the Zimbabwean ambassador in London that we deplore action of this kind. The actions of a repressive, tyrannical regime should always call for comment and condemnation from a civilised Government in a civilised country. I very much hope that following this debate the Foreign Secretary or the Minister will tell the ambassador precisely what he thinks of that sort of action. We must do more. As I said, it is not a question of good faith. It is not a question of saying that the Government are soft on Zimbabwe, but we must do more within the limitations that constrain us. Of course we cannot send an army to Zimbabwe, and of course we should not impose general sanctions that would further depress the living standards of people who are already living in dire poverty and penury as they suffer from a man who can perhaps be compared only with Papa Doc for the way he treats people. I think, though, that there are things than can be done. Let me make one or two suggestions, some of which I know have already been mentioned.

That list of 95—not 79—is not long enough. Anyone who is associated with those people should not be allowed to benefit from the way in which they are behaving. I want an assurance that all the assets of such people will be frozen. I want an assurance that those who send their children to school in this country, while denying children in Zimbabwe an opportunity to go to places such as Peterhouse, are not allowed to do so. I want an assurance from the Minister that anyone with any connection with this brutal regime will treated as an outcast and a pariah, not allowed into this country, and not allowed to benefit in any way, directly or indirectly.

I want more than that. I want the Foreign Secretary to give this issue a higher profile. I want him to invite to Carlton house all the African ambassadors and high commissioners, and I want him to tell them just what importance this Government attach to the Zimbabwe issue. I want him to tell them that although we have always been glad to help African nations in need and want to continue to help them, they themselves have a moral responsibility not to allow that cancer to develop further in the south of their great continent.

There must be some real, plain, tough speaking of that sort. Some feathers will be ruffled, but so what? That should be a preliminary, and in addition a conference to address the issue should be convened by the British Government, to which Heads of State and Heads of Government should be invited. We have seen a country that was in many ways one of the most prosperous, fertile and potentially rich nations on the continent of Africa reduced in effect to a dustbowl, its

[Sir Patrick Cormack]

people poverty stricken and ruled by a regime that imposes the most appalling conditions on them. We have seen that develop during the past 25 years, since independence was granted, and we have a moral duty and obligation to point to that constantly and to do everything that we can to convince the other African nations that if they want Africa to emerge as a continent that is light and not dark in every part, they must recognise that in a world where democracy should be the norm, dictatorship cannot be tolerated.

It is important that the Government up the rhetoric. There is a place for rhetoric.

Mr. Mullin: There has been rather a lot of rhetoric in this case, though.

Sir Patrick Cormack: The Minister may say that, but while I do not criticise his good faith, intentions or credentials, I repeat that I think that more could be done to highlight the appalling nature of the regime and to try to motivate others in Africa to do something about it.

My plea to the Minister is that he will be reinforced by the consensus that has clearly been apparent throughout this debate, and recognise that people of all political persuasions on both sides of the House are united in their condemnation and in their desire to support Her Majesty's Government in taking a tougher stance. The Government will have our total support in that, and I speak as one who has not flinched from supporting the Government over the Iraq war. I have constantly given my willing support on that, because I believe that what the Prime Minister has done has been both honourable and right. I now ask the Government to behave in respect of Zimbabwe with the same resolve, courage and determination that they showed over Iraq. Surely that is not too much to ask, and if it brings a new consistency to Government foreign policy in their attitude towards repugnant, vile dictatorships, that will be a bonus. I hope that we will get an encouraging response in that vein from the Minister when he winds up.

5.14 pm

Ms Sally Keeble (Northampton, North) (Lab): I apologise for not being here earlier; I had constituency business to deal with, as I pointed out in a note.

I am grateful for the chance to speak in this debate and I want to talk in particular about some of the humanitarian issues, rather than the political ones that have dominated the debate thus far. On my first visit to Zimbabwe, just after Mugabe came to power, I was left with two very compelling impressions. The first was the enormous optimism of people who had just regained control of their country and the excitement about the new Government and—at that point—about Mugabe. The second powerful impression was left by the big massacre that was taking place in the south of the country, and by the accompanying famine. What was happening in the south was being overlooked. The rest of the world was turning a blind eye to it.

I visited Zimbabwe for the second time last autumn. The decline, the complete loss of optimism about what was going to happen and the despair at the course taken by the Zimbabwean Government was one of the most horrifying changes that I have ever witnessed in any country. The loss of agricultural output and the economic decay was astonishing and disastrous, and the impact on the people was appalling. To see starving people in Africa used not to be the norm, but it has certainly become so in Zimbabwe.

The political problems are now of a complexity that is hard to get a handle on. I agree completely with those who have said that the forthcoming elections will be crucial. Monitoring them will be important and I suspect that it will be extremely difficult. However, this is not just about the regime of one man. The regime is heavily institutionalised and, whatever happens, the institutionalisation of violence—particularly that affecting young people—is going to take a very long time to unpick. If things to go well in the election, it will still be important to deal with Zimbabwe afterwards virtually as a post-conflict society, because of the regime's impact over the past 18 to 20 years.

We need to look much more closely at what is happening to the population and not only deal with the situation now, but prepare for dealing with it for a long time to come. My hon. Friend the Member for Luton, North (Mr. Hopkins) referred to Amin. Interestingly, although Uganda is now held up as a model of good development, economically it has only just got back to the point that it had reached before Amin came to power. I suspect that, even if the Government of Zimbabwe were to change tomorrow by some complete miracle, very long-term support and assistance would be needed to enable the country to rebuild to the position even of just a couple of years ago.

One issue that tends to get overlooked is the extent of hunger and the need for food. Last year, there was a big debate about whether the needs in the horn of Africa or in southern Africa were the greater. When I visited Zimbabwe, I was told that, although many people suffered from much more acute hunger during the big Ethiopian famine of the 1980s, back then some 20 per cent. of the population were being supported by food aid. However, now some 50 per cent. of the population in Zimbabwe are being supported by food aid. That is an absolutely remarkable dependency level and such support will be needed for the foreseeable future.

I also pay tribute to the work of the non-governmental organisations in trying to meet food needs. They have helped to set up a distribution network for food aid running across the country, which has provided a remarkable service to the people of Zimbabwe. A further problem is that Mugabe is now looking forward to what will happen in the elections. That will mean real pressure being put on the NGOs, which may be unable to fulfil the task, so the problems of the general population in Zimbabwe may become acutely worse.

The NGOs are already coming under real pressure from the regime and have great difficulty in speaking either about what is happening or about the needs of the community. As the Minister will know, the assessment programme has been stopped and Mugabe says that he has enough food. The international community challenges that, but there is the problem of what will happen to people who need food now.

That problem is compounded by HIV/AIDS, which now affects about a third of the adult population. When I last visited Zimbabwe, I was interested in finding out

about the work being done on HIV/AIDS, particularly the support provided for orphans, of whom there are about 800,000. The Minister knows that our own country would struggle to cope with a problem on that scale and I am sure that he is well aware of the pressing difficulties experienced in trying to contain the problems arising from the numbers of HIV orphans in Zimbabwe.

I recently tabled a question to the Secretary of State for International Development about the projections for the harvest in the coming year in Zimbabwe. Unfortunately, I do not have the figures with me, but if I recall correctly, it is estimated that the harvest will be about 75 per cent. short of meeting the actual food needs of the country. If so, the shortfall will have to be made up through imports, which the Government of Zimbabwe say will be provided. We are told that there will be no hunger problems, but I am sure—and the agencies on the ground are sure—that the Zimbabwean Government estimates are wildly optimistic and that there will be real hardship at the time of next year's harvest. If I recall the seasons rightly, that will be about the time of the election.

I am sure that, from now until the election, the Zimbabwean Government will use their own food aid ruthlessly for political purposes and continue to put pressure on the NGOs that are struggling to meet real food need. The organisations have a difficult space within which to work, but by and large they operate free of political bias. The consequences for the general public will be disastrous. Everything will be done to ensure that Mugabe gets the result that he wants in the election.

I know that the Minister and the Foreign Secretary have encouraged "suggestions, suggestions". I ask them and their ministerial colleagues to look more closely into the possibility of increasing the pressure, particularly in respect of the need for NGOs and other agencies to have greater security and space within which to operate. In looking for a model to follow, they might like to reflect on the sort of action taken in respect of western Darfur.

The UK Government have, rightly, been at the forefront of providing assistance to Zimbabwe, in terms of food and support for work on HIV/AIDS. The question is not whether we are prepared to offer international aid, but how effectively it can be deployed. The Government of Zimbabwe want to control the provision of food aid, for political purposes. I hope that my hon. Friend the Minister will work with colleagues, in the UN and the rest of the international community, to provide extra space for the agencies that provide the assistance to operate in, and to ensure that the aid is provided without political bias. I hope that he will also ensure that the distribution systems set up by NGOs such as the World Food Programme and its partner agencies continue to operate, as about half of Zimbabwe's population need to be fed.

In addition, I hope that the Government will look at the longer-term strategies to make sure that support programmes in connection with the food crisis and other service needs in Zimbabwe remain in place, regardless of what happens at the political level.

My visit to Zimbabwe last year was among the most horrifying that I have ever experienced, in Africa or anywhere else. It was uniquely clear that the hardship suffered by the population—the hunger, the catastrophic sickness levels, the hospitals that lack nurses, medicines and doctors and which routinely refuse to treat HIV/AIDS patients—were entirely the result of decisions by the Zimbabwean Government. It is exceptionally important that the international community makes the point that that Government must make space for the provision of basic humanitarian services.

Other pressing needs have to do with the abuses of human rights and the forthcoming election. However, I support the work done by this Government, with the Governments of South Africa and other nations, to bring pressure to bear on the Government of Zimbabwe with a view to securing change in that country. In particular, the hope is that elements in ZANU-PF will start to realise that they cannot continue to act as they have been acting, and that they must reach an accommodation with other parties at some point. In that way, we can ensure that there will be free and fair elections.

5.27 pm

Mr. Richard Spring (West Suffolk) (Con): I thank all those who have contributed to this afternoon's debate. Everyone is concerned about the situation in Zimbabwe, which is one of the great tragedies of Africa.

The right hon. Member for Swansea, East (Donald Anderson) was the first of many speakers to allude to the many statistics showing the terrible breakdown that has occurred in Zimbabwe in respect of production in agriculture and manufacturing. He rightly spoke about the collapse of education services and presented a catalogue of horror in the country that used to be described as the bread-basket of Africa.

The right hon. Gentleman also discussed the damage done to South Africa, which has not understood fully the various problems that the situation in Zimbabwe has caused it. The catalogue of depressing statistics and background information was added to by the hon. Member for Tweeddale, Ettrick and Lauderdale (Mr. Moore). That underlines the concern felt in this House for the tragic plight of the people of Zimbabwe.

I pay unreserved tribute to the hon. Member for Vauxhall (Kate Hoey). Over and over again, she has highlighted this matter in a very personal and impressive way, both in this House and in various other ways. She talked about the collapse of medical support in Zimbabwe and the tragedy of dispossessed black farm workers, and about Mugabe's horrific desire to cling to power at any price. She was also entirely correct to highlight the absolute necessity for Zimbabwe to have free and fair elections. She also highlighted the difficulties of the press in operating in the atmosphere that exists in that country and the need for proper, validated election observers. She also talked about—correctly, in my view—refusing visas as a way of dealing with the proposed cricket tour.

I pay tribute to my hon. Friend the Member for Macclesfield (Sir Nicholas Winterton), who for many years has been a wonderful example of interest in and commitment to the people of Zimbabwe. He talked about the tragic destruction of education infrastructure and housing, about torture and human rights abuses, and the way in which the sale of maize—a staple diet of the people of Zimbabwe—has been brought under political control. My hon. Friend is right to talk about

[Mr. Richard Spring]

the tragic situation that obtained in Matabeleland 20 years ago. I was not a Member of Parliament at the time, but it does no credit to the Government of the time that they paid insufficient attention to what was happening as that tragedy unfolded. I know that my hon. Friend was one of the few people to highlight that issue and, in retrospect, we all owe him a debt of gratitude.

The hon. Member for Sittingbourne and Sheppey (Mr. Wyatt) made the good point that the Churches should get together, visit Zimbabwe and report on the situation. He talked about it being the Palestine of Africa and about the need for a one-day conference on money laundering and Zimbabwe. All those points were well made.

My hon. Friend the Member for Aldershot (Mr. Howarth) has also taken a keen interest in Zimbabwe. He talked about the corruption, violence and human suffering. He was right to say that we have a responsibility and a special interest, given our historic ties to Zimbabwe. He was also right to point out that a pension problem has arisen for those who worked in that country's civil service.

The hon. Member for South Swindon (Ms Drown) expressed great concern. She mentioned the huge and increasing number of people in receipt of food aid, which is another manifestation of the tragedy of Zimbabwe. My hon. Friend the Member for North-West Norfolk (Mr. Bellingham) mentioned an issue that has been insufficiently highlighted—the acquisition of farming material and equipment. We have heard about land nationalisation, but that has disappeared from view at the moment. The compulsory acquisition of that material and equipment is an abuse of the rule of law. My hon. Friend also talked about the need for independent monitors and observers of the election process and about the racism involved in the selection of the Zimbabwe cricket team.

The hon. Member for Luton, North (Mr. Hopkins) talked about the need for consistency in our approach to the appalling regimes in this world. He also mentioned the Zimbabwean citizens and politicians who live in his constituency without their families, and the difficulties that they face. My hon. Friend the Member for South Staffordshire (Sir Patrick Cormack) urged the Government to speak out against what we all know to be an evil regime. He talked of the need for the Government to be in regular touch with the Zimbabwean emissary to convey our disapproval of actions undertaken by that Government. He also talked correctly of the need to deal with the cronies of the regime and their families if they benefit in any way from coming to the UK.

The hon. Member for Northampton, North (Ms Keeble) was right to raise the humanitarian issues and what will happen post-Mugabe. A massive reconstruction effort will be necessary and we all need to think about that. She was also right to say that people weakened by lack of food and starvation are especially prone to developing HIV/AIDS.

The debate has expressed a universal view of great concern about the Zimbabwean tragedy, but I must make one point about that. We have had many debates on the issue, especially in Westminster Hall, in the past few years. Over and over again, my right hon. and learned Friend the Member for Devizes (Mr. Ancram) has put forward specific ideas to address the situation. My right hon. Friend the Member for Horsham (Mr. Maude) did the same when he was shadow Foreign Secretary. Time and again, we have made specific and clear suggestions, and I thought that it was astonishing that the Foreign Secretary should say this afternoon that at no time have we made constructive suggestions about how to deal with the matter. My right hon. and learned Friend put forward a clear and whole policy agenda, as he has done time and again. It was demeaning for the Foreign Secretary to suggest that nothing but rhetoric has come from the Opposition, when we have tried to put forward specific suggestions on so many levels. His speech was flimsy and wholly inadequate.

There is anxiety about the skimming off of EU aid by the Mugabe regime, and I hope that the Minister will address that matter when he winds up. The European Communities Court of Auditors report for 2002 shows that no less than 89 per cent. of EU aid money provided for humanitarian purposes such as tackling AIDS and poverty in Zimbabwe has been creamed off by Mugabe and his cronies—a process that has been facilitated through a simple exchange rate scam. The audit estimates that Mugabe and his family, and those close to him in the regime, made something like £100 million. That is an outrageous sum, an abuse of aid and a total travesty.

Will the Minister respond on that subject? That appalling state of affairs has provoked criticism even from normally stoical EU officials.? In late February, one of them said:

> "It is an absolute scandal. Taxpayers' money is going straight into the pockets of gangsters."

I hope that the Minister will provide some information, because when the report was published, the Secretary of State for International Development launched an investigation. We welcome that, but it is important that we find out exactly what has happened. If the suggestions are true, what representations has the Minister made to the EU to change its aid delivery mechanisms? This episode is an outrageous abuse of taxpayers' money. Aid from the EU and the US sustains millions of Zimbabweans, and we want the people who need the aid, not members of the Mugabe family, to be helped.

Many good and encouraging things are going on in Africa. There is good economic growth in many of its economies, and political change in Kenya; there are many success stories. Sadly, however, the tragedy in Zimbabwe drowns them out and pushes Africa's successes out of the limelight. Zimbabwe casts a cloud over Africa's reputation.

It is therefore incumbent on the Government to make plain to other African countries the cost that Mugabe's regime imposes on them—a point that was made by my hon. Friend the Member for Banbury (Tony Baldry). In the United Kingdom, and in the west in general, we must play our part in helping Africa to help itself. We must work to open our markets, provide debt relief and encourage inward investment in African countries that offer attractive opportunities. We must realise that in a globalised world, we cannot escape the consequences of

instability or failed states even if they are halfway round the world. Economic consequences and the impact of refugee movements affect us all.

There are organisations that seek to act as a bridge between Africa's nations and the so-called west. The Southern African Development Community and the New Partnership for Africa's Development are two such organisations, which seek to bring together the need for aid and development with the need to deliver good governance. If they are truly to fulfil their potential and be internationally respected, they must be prepared to demonstrate that the peer review mechanisms designed to tackle members who breach their objectives and rules function effectively. The rules and mechanisms must be effectively applied to countries such as Zimbabwe.

The Government have several tools at their disposal to bring change to Zimbabwe. One is the diplomatic weight and pressure that the African Union and SADC could be persuaded to exert against Mugabe. Yet sadly, the Government's impact in that respect has been disappointing. For far too long, Mugabe's neighbours have done too little; it is unlikely that he would still be in power if those nations had adopted a proactive approach to his regime.

As my right hon. and learned Friend the Member for Devizes told us, in last week's debate in another place Baroness Amos said that SADC had made repeated attempts to apply pressure to Mugabe. However, Mugabe still gets a respectful response at every SADC conference. Baroness Amos mentioned Bakili Muluzi, the former Malawian president who, wearing his SADC hat, declared that the Zimbabwean elections in 2002 were free and fair. We have read similar comments by the president of Tanzania. A further example of the problem, if one were needed, is that during the UN human rights conference, the southern African nations, led by South Africa, combined to block a motion banning obvious and well documented human rights abuses in Zimbabwe.

In February 2004, the EU instructed its representatives in SADC countries to warn those countries' Governments about their policies on Mugabe. In every case, the Governments responded by downplaying what is going on in Zimbabwe. For four years, an endless series of British diplomats, Ministers and representatives called on those same Governments, discussing the situation in Zimbabwe in restrained terms. They reported back stating that the leaders whom they met now understood the issue better and recognised that Mugabe's rhetoric did not represent the true state of affairs. However, will the Minister tell the House how the recent series of meetings were responded to? In addition, can he tell us whether, in the Government's opinion, those SADC countries have taken up their responsibilities to seek to influence the course of events in Zimbabwe—after all, refugees from Zimbabwe are all over southern Africa?

NEPAD is a partnership between the developed and developing world. Its framework enables African countries to receive aid and inward investment from the developed world on the condition that they follow good governance and respect the human rights of their peoples. However, the NEPAD countries have so far been able to exert little influence over Mugabe. Indeed, on several occasions, they have thwarted the diplomatic initiatives of others. Regional pressure could achieve so much more than the Governments in the west could ever hope to do, so a two-pronged approach would be desirable. The west working in partnership with Zimbabwe's neighbours is what is needed if change is to come in Zimbabwe, so the suggestion made by the hon. Member for Sittingbourne and Sheppey was good. However, sadly, we have yet to see action from Zimbabwe's African neighbours, and without their help, Mugabe can be safe in the knowledge that change will not come about.

It is clear from the debate and the ever-growing catalogue of injustices, murders and deprivation in Zimbabwe that the Government's policy towards the country has failed. The outlook for next year's elections is ominous because few optimists expect anything but a Mugabe victory.

May I take this opportunity to offer the Government some constructive suggestions on how their Zimbabwean policy may be strengthened? They must take southern African leaders to task for their support of Mugabe. It is still the case that they cheer for Mugabe at SADC conferences while receiving our overseas aid, which undermines what NEPAD stands for. Their influential clout and leverage to challenge Mugabe over his policies is not being utilised, so I encourage the Minister to be publicly open and frank with our African friends about the importance of the role that they can play.

The Government should embargo all companies that support or work hand in hand with the ZANU-PF regime, such as the Dimon company to which my right hon. and learned Friend the Member for Devizes referred. I also encourage the Government to examine US regulations that forbid deals with certain Zimbabwean counterparts, because such legislation could perhaps be introduced in the UK. We have heard about extending the travel ban on Cabinet Ministers to include their families and other prominent regime figures. It is far too easy for ZANU-PF bigwigs to move funds around the world via their children and dependents.

It is also worth noting that Zimbabwe owes South Africa and Mozambique millions of dollars in back payments for imports of electricity and fuel. I echo the words of the brave Zimbabwean archbishop Pius Ncube, who advocated South Africa switching off electricity supplies to Zimbabwe. Such a policy would have an immediate impact, as it did when a previous South African Government threatened and took that action. Opponents would argue that the measure would hit the poorest hardest, but that is not the case. It would create a short-term major difficulty, but power cuts happen at the moment and there is a lack of supply. Frankly, the sooner the regime is brought to heel, the better. Even raising the matter would indicate intent, so I am sorry that the Government have thus far failed to do that.

We must ensure that Mugabe is thwarted and prevented from winning next year's elections through corruption, manipulation and violence. If he is victorious and retains power it will be increasingly difficult to break his stranglehold over his people, and we must never forget the tragedy that continues to unfold in Zimbabwe. The key is the SADC norms and standards for free and fair elections.

[Mr. Richard Spring]

In conclusion, the UK, acting with the US and the EU, clearly has a part to play, but there are occasions when we must speak openly to our friends in Africa—Archbishop Tutu, Tony Leon and others have done so—many of whom are in receipt of aid funded by the British taxpayer. It is in their interests, as it is in the interests of everyone who wants Africa to prosper, to tackle that blot on the reputation of the entire continent.

5.45 pm

The Parliamentary Under-Secretary of State for Foreign and Commonwealth Affairs (Mr. Chris Mullin): We have had a good debate, in which thoughtful and sensible points were made by Members on both sides of the House, who described graphically the penury to which that once prosperous country has been reduced. My hon. Friends the Members for Vauxhall (Kate Hoey) and for Northampton, North (Ms Keeble) both have first-hand experience of Zimbabwe, having visited it fairly recently.

There is, of course, no significant difference between the parties. Members on both sides of the House want a return to democracy and the rule of law in Zimbabwe, and we all want effective international measures to achieve that end. We all agree—at least I think we do—that such measures should be carefully targeted so as not to make the lives of the ordinary, innocent citizens of Zimbabwe, who, goodness knows, have suffered enough, any more difficult than they already are. Where there is perhaps a difference—and I should like to address this at the outset—is over the suggestion that Britain should take unilateral action against Zimbabwe and its Government. [HON. MEMBERS: "Who said that?"] If hon. Gentlemen would contain themselves—

Mr. Bellingham: It is difficult to do so when the Minister makes such remarks.

Mr. Mullin: It is not at all difficult to contain oneself, is it Mr. Deputy Speaker?

Mr. Deputy Speaker (Sir Michael Lord): Order. We must not have sedentary interventions that turn the debate into a general conversation. If Members wish to intervene, they should do so in the usual way.

Mr. Mullin: Admirably put, Mr. Deputy Speaker.

As I said, if there is a difference between us—perhaps there is not—it concerns the suggestion that Britain should act unilaterally against Zimbabwe and its Government. If only we did so, ZANU-PF would suddenly come out with its hands up, and everything would be all right. I am afraid that life is not like that.

Mr. Spring: Where does the suggestion of unilateral action to which the Minister alluded come from? No one in the Chamber this afternoon has suggested that the United Kingdom take unilateral action, so I do not understand what he is talking about.

Mr. Mullin: Members have spoken today about adding names to lists and so on. The suggestion has certainly been made in the past, and Government Members have attended many debates on Zimbabwe in Westminster Hall where demands for unilateral action have been made.

From the outset, the Government have taken the view that if we are to be effective we must act in concert with our friends and allies in the international community. *[Interruption.]* Well, if we do not disagree, that is fine, but that is a revelation to me, as I have been under the impression for some time that some Members have a different view about what should be done.

Kate Hoey: For the sake of clarity, it is important that the Minister differentiate between calls for unilateral action and the UK taking a lead in trying to move things forward. That is completely different from what he has suggested.

Mr. Mullin: Offering leadership is exactly what we have been doing. Working through the EU, we have agreed a Europe-wide arms embargo, an assets freeze and a travel ban on leading members of the regime. The list of those subject to the assets freeze and travel ban is reviewed every year and, as hon. Members will know, this year it was extended from 79 to 95 names. We are always willing to consider new names when the list comes up for review. A number of hon. Members have made suggestions which we will certainly bear in mind.

We also work closely with the American Government, who have a similar policy, and at Abuja last year we worked with our friends in the Commonwealth to ensure that Mugabe remains suspended, despite pressure from some quarters that he should be readmitted to the Commonwealth. In fact, he chose to withdraw Zimbabwe from the Commonwealth. That was his choice, not ours. For our part, we look forward to welcoming a democratic Zimbabwe back into the Commonwealth in due course.

We make no apology for that approach. We believe it to be the right one. Yes, it has its frustrations. Yes, it is sometimes necessary to compromise, but at the end of the day it is far more effective than the alternative. Those who advocate a unilateral approach need to recognise, first, that they risk placing in jeopardy the carefully constructed international consensus on Zimbabwe, and secondly, that a unilateral approach would play straight into the hands of Mugabe and his cronies, who would like nothing better than to portray the situation as a dispute between themselves and the former colonial power.

I draw the attention of the House to an article by the journalist Andrew Meldrum that appeared recently in *The Spectator*. Mr. Meldrum wrote:

"Mr. Mugabe is impervious to criticism from Britain."

In its most recent report on South Africa the Foreign Affairs Committee reached a similar conclusion. It said:

"The United Kingdom's status as the former colonial power in Zimbabwe makes any attempt to influence the situation in the country on a purely bilateral basis very difficult."

Hon. Members should bear that in mind when urging us to add names bilaterally to our travel ban list or to act unilaterally against sporting tours. Far from hurting Mugabe and ZANU-PF, we could play into his hands.

It is an unhappy fact that although Mr. Mugabe and his cronies have not proved, to put it mildly, very successful at feeding their own people or managing their

economy, they have proved surprisingly successful at convincing some of their fellow African leaders, even some of the more enlightened ones, that the main cause of their difficulties is a dispute over the land rights of a handful of white farmers. Naturally, we rebut such nonsense wherever we come across it, but it is a factor that we have to take into account in our dealings with other African states. Opposition Members would do well to bear that in mind when sounding off in public on the subject. What plays well in certain parts of the home counties does not necessarily go down well in the places that matter if we are to achieve peaceful change in Zimbabwe.

Let me deal with some of the specific points raised by hon. Members.

Sir Patrick Cormack *rose—*

Mr. Mullin: If the hon. Gentleman will forgive me, I have only a short time left and I was about to address the points that he made in his impressive speech. He suggested that as a matter of course we should always make representations to the Zimbabwean ambassador in London. He has slightly greater faith than I have in the efficacy of representations to that gentleman, but our high commission in Harare regularly makes representations on all the issues that both the hon. Gentleman and I care about, and the Foreign Office regularly issues statements underlining the Government's position.

The hon. Gentleman said, and the hon. Member for West Suffolk (Mr. Spring) said as well, that we should always be frank with our African friends. I agree, and we are.

Mr. Spring: Not in public.

Mr. Mullin: Yes, we are, in public. I shall come to that in a moment. In the course of my year in this job, I have bent the ear, on the subject of Zimbabwe, of just about every President, Prime Minister, Foreign Minister, high commissioner and ambassador of an African country who has passed through my office or whose office I have passed through, and my right hon. Friends the Foreign Secretary and the Prime Minister have done the same when meeting African statesmen.

In South Africa last year—it attracted a little bit of publicity—I said publicly, exactly as I think the hon. Member for West Suffolk would want me to say, that there is no point in African Governments signing up to lofty sentiments about democracy and the rule of law if, the first time a hard case like Zimbabwe comes along, they bury their heads in the sand. I have said that publicly repeatedly, including in South Africa, and I would be grateful if the hon. Gentleman acknowledged that we are doing some of the things that he would like us to do.

The speech of the right hon. and learned Member for Devizes (Mr. Ancram) contained the usual quota of irrelevant huffing and puffing, but at the end it contained a number of serious suggestions.

The right hon. and learned Gentleman suggested SADC norms for elections, and we agree with him. Discussions with SADC are ongoing on that point. He talked about getting the UN and SADC to monitor free and fair elections, and we agree. We want the UN there, and we are talking to it about that, but it needs to be invited, and only the other day the regime threw out the UN crop assessment team, so we should not be under any illusion about the practicalities of that. He called for the repeal of some oppressive laws, and we agree with him on that. But we cannot change Zimbabwe's laws; it has to do that itself. He called for a travel ban on business men bankrolling the regime. If he or anyone else has evidence of particular business men bankrolling the regime, we would be prepared to consider that and add their names to the travel ban and asset freeze list. He talked about moving a resolution at the Security Council even if it meant defeat, but we do not think that would be a good idea. He asked about US companies involved in a maize-for tobacco-deal. We are aware of the allegations and we understand that the US State Department is investigating whether the sanctions have been breached.

The hon. Member for West Suffolk asked about the EU and the Court of Auditors. I understand that the figures used in the report were purely speculative notional savings, that the real amount affected was small, and that no humanitarian aid was involved since all purchases were made outside Zimbabwe. In any case, the problem no longer exists since the parallel exchange rates no longer exist.

The hon. Member for Tweeddale, Ettrick and Lauderdale (Mr. Moore) asked what estimate we had made of the effectiveness of the existing measures. The arms embargo we judge to be effective. For example, reports show that the Zimbabwe air force's Hawks are grounded, presumably for lack of spare parts. The travel ban has undoubtedly proved a problem for leading members of the regime and has also inflicted some ignominy on them. The assets freeze has had only limited success; the amount of money frozen is relatively small. If we could find more, we would freeze it. However, the arms embargo, the travel ban and the assets freeze are more effective for being Europe-wide rather than bilateral.

The International Cricket Council has this afternoon confirmed that Zimbabwe will not play in test matches this year, but will continue to play the one-day cricket, so its position has not changed. My right hon. Friend the Foreign Secretary made it clear that we will not ban people from playing cricket here or British citizens from playing cricket in Zimbabwe. At the end of the day, it is a matter for individuals and for the cricketing authorities. Whether British cricketers tour Zimbabwe is a matter for them. The Government have made it clear that we would prefer them not to go. We have said that repeatedly. *[Interruption.]* No, we will not put a unilateral ban on British citizens going to play cricket. In this country we have freedom of travel.

I am aware that I have not been able to deal with a number of points in the short time available, and I will write to those hon. Members whose queries I have not addressed and I apologise for not reaching their points. I hope that it is clear from what my right hon. Friend the Foreign Secretary and I have said today that Zimbabwe is a high priority for the Government. Far from dragging our feet, as some have alleged, we are in the forefront of international efforts to achieve a return to democracy. Outside Britain—dare I say it, outside Wiltshire—that is widely recognised. Mr. Mugabe has

[Mr. Mullin]

certainly noticed, even if the right hon. and learned Member for Devizes has not. Alongside our friends in the international community we will continue to work for the return of democracy and the rule of law in Zimbabwe, and in the meantime we will continue to do what we can to relieve the suffering of those in need. The ZANU-PF nightmare will not last forever and when the end comes we will be in the forefront of efforts to rebuild that tragic and beautiful country.

It being Six o'clock, the motion for the Adjournment of the House lapsed, without Question put.

PETITIONS

Speed Restrictions

6 pm

Hugh Robertson (Faversham and Mid-Kent) (Con): I wish to present a petition on behalf of Anna Peschek, a constituent of mine and pupil at Invicta Grammar school, Maidstone, Kent, and 91 other constituents.

The petition states:

That reckless drivers endanger lives in rural areas where speed restrictions have not been applied.

The petitioners therefore request that the House of Commons urge the Government to take immediate steps to effect a drastic reduction in the speed of traffic through rural villages.

To lie upon the Table.

Post Office Closure

Mr. David Amess (Southend, West) (Con): The announcement of the closure of a further five post offices in Southend, West has widespread despair in the community that I represent, which contains the greatest number of people aged between 100 and 112 in the country. The petition contains 500 signatures and was organised by Mr. R. Patel.

The petition states:

Many are concerned about the proposed closure of the Earls Hall Parade branch of the Post Office, Earls Hall Parade.

The Petitioners therefore request the House of Commons urge the Government to do all in its power to prevent the Post Office from closure.

To lie upon the Table.

Tariq Dergoul

Motion made, and Question proposed, That this House do now adjourn.—*[Gillian Merron.]*

6.1 pm

Ms Oona King (Bethnal Green and Bow) (Lab): I have sought to raise this issue in Parliament since my constituent, Tariq Dergoul, was released from Guantanamo Bay earlier this year. Tariq's detention took place during the war on terror, and in that context I shall quote Johan Steyn, a Lord of Appeal:

"Democracies must defend themselves. Democracies are entitled to try officers and soldiers of enemy forces for war crimes. But it is a recurring theme in history that in times of war, armed conflict or perceived national danger, even liberal democracies adopt measures infringing human rights in ways that are wholly disproportionate to the crisis."

This debate revolves around the values that the Prime Minister reaffirmed yesterday—freedom, democracy and the rule of law. Those values hinge on rights, and two of the most important rights in this country are that a person is innocent until proven guilty and that everyone has the right to a fair trial. Today is a historic day on which to hold this debate, because even Saddam Hussein, a man who murdered hundreds of thousands of people and perpetrated genocide against the Kurds, the Marsh Arabs and the Shi'a in southern Iraq, has been given the right by the new sovereign Iraqi Government to stand trial, and that trial will be fair and accord with due process. The right to trial was not accorded to my constituent, Tariq Dergoul, the Tipton three, the other ex-detainees who were released without charge or the current prisoners, who continue to languish in Guantanamo Bay.

I begin with Tariq's story. In his own words, he was in the wrong place, at the wrong time. He travelled to Pakistan and then Afghanistan, and admits that he had an ill-conceived entrepreneurial idea to buy property, which was falling in value after the attacks on 11 September, in the area. Whatever happened to Tariq Dergoul, everyone agrees that he had been seriously injured before the Northern Alliance, which gave him medical treatment, picked him up and sold him to American agents for $5,000. He was taken to Bagram for a month, Kandahar for three months, and then on to Cuba.

Tariq says that in Bagram, when

"they found out I was British, I was put on a stretcher bed in a room. An American interrogator in civilian clothes came and said, 'You are going to help us. I am your ticket out of here. Tell us what we want to hear and you can go home.'"

He continues:

"The second day I was put in a cage. There were seven or eight cages in a row. The cages were big with about twenty people per cage and there was a toilet which was half a barrel at the back . . . The conditions were absolutely freezing and very icy and there was very loud machinery going on all the time so you could not hear people speak . . . I was interrogated five or six times in the first week and twenty or twenty-five times in all . . . I was in extreme pain from the frostbite and my other injuries. I was very weak and could barely stand . . . I kept asking for medical treatment"—

but the medics refused it. He continues:

"In the interrogation, interrogators were constantly putting to me that I was with Osama Bin Laden and that I was in Tora Bora. They put me under very great pressure and I was in pain and frightened. In the end I agreed with them that I had been in the

Tora Bora mountains but I would not agree to say that I had been fighting or that I had met Osama Bin Laden. At this time I did not even understand the significance of the place Tora Bora."

He goes on:

"One of the things that frightened me very much when I was in Bagram was that I saw the way in which other people in adjoining cages were being treated. They all appeared to be Afghans. The guards with guns and baseball bats were outside the cages and were pointing guns at them and they were made to assume squatting positions for hours at a time. If they fell over out of exhaustion, the guards would go in and beat them until they lost consciousness. They called it 'Beat Down' . . . Another thing I saw in Bagram was two or three people hung by their hands with bags over their heads. They were in a room opposite the cages. There was also the noise of gunshots and people screaming . . . I really thought the guards would kill me."

He continues:

"After Bagram I was taken to Kandahar . . . I was constantly taken to interrogation . . . I was hooded . . . some of the time . . . during interrogation. I was interrogated at least three or four times a week for up to seven or eight hours a day."

He says that he eventually received the medical treatment that he had been asking for. However, the operation to amputate his toe

"was done by a trainee medic who was told what to do by a doctor. I was still conscious while the operation was carried out (I had no sensation in my feet) and someone was asking me questions."

They were interrogating him while the amputation took place.

He goes on:

"After three months in Kandahar I was flown to Guantanamo Bay . . . I was . . . chained with the three piece suit around my arms, legs and waist. I had goggles on my eyes . . . I couldn't see or hear anything . . . There were constant flashes with people taking photographs."

He continues:

"After I arrived in Guantanamo Bay I started to become religious and to put my faith in Allah which got me through the experience. I was interrogated many times".

He says that he was also interrogated by British interrogators, and says:

"I told the British interrogators on at least five times occasions every detail of what was going on in Guantanamo Bay, including the beatings.

Later the American interrogators did things that upset me. They threatened to send me to Morocco and Egypt where I would be tortured. They played US music loudly during interrogations. They brought pictures of naked women and dirty magazines and put them on the floor. One of the interrogators . . . grabbed the Qur'an with his feet up on the table and read it like . . . a magazine. He made jokes about the Qur'an."

He continues:

"In later interrogations, I was . . . chained to a ring in the floor, for at least six and sometimes as long as ten hours with no access to sanitary facilities. The interrogators left the room for hours at a time. I had to go to the toilet on the ground. The guards on the other side of the mirror could be heard making jokes . . . During interrogation, if you moved from a sitting position or closed your eyes, they would take the chair away and make you bend your legs to sit cross-legged. They would then tighten the chain so there was no slack and you couldn't bend to the left or the right. This happened in very many interrogation sessions. I would get cramp and start screaming. The guards would swear at Muslims and curse Allah and the Prophet Mohammed."

The descriptions of Tariq's interrogations are extremely long and detailed, and often end with the extreme reaction force arriving.

Tariq said:

"When the ERF were called, they were always accompanied by someone with a video camera."

People will realise the significance of that in the light of events at Abu Ghraib.

Let me summarise Tariq's situation. He was denied medical treatment for three months. His arm had already been amputated; some of his toes were amputated and he suffered many of the treatments that Amnesty International has documented. He describes many instances of that. For example, he said:

"One time they put me on the floor and jumped on me. I was knocked out and lost consciousness as a result of being beaten. When I woke up there were voices and it was dark. I was on the floor in the same cage with my head against the toilet."

He stressed:

"The main thing is they wouldn't let you keep clean. For months and months, they wouldn't let you have soap. These were the camp rules. They were enforced by the people in command. When they took all your stuff away, they would say, 'It's camp rules. If you don't give it to us, we will attack you.'"

Again, that is significant in the light of General Miller's involvement in running the regime at Guantanamo Bay and his subsequent transfer to Abu Ghraib. We have seen vividly recorded pictures of the torture that took place there.

My hon. Friend the Under-Secretary is well aware of the United Nations convention against torture. It is worth pointing out that we have signed it and, as signatories, we have agreed the following definition in article 1:

"'torture' means any act by which severe pain or suffering, whether physical or mental, is intentionally inflicted on a person for such purposes as obtaining from him or a third person information or a confession, punishing him for an act he or a third person has committed or is suspected of having committed".

Article 2.2 states:

"No exceptional circumstances whatsoever, whether a state of war or a threat of war, internal political instability or any other public emergency, may be invoked as a justification of torture."

That brings me to one of the British citizens who remains in Guantanamo Bay, Moazzam Begg. He has asked the United Kingdom to register a complaint on his behalf with the United Nations Committee against Torture. I know that the Under-Secretary met a delegation from the Guantanamo commission on human rights recently. Will he let me know whether the Government can register the complaint at the UN Committee against Torture? If he cannot do that now, I should be grateful if he would write to me.

The debate revolves around whether torture and detention without trial are acceptable. After reading much of the material and evidence that is currently available, I conclude that the American Administration believe that torture may be justified. Indeed, in August 2002, the Justice Department advised the White House that torturing al-Qaeda terrorists in captivity abroad "may be justified." That tallies with the report by General Antonio Taguba about Abu Ghraib. It states that abuse there began when General Miller arrived with 30 colleagues for a visit last September and instituted the system that he had already created at Camp Delta.

[Ms Oona King]

General Lance Smith, deputy chief of US central command, recently told a Senate hearing that some of the 20 techniques that Miller authorised were banned in Iraq because there, unlike Guantanamo Bay, prisoners were supposedly protected by the Geneva conventions. The techniques include sleep deprivation, binding in uncomfortable positions and the use of excessive heat or cold. Tariq described them to me in vivid detail. He experienced or witnessed them all. All the evidence—including new allegations that the American Defence Secretary, Donald Rumsfeld, as the person at the top of the command structure, was aware that both physical coercion and sexual humiliation were taking place in Iraqi prisons—points to the fact that the US Administration are willing either to tolerate or actively to promote torture.

Amnesty International has called on the coalition leadership to send a clear signal that torture will not be tolerated in any circumstances, and that the Iraqi people can now live free from such brutal and degrading practices. I would hope that the same would be true for all detainees in Guantanamo Bay. Let us remember that those people have not been charged, which brings us back to the fundamental right of people to have a fair trial, to hear the evidence against them and to have access to a lawyer.

Amnesty has called for a

"fully independent, impartial and public investigation into all allegations of torture",

and I certainly support that. If Iraq is to be the stable country that we hope that it will be, human rights must be a central component. Irene Khan, the secretary general of Amnesty International, has said:

"If the administration has nothing to hide, it should immediately end incommunicado detention and grant access to independent human rights monitors, including Amnesty International and the United Nations, to all detention facilities."

The letter from Amnesty, containing the request for a public investigation, was also signed by Desmond Tutu and many others, and I certainly endorse that plea.

That is pertinent to the case of Moazzam Begg. His father has requested the British Government to do everything that they can to allow him to visit his son, whose physical and mental health has deteriorated dramatically. He has also asked whether he could be accompanied by the leading forensic psychiatrist in the field, Dr. James McKeith. I know, having spoken to the Minister and to the Foreign Secretary, that the British Government are working hard on these issues, but the fact remains that our citizens are not being given the right to see a lawyer and have not had the right to medical treatment. Article 3 of the European convention on human rights bans torture and inhumane and degrading treatment.

The final issue that I want to raise is the situation facing ex-detainees who return here. As the Tipton three found out when they returned home, and as Tariq has discovered, there simply is not enough help and support available. In fact, the Tipton three believe that there has been none. They have received death threats and have passed on more than 30 of them to the police, who said that they would be investigated. However, to date, that has not happened, and I hope that the Minister will be able to pass on a request to his Home Office colleagues to ensure that it does. Instead, the Tipton three have been subjected to Richard Littlejohn writing in *The Sun* the day before yesterday that the "Tipton Taliban are home". So, they have received no trial from the Americans, yet they now face a trial by media here.

Tariq's situation is equally grave. He has had terrible problems finding housing because he was considered to be "intentionally homeless". It was not his intention to be detained, abused and tortured for two years. I remain extremely concerned about his situation, and I would be most grateful if the London borough of Kensington and Chelsea could use its discretion to prevent his return to Tower Hamlets, where his case is well known and where he and his family have been threatened. His disability living allowance has also been refused because he has not been resident in the UK for the requisite number of weeks in the last year, but that was because he was being held against his will in Guantanamo Bay.

The Kafkaesque nightmare for Tariq and the Tipton three continues, even though they are now, in theory, free from all that. As for Moazzam Begg and the others, their situation remains extremely grave. I thank the Minister for the work that he has done on this matter, and I thank the Foreign Secretary for the time that he has taken to discuss it with me in private. For the record, however, it seems to many people, including me, that the Americans use "torture lite". For the full-calorie version, they ship prisoners to Arab countries. None the less, what they are using is torture, and it still kills people.

My constituent's story exposes both the method and the madness. The method is sadistic, illegal and immoral, and it is mad for intelligence services to use the product, which is unreliable and inaccurate. I trust that the British Government will uphold our obligations under international conventions and end the legal and moral black hole that has wrecked Tariq Dergoul's life.

6.20 pm

The Parliamentary Under-Secretary of State for Foreign and Commonwealth Affairs (Mr. Chris Mullin): My hon. Friend has raised an important issue and many people will share the concerns that she expressed. Perhaps I should start by outlining the Government's record on the welfare of the British detainees at Guantanamo Bay, and the considerable efforts that we have been making to try to resolve their situation.

As I mentioned in March, the last time that we debated Guantanamo Bay, we have done more than any other Government to look after the interests of nationals detained there. From the outset, we have actively encouraged the United States Government to resolve the matter. We have conducted intensive and complex discussions with the US Government about the British detainees since their detention. We have held more, and higher level, talks with the US than any other Government who have nationals detained there. We have actively pursued the resolution of those cases.

The Government's position, reported frequently to Parliament, has been that the detainees should either be tried fairly in accordance with international standards or be returned to the UK. Last July, we expressed publicly our reservations about the US military

commissions and the US Government suspended legal proceedings against two of the British detainees who had been designated for trial by the commissions. Those proceedings remain suspended. Subsequently, after a lengthy series of discussions with the US, led for the British side by the Attorney-General, we concluded that the military commissions process would not provide sufficient guarantees of a fair trial according to international standards. Therefore, we requested that the nine British detainees be returned to the UK.

As my hon. Friend is aware, we successfully secured the return of five of the British detainees, including her constituent, Mr. Dergoul. As my right hon. Friend the Foreign Secretary explained in his statement to the House on 24 February, we agreed with the US Government to continue discussions about the remaining four. Those discussions continue. The Government will work to resolve the situation of those four.

Throughout the past two years, we have also been very conscious of the importance of safeguarding the welfare of the British detainees at Guantanamo Bay. No Government have taken more interest in the welfare of their nationals than the UK's. We were the first to visit our nationals detained there, within days of their arrival, and have seen them more often to check on their welfare than any other Government have in relation to their nationals. British officials have visited Guantanamo Bay seven times, most recently in March. On each occasion, a report on the condition of the detainees has been given to their families and to Parliament. We will continue to keep them informed of the detainees' circumstances and of other related developments.

My hon. Friend has given a graphic description of the alleged conditions in Bagram air base in Afghanistan and in Kandahar. I regret that I am not in a position to comment on those. As regards living conditions in Guantanamo Bay, however, detainees are housed in indoor accommodation with individual sleeping, toilet and washing facilities, and air ventilation.

Ms King: Some would say that the air ventilation was used as a method of torture.

Mr. Mullin: Yes, I am aware of the allegations made about the misuse—alleged misuse—of the air conditioning.

The detainees are able to practise their religion and have access to reading and writing materials. In addition to checking on the overall living conditions, we have raised individual health concerns of the detainees with the United States authorities, who have addressed them. We will continue to do so as necessary. Our visits have found that medical facilities at Guantanamo Bay are of a high standard. We have also pursued other welfare issues with the US authorities, such as delays in mail and lack of exercise. As a result, we have been able to secure improvements in the conditions of the British detainees. For example, they are now being given more time to take exercise.

Ms King: May I make an important point? They were not allowed to practise their religion freely; their prayers were interrupted regularly. Prayer time was used to search the cells, and they feel strongly that their religion was under attack throughout their detention.

Mr. Mullin: I am grateful to my hon. Friend for putting that on record.

We do have outstanding concerns about the conditions of detention of some of the remaining British detainees, which we are actively pursuing with the US authorities. The families are aware of that, and we are keeping them informed of developments. It would not be appropriate or helpful to say more about the personal circumstances of the remaining detainees.

I am of course aware of the allegations of mistreatment made by Mr. Dergoul and the other British men formerly detained at Guantanamo Bay, who returned to the UK earlier this year. Mr. Dergoul has alleged that he was beaten by the immediate reaction force, a riot control unit in Guantanamo, and that the beatings were taped. Other British detainees who have returned to the UK have written to President Bush to say that they were systematically abused in Guantanamo.

During every welfare visit by British officials to the British detainees, the detainees were given the opportunity to express any concerns about their treatment. None of them alleged that they were beaten at Guantanamo Bay in the way that some have now claimed. I might add that none of the men has approached the Government about the issue since their release. We do, however, take all allegations of abuse seriously, so we have raised the allegations with the US. The American authorities have told us that they have no reason to believe that these British detainees were abused; however, at our request, the US is examining the allegations in detail. I understand that they intend to respond to them fully—which includes the question of whether the work of the immediate reaction force was taped.

At the same time as respecting the need to resolve the British detainees' circumstances and look after their welfare, we have had to respect the need to pursue the fight against international terrorism. It is important for us to remember the context in which the detentions took place. The attack on 11 September was the most appalling terrorist attack ever: more than 3,000 people died on the US mainland, including 67 British citizens. Following the attacks, thousands of individuals believed to be al-Qaeda or Taliban fighters or their supporters were detained. The majority were released in Afghanistan, but those whom the US deemed to pose a substantial risk were sent by the US to Guantanamo for detention and questioning about their knowledge of al-Qaeda. As a result, valuable information has been gained that has helped the international community to fight terrorism.

I repeat that the welfare of British nationals detained at Guantanamo Bay has been, and remains, a priority for the British Government. We will continue to work to resolve the situation of the four British nationals who are still there.

The hon. Lady asked me some questions about Moazzam Begg. I will respond to her in writing later.

Question put and agreed to.

Adjourned accordingly at twenty-eight minutes past Six o'clock.

House of Commons

Monday 5 July 2004

The House met at half-past Two o'clock

PRAYERS

[MR. SPEAKER *in the Chair*]

Oral Answers to Questions

WORK AND PENSIONS

The Secretary of State was asked—

Unemployment (Nottingham, North)

1. **Mr. Graham Allen** (Nottingham, North) (Lab): If he will make a statement on the consequences for his Department of recent trends in unemployment in Nottingham, North. [181887]

The Minister for Work (Jane Kennedy): The UK has one of the best labour markets in the world. We now have just over 28 million people in employment, which is more than ever before. We also have the best combination of employment and unemployment figures of the major industrialised countries and, as a result, my hon. Friend's constituency has experienced a 44 per cent. fall in unemployment since 1997.

Mr. Allen: I thank my right hon. Friend for those statistics, and urge her to keep unemployment on the agenda. The Government's success in tackling unemployment is in danger of knocking it off the agenda, when we should be celebrating that success. Does she accept, however, that there is a law of diminishing returns: the more we conquer unemployment, the harder it is to get those who remain unemployed back into work? Will she therefore look at the action teams for jobs and at the possibility of devolving authority from employment centres right down to our estates by deploying individuals to those estates who know the people and who can tailor the service to get the people who find it hardest to get jobs back into employment?

Jane Kennedy: I am grateful to my hon. Friend for that comment, and for the close interest that he takes in this subject. Despite the success of our labour market policies, we are not complacent and we know that there is more to be done to help those groups of people—and the areas that he has rightly identified—who need extra support. He rightly draws attention to the work of the action team for jobs in Nottingham, which, with the employment zone, has helped more than 1,700 people into work.

Economic Inactivity

2. **Mr. David Watts** (St. Helens North) (Lab): What recent progress has been made in tackling economic inactivity. [181888]

10. **Jim Knight** (South Dorset) (Lab): What progress has been made in tackling economic inactivity in the last six years. [181896]

The Secretary of State for Work and Pensions (Mr. Andrew Smith): Thanks to sound economic management and the new deal, Britain has record employment and the lowest unemployment for nearly 30 years. The number of economically inactive people claiming benefits has fallen over the past seven years, with, for example, nearly 200,000 fewer lone parents on income support. While we have achieved a great deal, there is still more to do. We are tackling economic inactivity by requiring everyone applying for benefits to have an interview about work, and by providing effective help so that more lone parents and people on incapacity benefits move off welfare and into jobs.

Mr. Watts: I thank my right hon. Friend for that response. St. Helens has set up a local partnership, but it has found five major problems: a lack of long-term funding; a lack of joined-up government; a lack of training; discrimination by employers; and a low earnings threshold. Will he assure me that all those issues will be addressed in his review?

Mr. Smith: Yes, indeed, and I commend my hon. Friend for the support that he gives to the active partnership in his constituency, which plays such an important part in tackling these challenges successfully. With regard to joined-up government, we are doing pioneering work with the Department of Health on the pathways to work initiative, to bring together at local level primary care providers, rehabilitation services and the Jobcentre Plus effort. This is a clear pointer to the way forward. We are tackling discrimination through the extension of the Disability Discrimination Act 1995 and through the draft Bill that is currently before Parliament, both of which will provide huge moves forward on that agenda.

Jim Knight: Does my right hon. Friend agree that one of the best ways to tackle the problem of economic inactivity is to deal with health-related problems before a pattern of inactivity traps an individual? What is his Department doing to realise the potential role of rehabilitative and occupational therapies in tackling this problem?

Mr. Smith: As I have just been saying, the link with primary care, rehabilitation and condition management services is absolutely crucial. We are running pilots on the role of better occupational health, and on tackling ailments such as back pain and stress. As my hon. Friend says, if we can work with employers to tackle these problems before people leave work in the first place, we will face less of a problem with people moving on to incapacity benefit long-term. Mounting evidence, including an important report published last month by Professors Gordon Waddell and Kim Burton, points to

the clear medical benefits of therapeutic and rehabilitation activity in the workplace, and shows how, in most cases, people's medical condition is helped by getting them back to work as soon as is sensible.

Sir Archy Kirkwood (Roxburgh and Berwickshire) (LD): The Secretary of State will understand that this is one of the most important areas for Government action in the coming months and years, and there is mounting evidence to show that the stock of people on long-term disability benefits is not diminishing at all. How soon will it be before we can evaluate the pathways to work pilots? It would be interesting to know. I am particularly concerned about the case-loading that some personal advisers to jobseekers and disability employment advisers have to cope with. The case load is so great that they cannot give the individual attention that those clients need.

Mr. Smith: Further evidence on the performance of the pathways to work pilot and early indications of the difference it is making will be published over the summer. The information that I have received anecdotally is very encouraging. The first step in full evaluation will not be published until next spring, and we all look forward to that.

On case-loading, I agree about the importance of the work that personal advisers have to undertake. Of course, with the roll-out of Jobcentre Plus and work-focused interviews, everyone who applies for the so-called economically inactive benefits, as well as active benefits, must have those interviews. We are developing further the programme of support that is available to follow up the interviews, as well as the help that is available through the existing new deals and, I might emphasise, the new deal for disabled people, the performance of which is improving month by month.

Mr. Graham Brady (Altrincham and Sale, West) (Con): The Secretary of State referred to 200,000 lone parents no longer on income support, but a written answer that I received last week from his Department made it clear that 106,570 lone parents have been through the new deal at least twice. Does he accept, therefore, that a large number of people are coming off benefits not because they are moving towards work but because they are trapped in a revolving door that takes them back to the new deal for lone parents, back to benefits and back to the new deal again?

Mr. Smith: I find it difficult to accept that those people would be better off if there were no new deal programme to help them, which, of course, is the policy of the Conservative party. I accept—I am sure everybody would; it is common sense—that we must continue to work to improve those programmes so that a still-higher proportion of those who go through them stay in jobs. As I reported in a previous, similar exchange, the record for lone parents staying in work who have been through the new deal is considerably stronger than that for those who have moved into work without going through the new deal—so it is definitely adding value in terms of people moving into jobs and staying in them. We need to build on the new deal, not scrap it.

Ms Dari Taylor (Stockton, South) (Lab): I seek reassurance from my right hon. Friend. Recently, I visited Jobcentre Plus, which, with a private trainer called NETA—the north-east training association—is delivering effective, excellent skill training. It is doing so, however, in response to an employer's demand, so employment is absolutely assured. The work force are in their late 30s or early 40s, and none of them thought that they would get skilled training ever again. Will he reassure me that the Ambition programme will be financed in future? It is excellent, and my people thoroughly approve of it.

Mr. Smith: My hon. Friend, rightly, is enthusiastic about what the Ambition programme is achieving, both in Ambition: Energy and across a number of other sectors. As she says, a distinctive strength of the programme is that it involves not simply programme-push on people being put into the labour market, but employer-pull in ensuring that they have the skills that employers require.

In relation to the Ambition programmes and, more generally, to ensuring that we have better joint working with the Learning and Skills Council and business links, we must ensure that our employment programmes are ever more effectively targeted on ensuring that people have not only the basic skills and employability but the specific vocational skills that employers require to fill their many vacancies.

Mr. Michael Weir (Angus) (SNP): Economic inactivity is a serious problem in many areas, but the Secretary of State will also be aware that a report last week disclosed that Glasgow is the poorest city in the UK, with 41 per cent. of households in poverty. What good will the measures that he talks about do unless he acts to tackle the low-wage economy that keeps people in poverty, even if they are able to get work?

Mr. Smith: Glasgow is also an employment zone, and as such has seen good achievements in helping the long-term unemployed back into work. Much pioneering work has been done through community-based initiatives in Glasgow to help the economically inactive into jobs. As far as low wages are concerned, this Government have introduced not only a national minimum wage but tax credits that make sure that work pays. As my hon. Friend the Member for Stockton, South (Ms Taylor) said a moment or two ago, the better we equip people with skills, the more we can help them to progress in a job and towards a career: it is not simply welfare to work but welfare to a career. That is the direction in which our policies are moving, and I trust that the hon. Gentleman will support us.

Mr. David Willetts (Havant) (Con): Will the Secretary of State confirm that, on the latest figures, 1,023,000 people aged between 16 and 24 are not working, not studying and not training? Will he confirm that, despite all the initiatives, programmes and schemes that he has mentioned, the number is virtually unchanged compared with the number in 1997? Why is it unchanged?

Mr. Smith: Thanks to the new deal—*[Interruption.]* Conservative Members do not like to hear it because it is so important and because it is true. The employment rate is crucial, and the employment rate of the group to which the hon. Gentleman refers is up. As the report of the independent National Institute for Economic and Social Affairs showed, the unemployment rate would be twice as high were it not for the new deal. In making claims about the figure mentioned, the hon. Gentleman ignores the increase in the numbers of students and in the number of people on shorter training courses, who may be classed as inactive but who are moving closer to work, gaining precisely the skills that my hon. Friend the Member for Stockton, South (Ms Taylor) mentioned a moment ago. In proposing to abolish the new deal, the hon. Gentleman would not only deny those young people the help that they need but go back to the bad old days of the stay-in-bed culture, which inflicted so much damage the last time the Tories were responsible for employment policy.

Benefit Fraud

3. **Mr. Peter Luff** (Mid-Worcestershire) (Con): What his most recent assessment is of the level of benefit fraud. [181889]

The Parliamentary Under-Secretary of State for Work and Pensions (Mr. Chris Pond): We are winning the war against benefit fraud. Since 1997, we have reduced fraud in the two main working age benefits by 38 per cent., which is equivalent to £280 million. We are now in the middle of our latest "Targeting Fraud" advertising campaign, and we have just launched a new series of hard-hitting radio adverts. I am confident that that will help us to meet our challenging target of a reduction in fraud and error of 50 per cent. by 2006.

Mr. Luff: I am glad that the Government think that they are winning their war on benefit fraud—we all want them to do so—but at what cost is that war being won? May I read to the Secretary of State the comments of my constituent, Max Harper, about whom I wrote to the Minister for disabled people on 16 June? He says:

"I live in fear now that if I lift a camera I will be reported to the DWP and will lose benefit or worse."

He is a severely depressive individual whose only pleasure is photography. The combination of the abolition of the therapeutic work rule and the introduction of the permitted work rule and notional earnings rule has destroyed his life. Will the Government reconsider the way in which the rules work, and make sure that they work in favour of the mentally ill, whom the Government say they want to get back into work?

Mr. Pond: We are reviewing those rules. The hon. Gentleman will know that we do not seek to target individuals in those circumstances through our anti-fraud campaigns and new investigative measures. I am sure that he would agree, as do nine out of 10 of the British public, that tackling benefit fraud—I am talking about fraud—is extremely important. That is why so many of them are joining us in fighting fraud, and using the fraud hotline—0845 854440. I am sure that if the hon. Gentleman has any information about true fraudsters, he will give us a call.

Mrs. Ann Cryer (Keighley) (Lab): Does my hon. Friend agree that a universal ID card could assist in the battle against benefit fraud? It might also help those with proper and legitimate claims to access services and benefits.

Mr. Pond: Yes, the Department supports the identity card proposals. We believe that it would help not only to root out identity fraud, for which we already have successful measures in place, but to make sure that in the longer term people who are entitled to benefits receive them. It might also improve take-up.

Disabled People

4. **Vera Baird** (Redcar) (Lab): What progress has been made in enabling disabled people to play a full and active role in society. [181890]

The Parliamentary Under-Secretary of State for Work and Pensions (Maria Eagle): Good progress is being made. By the end of this Parliament, the Government will have achieved the biggest improvement in civil rights for disabled people in the history of this country. We established the Disability Rights Commission to act as the official champion of disabled people. From 1 October, we will extend employment rights to 7 million additional jobs, in which 600,000 disabled people already work. The draft Disability Discrimination Bill will further improve the position.

More disabled people are now in work than ever before. In 1998, 43 per cent. of disabled people had a job: in 2003, the figure was 49 per cent.

Vera Baird: Outside the world of work, what impact does my hon. Friend imagine those changes, and the establishment of a commission for equality and human rights, are likely to have on the social lives of people such as my constituent, Jamie Hood, a tetraplegic young man who has had some difficulty in gaining access to a wide enough range of social facilities to suit his young age of 32? From time to time, he has become depressed because of that. I am sure my hon. Friend agrees that it is essential for disabled people to have lives as full as all the rest of us, in every way.

Maria Eagle: I strongly agree with my hon. and learned Friend, who works very hard on this issue, particularly in her new role as chairman of the all-party group on equalities.

I believe that the new commission for equality and human rights will lead the fight to turn rights into a reality for people such as my hon. and learned Friend's constituent. Provisions in the Disability Discrimination Act 1995 and the new Bill will guarantee access to goods and services, so that people such as my hon. and learned Friend's constituent have the chance not just to go to work but to access life in full, which is what we want them to be able to do.

Mr. Julian Brazier (Canterbury) (Con): I have several disabled friends, including two former members of the Army who are wheelchair-borne, and I strongly endorse work on behalf of the disabled. Is it not a fact, however, that disability benefits have become a dumping ground for people who would otherwise be unemployed? Does the Minister accept claims by charities such as the Shaw Trust, which does excellent work placing disabled people, that approximately a third of those currently claiming disability benefits could be in the work force if they were given proper encouragement?

Maria Eagle: I believe that many people on incapacity benefit who in the past have been written off and deemed incapable of work can work, with the right support and help. That is why we are developing our pathways to work programme, which will help them in that way. It is also why we can say that 6 per cent. more disabled people are now in work—the greatest number ever. The Conservatives put 1.9 million extra people on to sickness and incapacity benefit; we have created 1.9 million extra jobs, and I think that the hon. Gentleman should welcome that.

Miss Anne Begg (Aberdeen, South) (Lab): One way in which disabled people can get involved in society is by getting involved in voluntary work. A few years ago, Aberdeen Action on Disability was given a lottery grant to encourage voluntary work among disabled people. Will the Government consider piloting a similar arrangement to encourage disabled people to enter the volunteer work force, which might eventually lead them into full-time work?

Maria Eagle: My hon. Friend is right: volunteering can make an important difference to individuals who are trying to become more active in all kinds of ways. The Joint Committee considering the draft Disability Discrimination Bill has made recommendations in that regard, and we will respond to them within the time scale that the Committee has set.

Mr. Paul Goodman (Wycombe) (Con): The Minister has now mentioned the draft Disability Discrimination Bill three times, I think. As she will know, disabled people are seriously concerned about its future. Many of them believe that if it is not introduced in the current Session, it will not reach the statute book. The Joint Committee's report, signed by six of the Minister's colleagues, states:

"We believe that the full Bill should be introduced this Session."

Will the Minister guarantee today that it will be?

Maria Eagle: We will respond to the Committee's report within the time scale set by the Committee. We will also ensure that we fulfil our manifesto commitment to see the Bill on to the statute book during the current Parliament. The hon. Gentleman should not make the mistake of assuming that we are like his party, which spent 16 years trying to stop disability civil rights. We will fulfil our commitment, and we will do so during this Parliament.

Pensions

7. **John Robertson** (Glasgow, Anniesland) (Lab): What plans he has to protect the pension rights of workers transferred from one employer to another. [181893]

The Minister for Pensions (Malcolm Wicks): Measures in the Pensions Bill will protect the pension rights of employees where there is a TUPE transfer. No longer will employees who have access to an occupational pension scheme with employer contributions risk losing their benefit when a transfer occurs. Our Bill will ensure a decent level of pension provision by their new employer.

John Robertson: I thank my hon. Friend for his answer. During consideration of the Pensions Bill, he expressed concern that obliging transferee employers to provide pension schemes broadly comparable to existing ones could encourage such employers to pull out of pension provision altogether. On the basis of what advice and evidence does he make that assessment, and does he believe that it constitutes the right balance between giving flexibility to business and providing genuine and worthwhile protection to employees on the transfer of an undertaking?

Malcolm Wicks: We wanted to get the balance right because often it is in the interests of a company and its work force that the work force be transferred to another company. We require the new employer to provide transferred employees with a defined benefit occupational pension, or a defined contribution pension with a matched employee-employer contribution of up to 6 per cent., or a stakeholder pension with a matched contribution of up to 6 per cent. That provides a decent minimum standard for such employees.

Mr. Bill Tynan (Hamilton, South) (Lab): My hon. Friend will recognise that sometimes employees transfer to inferior schemes. Will he support re-examining compulsion—whereby the employer has to put in 10 per cent. and the employee 5 per cent., for example—to ensure that we create an occupational pension scheme that is fair to all in the event of a transfer?

Malcolm Wicks: We will look at the more general question of a voluntary-versus-compulsory approach when we receive the advice of Adair Turner's Pensions Commission. The Government are committed to a voluntary approach, which has many advantages. However, it is right and proper that the Government—a Labour Government—have for the first time legislated to give private-to-private transferred employees a decent minimum pension standard. As my hon. Friends the Members for Glasgow, Anniesland (John Robertson) and for Hamilton, South (Mr. Tynan) know, in the light of the good service that they have provided on the Pensions Bill Standing Committee, that is what we intend to do.

Kevin Brennan (Cardiff, West) (Lab): Last week, my hon. Friend published some details on those who have lost their pensions rights through insolvency and who may be entitled to make use of the financial assistance

scheme. He said that the scheme's generosity will be affected by a number of factors, including whether there is funding from industry. What progress has been made in persuading industry to contribute to the scheme?

Malcolm Wicks: As the House knows, we have decided that £400 million of public money should be provided for the assistance scheme. That was the right thing for the Government to do because, apart from the justice of the case, we have an interest in restoring confidence in pensions, as does the pensions industry. We have written to a number of organisations and we will soon have meetings. I very much hope that the industry will make its contribution to the assistance scheme.

Departmental Scheme Appraisal

8. **Sandra Gidley** (Romsey) (LD): If he will make a statement on how the new appraisal scheme is intended to help motivate staff, improve efficiency and improve performance in the Department. [181894]

The Secretary of State for Work and Pensions (Mr. Andrew Smith): The new scheme has a number of features to motivate staff, including clear work objectives, regular feedback on performance and a strong focus on personal development. It will help to improve efficiency and performance by more rigorously identifying and rewarding different levels of contribution by staff, which has been shown to work successfully in the public and private sectors.

Sandra Gidley: The Secretary of State will be aware that 50 per cent. of staff at the Department who are at a predetermined level will be rated "poor", and that only 10 per cent. can be rated "excellent". Under the previous scheme, 30 per cent. of staff were rated "excellent". As 97 per cent. of staff voted against the proposal, does he agree that it is unhelpful for the public to have to deal with demotivated staff, and will he think again about this proposal?

Mr. Smith: I do not accept the hon. Lady's categorisation of the proportion of staff who would be rated "poor", or the other figure that she mentions. However, we do recognise the concerns expressed by our staff, and we will undertake a continuous improvement review of the new system over the summer, following the end of the appraisal round. We have invited our trade unions to contribute and I hope that they will do so, so that together we can continue to drive up performance, staff have a more rewarding job, our customers get a better service and we give the taxpayer better value for money.

Mr. Peter Kilfoyle (Liverpool, Walton) (Lab): Let me take up the concerns of staff and my right hon. Friend's concern for them. According to figures issued by the Office of the Deputy Prime Minister two weeks ago, the Breckfield ward in my constituency is the most deprived area in the country and the epicentre of what the Treasury describes as the biggest poverty cluster in the country. However, last week I was given to understand that there was a strong probability that the pension centre, which is the single employer of note in the area, will be closed—scrapped and gone—in the name of efficiency. Some 316 people face the prospect of the scrapheap unless alternatives are found for them. I have spoken briefly to my right hon. Friend about the matter, but what guarantees can he give loyal staff in an area of high unemployment and high need? Under the aegis of the Government's stated intention to relocate jobs from Whitehall to the regions, and bearing in mind the fact that his is the Department of Work and Pensions, what does he intend to do to ensure that those people do not lose their livelihoods?

Mr. Smith: I acknowledge my hon. Friend's dedication to the needs of his constituents and I appreciate how difficult this news was. As he said, we spoke at the time of the announcement. When the number of centres has to be reduced—as it must—it is never easy for management to decide where it is to happen. The decision was the product of a careful review, although that will come as little consolation to those who face the possibility of losing their jobs. I would be pleased to meet my hon. Friend further to discuss how we can move forward, but, as I said to him before, no effort will be spared to try to find those members of staff alternative jobs, whether by way of redeployment in the DWP or elsewhere. With the movement of jobs out of the south-east, following the work of the Lyons review, we are considering destinations for those jobs in areas such as the ward he describes. I shall work closely with him, other local Members of Parliament and the local authorities to do everything we can to ensure that the closure of the pension centre does not mean that those people face a life without work.

Mr. David Willetts (Havant) (Con): I have been looking at the Department's annual report on its performance, and I draw the Secretary of State's attention to page 133—"Managing Attendance". Will he confirm that his Department had a target for sickness absenteeism in 2003 of eight working days lost per person per year? Will he further confirm that in reality 12.7 days were lost per person in 2003? Why was the performance so far below the target, and why should we believe anything that the Government say about efficiency savings when they cannot deliver such an elementary objective?

Mr. Smith: As the hon. Gentleman will know from previous exchanges, we recognise that the sickness absence rate is not good enough and that further progress must be made to hit the target. None of us expects taxpayers to subsidise a higher rate of sickness absence in the public sector. We have taken several steps, including making it clear to managers that sickness absence must be managed downwards, both by tackling its causes by improving occupational health in the workplace and by taking tough action against those who abuse the system. We have introduced mandatory return-to-work interviews and tighter disciplinary procedures and we are looking further at evidence of best practice and what works effectively in other businesses.

Social Fund

9. **Mr. Harry Barnes** (North-East Derbyshire) (Lab): How many of the families who have qualified for child tax credits have as a consequence been removed from

access to the qualifying benefits which would make them eligible for consideration for discretionary grants or loans under the social fund. [181895]

The Parliamentary Under-Secretary of State for Work and Pensions (Mr. Chris Pond): We estimate that fewer than 50,000 families will be moved off benefits that would have qualified them for consideration for a social fund budgeting loan or community care grant. The vast majority of those families stand to gain substantially from that change, many by more than £20 a week, and will continue to have access to crisis loans and elements of the regulated social fund.

Mr. Barnes: To be considered for a discretionary grant or loan under the social fund, families have to be in receipt of a qualifying benefit, such as income support, but have not child tax credit payments moved some needy families out of that qualifying regime? Will that not get worse when the child benefit element is migrated into child tax credit later this year? Can we not get round the problem by making maximum child tax credit payments a qualifying benefit as well?

Mr. Pond: My hon. Friend will understand that we want the discretionary social fund to be focused on those who need it most, which normally means those on income support, but we shall continue to look at ways of improving the social fund and access to it, in the context of wider changes in its operation.

Disability Living Allowance

11. **David Taylor** (North-West Leicestershire) (Lab): How many people were receiving disability living allowance in *(a)* the east midlands and *(b)* England and Wales in (i) 1990, (ii) 1997 and (iii) 2004; and how many of them were registered as unemployed in each year. [181897]

The Parliamentary Under-Secretary of State for Work and Pensions (Maria Eagle): The requested information for 1990 is not available because disability living allowance was not introduced until 1992. As at 28 February 2004, the latest date for which information is available, about 2.2 million severely disabled adults and children in England and Wales were receiving disability living allowance, 10,400 of whom were also receiving a jobseeker's allowance. In the east midlands, about 185,000 severely disabled adults and children were receiving disability living allowance, 900 of whom were also receiving a jobseeker's allowance.

In 1997, just over 1.5 million severely disabled adults and children in England and Wales were receiving disability living allowance, 10,800 of whom were also receiving a jobseeker's allowance. In the east midlands, about 126,000 severely disabled adults and children were receiving disability living allowance, 1,100 of whom were also receiving a jobseeker's allowance.

David Taylor: When last in power, the Conservatives were shameless in manipulating unemployment figures by shunting the jobless on to other benefits. Now their media acolytes and indeed, earlier, the hon. Member for Canterbury (Mr. Brazier), who is no longer in the Chamber, level the same charge against the Government. Can the Minister comprehensively strangle that canard and summarise any policy changes since 1997, either in the way that unemployment figures are calculated or in eligibility for DLA or incapacity benefit?

Maria Eagle: I am not sure that I know how to strangle a canard, never mind comprehensively, but perhaps I can attempt to explode a myth. Indeed, the figures from the constituency of my hon. Friend actually do that. In North-West Leicestershire, JSA unemployment is down by 55 per cent., employment in that region of the east midlands is up by 104,000 and about 84 per cent. of his working-age constituents are in work. We have seen a fall in the number of people on JSA and an increase in the number in work, and a small increase in his constituency in the number of people on incapacity benefit. That explodes the myth—I am not sure what to do about strangling canards.

Pension Credit

13. **Mr. Win Griffiths** (Bridgend) (Lab): What percentage of eligible pensioners are claiming pension credit in *(a)* Bridgend, *(b)* Wales and *(c)* the UK. [181900]

The Minister for Pensions (Malcolm Wicks): We cannot estimate eligibility with precision at the regional or constituency level. Up to 31 May, 2.5 million pensioner households, including more than 3 million individuals, were receiving pension credit in Great Britain. Of those, nearly 180,000 people are in Wales. I am also pleased to inform my hon. Friend that 4,405 individuals in Bridgend now receive pension credit, with an average award of £42.62 a week.

Mr. Griffiths: I thank my hon. Friend for that response. I am sure that the statisticians scattered about the United Kingdom could put together a programme to enable us to make the estimates, but can he tell me what further steps the Department will take to encourage more people to apply for the credit? From my experience, I know that a number of pensioners who have applied lately were amazed at how easy it was and at how helpful the phone line was in enabling them to get their forms filled in and benefit received.

Malcolm Wicks: We are increasingly going local with the take-up campaign's local advice surgeries and the excellent work of our local Pension Service, and people are pleasantly surprised when they realise that they can apply for pension credit over the telephone. Indeed, I read of a case study in *The Daily Telegraph*—so it must be true—where a man who had applied on behalf of his elderly mother-in-law said:

> "I found the phone form-filling service to be first class, sent all the information requested, and my mother-in-law quickly received her extra pension ... Again, everybody was most helpful."

Certainly, in Porthcawl, I know of case studies where people thought that they might be not eligible for pension credit, but £93 a week was awarded in one case. They said:

"To say we are pleased would be an understatement."

We need to go local, and we will.

Mr. Nigel Waterson (Eastbourne) (Con): Can the Minister confirm that the figures that his Department produced only today show that, between now and 2014, the projection of individuals eligible for pension credit will rise from 4,850,000 to 6,550,000—an increase of 35 per cent.? Should his own assumption that 1.4 million of the poorest pensioners never claim pension credit be increased proportionally to show an extra 500,000 people by 2014 not claiming what they are entitled to?

Malcolm Wicks: The crucial thing is that the pension credit has been a success. More than 3 million individuals now receive it and the older elderly particularly benefit—the very group who were neglected by the last Tory Administration. In terms of gender, it is important to note that, of those 3 million individuals, 2 million are women, who often have the poorest pension record and whom we are now targeting. I only wish that the hon. Gentleman, instead of being cynical about the pension credit, would get out into the community and help to make it an even greater success.

Mr. Waterson: Do not those figures show the inexorable rise in means-testing projected under this Government? Is it any wonder that a recent survey conducted for Age Concern England showed that nine out of 10 pensioners receiving pension credit were not happy with the pension credit process and that they wanted the Government to provide a higher basic state pension? Will the Minister now look seriously at the Conservative policy of restoring the link with average earnings?

Malcolm Wicks: I will look seriously at Conservative policy when I see a serious policy, rather than the absurd apocalyptic vision that the hon. Gentleman is presenting, according to the national prints today: a ridiculous idea that what he calls a pension crisis—we call it a pension challenge—can be equated with the threat to this country from international terrorism. I think that he should grow up in his analysis.

Child Support Agency

14. **Miss Anne McIntosh** (Vale of York) (Con): If he will make a statement on the level of error in Child Support Agency decisions. [181901]

The Parliamentary Under-Secretary of State for Work and Pensions (Mr. Chris Pond): Last year, 85.7 per cent. of decisions on old scheme cases were correct to the nearest penny—the best ever level of accuracy, against the target of 82 per cent.—and 14.3 per cent. contained errors. From a sample of new scheme cases taken in February and March this year, 82 per cent. of decisions were correct to the nearest penny, against an agency target of 90 per cent. We will not be satisfied until we get accuracy to the highest levels that we target.

Miss McIntosh: Will the Minister undertake to take a personal interest in the individual cases of error found among constituents who live in the Vale of York? Such errors are deeply distressing and stressful for the individuals involved and cause a great deal of upset. Will he also look into a case that has just to come my attention where a father who is in receipt of incapacity benefit is, in fact, working for a family firm and not making any payment? That is clearly an error that has not yet been identified. Will he take a personal interest in that case?

Mr. Pond: We understand the hardship and heartache that can be caused when errors occur, both for parents with care and non-resident parents, which is why we are doing everything that we possibly can to ensure that there is as much accuracy as possible. I, or my noble Friend Baroness Hollis, would be happy to talk to the hon. Lady about specific cases to find whether there is anything further that we can do to help to resolve them.

Mr. Gordon Prentice (Pendle) (Lab): We all know of individual case examiners who have found CSA error, after which they often recommend a consolatory payment. I have a constituent whose life was put on hold for more than two years, during which he lost his driving licence, who was offered a consolatory payment of £250. What is the average amount paid to people who have suffered at the hands of an incompetent CSA, and what are the Government going to do about the problem?

Mr. Pond: My hon. Friend will understand that averages are not always terribly helpful in such circumstances because payments relate to the details of each individual case. He will not expect me to comment on those cases. However, we want to ensure that people who have suffered due to errors that the agency should not have made are properly compensated. I extend the offer that I made to the hon. Member for Vale of York (Miss McIntosh). If my hon. Friend would like to discuss individual cases, I am sure that my noble Friend Baroness Hollis or I would be happy to do so.

Mr. Steve Webb (Northavon) (LD): The Minister will know that the independent case examiner deals with the most difficult cases from constituents who have had no satisfaction from the CSA. Last week, she produced her annual report, which showed a 50 per cent. increase in complaints during the first year of the Government's shiny new CSA system. I think that the Minister admitted to the hon. Member for Vale of York (Miss McIntosh) that the new, simple "really-easy-to-do" system had more errors in it than the old system. When will he admit that the new system has failed?

Mr. Pond: I am sure that the hon. Gentleman has read the report carefully, as have I. He will be aware that only 0.15 per cent. of CSA clients complained last year and that more than half the increased number of cases were not accepted for consideration by the independent case examiner. However, she pointed out:

"As the year started, the Child Support Reforms had just come into effect. It is not surprising that the major legislative, system and organisational changes faced by the Agency in implementing the Reforms have engendered a variety of problems and resulting complaints."

There are reasons why there has been a substantial increase—it is actually a 31 per cent. increase—in the number of cases that could be referred to the independent case examiner, but we are not complacent. We have firm targets on improving accuracy, and we intend to do that.

Mr. Peter Pike (Burnley) (Lab): Given the welcome news about the improvement in the accuracy of CSA cases, will my hon. Friend tell me when we will complete the transfer to the new scheme? People are getting agitated while waiting to move from the old system to the new one.

Mr. Pond: We understand the impatience of some clients of the CSA, although there is often a difference of opinion between parents with care and non-resident parents. I understand the impatience of hon. Members for the transfer to a system that we all think will be simpler and more effective. However, my right hon. Friend the Secretary of State has said on several occasions that we will not transfer old cases to the new system until we are absolutely certain that the technology is working effectively. It would be irresponsible to do so before that time, so I cannot give my hon. Friend a date on which it will happen. We will make the transfer as soon as it is responsible to do so.

Pensioner Poverty

15. **Laura Moffatt** (Crawley) (Lab): What measures he has taken to eradicate pensioner poverty. [181902]

The Secretary of State for Work and Pensions (Mr. Andrew Smith): We have taken many steps to tackle pensioner poverty, including the introduction of pension credit and winter fuel payments and a 7 per cent. real rise in the level of the state pension. As a result, we will be spending nearly £10 billion more a year on pensioners, including £5 billion more on the poorest third. That means that the poorest pensioners are on average £33 a week better off than they would have been under the 1997 system. Relative pensioner poverty is down by 500,000, with absolute poverty down by 1.8 million.

Laura Moffatt: Will my right hon. Friend join me in paying tribute to organisations such as the Crawley pensioners action group that continually draw attention to issues relating to our poorest pensioners. Does he agree that those community groups help to raise such issues and ensure that pensioners know about all the new benefits available to them through their campaigning activities and that they play an essential part in improving pensioner incomes?

Mr. Smith: Yes. I am pleased to join my hon. Friend in praising the work of the Crawley pensioners action group, with which I know she works closely. Such groups—in Crawley and up and down the country—not only make an invaluable contribution to the debate about pensions and future pensions policy, but enrich our democracy in many other ways. The active engagement of senior citizens in assessing and working with services locally, and in helping us to formulate policy, is invaluable. We are developing closer partnership working between the Pension Service and such groups and there is funding available through the new partnerships fund, of which I will send her details.

Sir Nicholas Winterton (Macclesfield) (Con): Will the right hon. Gentleman have a word with the Chancellor of the Exchequer, with whom he worked for many years, to see whether, to reduce pensioner poverty rather than increase bureaucracy, the Chancellor will entirely exempt from taxation the state retirement pension for all, and reduce the rate of taxation on all pensions and annuities for those who are responsible enough to save for their retirement years? Is that not the way to encourage a reduction in pensioner poverty without increasing bureaucracy?

Mr. Smith: It is not increasing bureaucracy to operate the pension credit in the effective way that we are, given the example cited in Saturday's edition of *The Daily Telegraph*, to which my hon. Friend the Minister for Pensions referred. More than 3 million individuals are getting that money, and it is much needed by them. I would hope that the hon. Gentleman would welcome the progress that we are making on that and join us in pressing for higher take-up.

On the hon. Gentleman's points about taxation, of course I speak to the Chancellor about those matters. The problem with the hon. Gentleman's proposal is that it would involve a redistribution of income from poorer working people to more affluent pensioners. On reflection, I think that he will see that that would not necessarily be the fairest thing to do or the best use of available resources to ensure that they reach the pensioners who need them most.

Pension Protection

18. **Mr. Jonathan Sayeed** (Mid-Bedfordshire) (Con): If he will permit unclaimed assets to be used to offer further assistance to those occupational pension scheme members who will not be covered by the pension protection fund. [181905]

The Minister for Pensions (Malcolm Wicks): The Government laid a report on 30 June on their research into the numbers affected where pension schemes wind up underfunded with insolvent employers. That suggests that some 65,000 people face significant losses of more than 20 per cent. of their expected pensions, of whom around 35,000 face losses of over 50 per cent. That confirms that our commitment of £400 million of public money over 20 years provides a sound basis for a worthwhile assistance scheme. We hope that industry will add to that.

As for unclaimed assets, my right hon. Friend the Chancellor made it clear in the March Budget that we want as much as possible to reunite unclaimed assets with their rightful owners. That is our No. 1 priority. Where the assets cannot be so reunited, they should be reinvested to benefit the whole of society. There are no plans to use such assets to provide assistance for those people who have lost pensions.

Mr. Sayeed: That is a very disappointing answer. The Minister knows that £20 million a year is just a small proportion of the loss that has been suffered by those

pensioners. First, does he accept that that is the case? Secondly, as the Chancellor has already taken his cut of the unclaimed assets, would it not be much better to assist pensioners who face real hardship by allocating that money when it is clearly proved to be unclaimed?

Malcolm Wicks: I do not accept that the money that the Exchequer has made available—£400 million—is a small proportion. It will enable the restoration of a significant proportion of people's pension rights, and that is important. The assistance scheme is a major move in the right direction. What was disappointing was the Conservative Opposition asking the House to decline to give the Pensions Bill a Second Reading.

Mr. Dennis Skinner (Bolsover) (Lab): Will my hon. Friend look seriously at the claim by Anglo United, which used to be Coalite Products Ltd., because a number of people are affected as a result of changes that took place in the company some time ago? Will he tell me in writing whether they are included in the scheme that he announced a few weeks ago? It would be helpful to know that they are, and I am expecting good results.

Malcolm Wicks: Of course, we are looking at the details of all schemes to see whether their members are eligible for the assistance package. We now have research evidence on the numbers affected and are in consultation with trade unions and others to get the details right with a view to laying regulations later this calendar year and putting a scheme in place by spring next year so that benefits can be paid soon after. I will, however, write to my hon. Friend about the case that he raised.

Carer's Allowance

21. **Mr. Huw Edwards** (Monmouth) (Lab): How many carers in *(a)* England and *(b)* Wales are in receipt of carer's allowance. [181908]

The Parliamentary Under-Secretary of State for Work and Pensions (Maria Eagle): On 28 February 2004, the latest date for which information is available, some 351,000 carers in England and over 29,000 carers in Wales were receiving carer's allowance.

Mr. Edwards: I acknowledge the improvements that the Government have made to carer's allowance, but does my hon. Friend accept that it is the lowest income replacement benefit of all at £44.35? Will she acknowledge the campaign to try to increase it to the level of the state pension, which would be a significant improvement in the provision for 400,000 carers and one more measure to add to the many that the Government have introduced to increase provision for carers?

Maria Eagle: I am glad that we have reached a question about carer's allowance, which is something that I can talk about at length, if you would allow me, Mr. Speaker. I congratulate my hon. Friend on his well-known efforts on behalf of carers. He is recognised in the House as a persistent and effective advocate for their rights and opportunities, not just in his own constituency but throughout Britain. I am aware of the campaign highlighted by Carers UK in the recent carers week to increase carer's allowance.

My hon. Friend thinks that £44.50 or so a week is at the lower level of income maintenance, but carer's allowance can give rise to other payments. Some 300,000 carers are eligible for carer's premium in the income replacement benefits and the Government recently increased that premium by more than £10 a week, so there is an additional £25.55 a week, Mr. Deputy Speaker—I am sorry for demoting you, Mr. Speaker—in income-related benefits. A slightly different payment—

Mr. Speaker: Order. The Deputy Speaker will be on duty by the time that the hon. Lady finishes.

Mr. Simon Burns (West Chelmsford) (Con): Does the Minister acknowledge the tremendous work and contribution of carers throughout the country? The figures that she gave the House suggest that a significant number of people are not benefiting from the allowance and I suspect that a number of my constituents who do a fantastic job, day in, day out, caring for others may be ignorant of their entitlement. What assurances can she give my constituents and those of other hon. Members that the Department will draw attention, through advertising and other targeted means, to the fact that they might benefit from the allowance?

Maria Eagle: The hon. Gentleman is right that many carers eligible for carer's allowance do not claim it, but 420,000 do so. We make every effort to make clear to people who interact with the benefits system what benefits are available and many local carers' groups also undertake such work. I am sure that, as a result of efforts by the Department, hon. Members and carers' organisations, carers who may benefit from those payments will find out about them and apply for them. They can now do so via the internet, as the allowance is one of the first Government benefits that can be e-claimed and 3,400 people have already made such a claim.

Mr. Speaker: I thank the hon. Lady for her brief reply.

Point of Order

3.30 pm

Mr. Nicholas Soames (Mid-Sussex) (Con): On a point of order, Mr. Speaker. Given that defence is the first charge on any Government, and given that there are now more troops on operations overseas than at any time since the 1950s, are you aware that the Secretary of State for Defence will come to the House on Friday 16 July—a private Members' day—to announce substantial cuts in both manpower and capabilities in the armed forces? Do you agree that such an important announcement should not be made to Parliament on a Friday, and that to bury bad news in such a way the day after two by-elections is hopelessly unacceptable and serves to compound the Government's endless felonies in that regard?

Mr. Speaker: There will be at least one session of business questions before 16 July when the hon. Member and others may be able to raise that matter, and there are the usual channels. If there is deep concern about the matter, I urge the hon. Member to seek to have it negotiated through the usual channels.

Mr. Soames: Further to that point of order, Mr. Speaker. I shall indeed pursue the action you suggest, but may I ask you to make a general point that announcements of such importance should not be made on a Friday, when many Members are unable to be present in the House because of duties elsewhere? It is quite wrong that such an important announcement, touching on the security of the country and the future of our armed forces, should be made on such a day.

Mr. Speaker: It is difficult for me from the Chair to make a judgment about which statements are important and which statements are less important. It is not for me to be drawn into that argument.

BILL PRESENTED

Foundation for Unclaimed Assets

Mr. Frank Field, supported by Mr. Jon Owen Jones, Mr. Derek Wyatt, Kevin Brennan, Mr. David Willetts, Mr. Nigel Waterson, Mr. Steve Webb, Annabelle Ewing, Sandra Osborne, Rev. Martin Smyth, Mr. Jeffrey M. Donaldson and Adam Price presented a Bill to establish the Foundation for Unclaimed Assets and make provision as to its functions: And the same was read the First time; and ordered to be read a Second time on Friday 15 October, and to be printed. [Bill 131].

Opposition Day

[15th Allotted Day]

Postal Services

Mr. Speaker: I have selected the amendment in the name of the Prime Minister.

3.33 pm

Michael Fabricant (Lichfield): I beg to move,

That this House notes the failure of Royal Mail plc to deliver first and second class mail reliably and on time and regrets the damage this is doing to businesses and private customers alike; notes with particular dismay the threatened closure in Leicester of the Knighton Church Road Post Office, Knighton, and the East Park Road Post Office, Spinney Hills; calls on the Government to end the uncertainty facing the future of rural post offices as a result of the Government's refusal to announce further funding until after 2006; deplores the inadequate consultation procedure of the Urban Reinvention Programme despite the Government's recent announcement to review urgently the arrangements for the consultation currently employed; expresses continued concern about the Government's implementation of the different Direct Payment options which has caused significant problems particularly for elderly and disabled customers in Stechford, Shard End and Hodge Hill in Birmingham; condemns the Government for its failure adequately to promote the take-up of Post Office Card Accounts; and further calls on the Government to provide more details on the implementation of the Exceptions Service.

You will have heard of the Midas touch, Mr. Speaker. Unfortunately, the Government seem to have the Frank Spencer or Del Boy touch. No matter how much taxpayers' money they throw at a problem, it all goes horribly wrong. No wonder, then, that so many people feel let down by Labour—and so it is with our postal services, which we must never forget the Government own. Too many aspects of Royal Mail's operations are failing, and that is a matter of grave concern to both sides of the House. Of course, many thousands of postal workers and management take their job seriously and are highly professional, but a minority are not.

On 6 May this year, the Secretary of State for Trade and Industry apologised to the House and to the people of this country for Royal Mail's failings. She accepts that the buck stops with her, and I give her full credit for that. However, it is not unreasonable to say that an apology is not enough. The Government have a duty to ensure that standards rise.

In 2001, the Royal Mail Group recorded a huge loss of £1.1 billion. I might add that that was £1.1 billion of taxpayers' money. With fresh management, that has been turned around to some extent, to a profit of £220 million in 2003. That is without question a considerable achievement, and a welcome one at that. It came, however, at considerable cost.

In order to prevent the company from haemorrhaging money at an alarming rate, a tough restructuring process was announced by the Secretary of State in March 2002. I am not here today to argue that many of the tough decisions that have been made were not necessary: they were, but their implementation and the methods employed have been immensely damaging.

Mr. David Cameron (Witney) (Con): Does my hon. Friend agree that one of the ways in which the Post Office has cut its costs is by getting rid of two deliveries in a day? Is he aware of the problem that some businesses, especially in rural areas, are facing, which is that the single delivery is now coming too late for the banks' cut-off time for same-day cheque crediting? For small, growing businesses in constituencies such as mine, that is calamitous and it needs to be sorted out. If we are to have one delivery a day, it needs to be made in good time.

Michael Fabricant: My hon. Friend, who is an assiduous Member and constituency MP, raises an important point. The problem to which he refers is creating difficulties not only for growing businesses, but for well-established mail order firms, as I shall mention later. The biggest problem of all, which I shall also mention later, is uncertainty. People could plan ahead if they knew precisely when the delivery was going to be made, but in so many areas—not only rural areas, which he mentioned, but urban areas—the time of the first delivery seems to differ from day to day.

Mrs. Gillian Shephard (South-West Norfolk) (Con): My hon. Friend and my hon. Friend the Member for Witney (Mr. Cameron) mentioned the problems caused for businesses by a single delivery postal service. Will he comment on the extraordinary case of 49 packages sent to East Anglian MPs labelled "Postwatch misdelivery campaign" and posted on 13 May, none of which was delivered to Members of this House? It is indeed a mysterious occurrence, on which the chairman of the Post Office can throw no light, save to ask me what the turnaround time is for letters in my office. Does my hon. Friend have any points to make about that?

Michael Fabricant: If the issue were not so serious, it would almost be a laughing matter. I wonder whether the problem arose because of unreliability in the postal service or whether it could be connected—perhaps the Minister will expand on this when he replies—with the question of deliveries during the general election, when some items of mail were not delivered. It is not for Post Office workers to decide whether a Post Office item should be delivered, so the question is whether it was incompetence or deliberate action by Post Office workers that prevented what was issued by Postwatch from being delivered.

Mrs. Shephard: I thank my hon. Friend for giving way again. The chairman of the Post Office, to whom I obviously wrote, replied:

"We have no trace of the letters being posted, as they were reportedly posted over a post office counter. The most likely place of loss would be at that post office . . . which is one of our best with no previous problems."

Michael Fabricant: My right hon. Friend makes a serious point. If the Post Office and the Minister have doubts themselves about the service of Post Office Counters Ltd., it is a clear indication of how far standards have fallen in the past few years.

Mr. Martin O'Neill (Ochil) (Lab) *rose—*

Michael Fabricant: If I may, I shall move on, but I shall give way later.

First, I shall examine post office closures. As urban and rural post offices continue to close across the country, the needs of our local communities and the vulnerable people within them are not being adequately met. In urban areas, the urban reinvention programme—in truth, the urban post office closure programme—is occurring at breakneck speed. Of the 9,000 urban post offices operating at the start of the programme, 1,211 have already closed, and that figure is set to rise to 3,000 by the end of this year.

Mr. Humfrey Malins (Woking) (Con): I am following my hon. Friend's argument with great care. The post office is a vital part of any community, and not only rural post offices but urban post offices are under threat, including five post offices in my constituency. Does my hon. Friend, like me, believe that post offices, which are an important social addition to any community, should be preserved?

Michael Fabricant: I agree that post offices should be preserved and that they play a vital part in the fabric of life in our constituencies. Like the National Federation of Sub-Postmasters, however, I "regretfully and reluctantly" accept the need for some closures, which so many people feel are badly handled. Local characteristics are not being taken into account; local communities are not being properly consulted; the long-term planning is inadequate; and a co-ordinated framework has not been implemented.

On 13 January this year, I made those points at the Dispatch Box, and it must be said that the Government acknowledged the problems—again, I welcome that acknowledgement. In a written ministerial statement, the Minister for Energy, E-Commerce and Postal Services stated:

"In particular, the consultation arrangements have been criticised. There has been mounting evidence that in too many cases Post Office Limited has not handled them appropriately, or with sufficient sensitivity."

He went on to announce changes to the consultations, which would:

"make them more inclusive and appropriate to achieve a viable network to serve the public after the programme is concluded."—[*Official Report*, 5 February 2004; Vol. 417, c. 49WS.]

I thought, "Hooray! The Government are finally getting a grip," but I was just too trusting.

Gregory Barker (Bexhill and Battle) (Con): Does my hon. Friend agree that the issue concerns not only the nature of the closure programme, but the transparency of the process? When my constituents have campaigned to save post offices, they have been unable to get round the Post Office, which will not make available the business case on which the closure of local services is based. My constituents understand that hard economic decisions must sometimes be made, but, given that the Post Office does not reveal what its decisions are based on and offers cash incentives to close post offices, my constituents are sceptical about whether the process is anything more than closure by diktat.

Michael Fabricant: My hon. Friend is renowned for having his finger on the pulse, and he is right to say that the process is not transparent.

[Michael Fabricant]

Postwatch remains critical. It states that

"there is little evidence of Post Office Limited attempting to mix and match 'leavers' and 'stayers' to produce a smaller but optimised network as envisaged by the Performance and Innovation Unit Report of 2000".

Postwatch issued that statement after the Minister released his written ministerial statement that all things would change. I was gullible to believe that things would change—they have not.

Mr. Mark Field (Cities of London and Westminster) (Con): I agree with my hon. Friend's line of argument on the urban reinvention programme. Does he agree that such decisions too often involve a deal being cut between the Post Office and the long-standing—or, perhaps, short-standing—local postmaster, rather than their being according to community need or finance? As my hon. Friend the Member for Bexhill and Battle (Gregory Barker) says, such a lack of transparency does not make local residents think that the process is being run fairly or firmly.

Michael Fabricant: As ever, my hon. Friend raises an important point. He refers to the compensation programme that is made available to post office operators—postmasters—who give up their post offices. That compensation is very generous and equates to around 30 months of profit, which is more than someone would normally get. The Minister may correct me if I am wrong. That is why Postwatch said that there is no real effort to mix and match to ensure that services are provided to those who need it in a given locality.

Mr. O'Neill *rose*—

Michael Fabricant: I give way to the right hon. Gentleman.

Mr. O'Neill: I am not right hon.—I may well deserve to be, but that is for others to decide.

I have two points for the hon. Gentleman. First, he made some very serious allegations about the nature of postal deliveries during elections. If those allegations are of any substance, they should have been referred to the Electoral Commission much sooner than today, with the appropriate evidence. If he did so, perhaps he could tell us about its findings.

Secondly, although it is true that compensation is generous and that there are problems in relation to mixing and matching, the hon. Gentleman is not telling the full story. I understand that between one in three and one in four of all applications for early premature closures has been refused—in other words, of the 2,500 to 3,200 applications that have been made, around 800 to 900 have been refused. A substantial number of people who have tried to get out of the postal services for financial reasons have been refused. The hon. Gentleman is not giving the whole picture.

Michael Fabricant: The hon. Gentleman, who is Chairman of the Select Committee on Trade and Industry, should be a Privy Councillor, but sadly he is not.

I tabled a question to the Minister about deliveries to which he gave a full and comprehensive written reply, so I can at least say that the matter is in the public domain if the Electoral Commission wishes to take up the matter.

As regards post office closures, I am merely repeating what Postwatch says. I quote it again:

"there is little evidence of Post Office Limited attempting to mix and match 'leavers' and 'stayers'".

Postwatch was established to watch the Post Office as the guardian of the consumer. I would not make a statement of such importance were it not for the fact that Postwatch has made it.

Postwatch also expresses particular concern about the future of post offices in deprived urban areas where there is nothing in place to discourage sub-postmasters from quitting and taking a generous golden goodbye from Royal Mail, thus creating gaps in the network. That point was echoed by my hon. Friend the Member for Cities of London and Westminster (Mr. Field). Indeed, the compensation offered by Royal Mail is often an encouragement to do just that. I think that Members on both sides of the House remain of the view that consultation remains inadequate.

Let us take a constituency at random. When I was in Leicester, South last week, I learned that 10 post offices are due for closure in the city. More than 15,000 people signed a petition to keep them open. Mrs. Gladys Kenney, who is 86, is very worried about the closure of the West Knighton post office on Aberdale road. Her nearest post office is a 20-minute uphill walk away; and, like many other post office users, she is old and infirm. Why does the Post Office still refuse to take such factors into account? Fortunately, Chris Heaton-Harris, the Conservative parliamentary candidate in Leicester, South, is fighting to keep the post office open. He told me:

"I want to retain the excellent local services provided by the post offices at West Knighton and Boundary Road and I am determined that other possible closures including the Knighton Church Road Post Office just don't happen."

I support him in that fight. Chris has collected thousands of names on a petition, and I hope that the Post Office will listen to him and to other post office users.

Mrs. Gwyneth Dunwoody (Crewe and Nantwich) (Lab): Will the hon. Gentleman give way?

Michael Fabricant: I shall give way to—is she the "right hon." Lady?

Mrs. Dunwoody: No. The hon. Gentleman should know that we Select Committee Chairmen are the foot soldiers of Parliament.

I have listened to the hon. Gentleman carefully but I am not clear about whether he is saying that the Post Office should not offer compensation to someone who runs a business and discovers for various defensible reasons that it is no longer viable or whether he simply suggests that that person should be forced to continue until inevitable bankruptcy.

Michael Fabricant: I am sorry if I have not made myself clear. I shall do so now. As in all things, it is a question of balance. Over-generous compensation that

creates gaps in the network must be wrong, but no compensation at all would be equally wrong. My point—perhaps more important, that of Postwatch—is that the balance should be even to ensure that there are no holes in the network.

Gregory Barker: I am especially interested in my hon. Friend's comments because I was in Leicester, South last week. People there are angry, as are many Conservative Members who have heard the extent of people's anger about post office closures. The initiative to close those vital community assets does not come from the postmasters or people who run the post offices saying that they are not viable, but from Whitehall. Lucrative packages are being offered to bribe postmasters to close services in the full knowledge that that amount of money is unlikely to come the way of people on such incomes again. They are left in an invidious position. The initiative to close the post offices comes from Labour in London.

Michael Fabricant: My hon. Friend makes his point powerfully. The Secretary of State was right to accept responsibility. The way in which Post Office Ltd. and the Royal Mail Group were set up means that the Government own 100 per cent. of the shares. She accepts that the buck stops with the Government, who must ensure that the post office network remains viable.

Mr. Michael Weir (Angus) (SNP): I have never been to Leicester, South and I have no intention of going there in the next week or otherwise. I am interested in the hon. Gentleman's comments and I agree with him up to a point, but given that post offices also closed under the previous Conservative Government, how does he define the gaps in the system? What would he put in place to ensure that gaps in the network did not occur?

Michael Fabricant: It is not a matter of how I define the gaps but how the Post Office defines them. The Post Office says that the distance from one post office to another in an urban area should be no greater than 1 mile if that can be avoided. Moreover, the Post Office is meant to take into account obstacles to people walking from one area to another. There is no point in the presence of a post office a few hundred yards away if a major motorway, canal or possibly Ben Nevis are in between. The Post Office must take that serious issue into account given that so many customers tend to be elderly. That is the point about balance that I made to the hon. Member for Crewe and Nantwich (Mrs. Dunwoody) earlier.

My hon. Friends have mentioned the position in urban areas and I shall now move on to that in rural areas. Uncertainty about the future of the rural post office network hangs over it like the sword of Damocles. Sub-postmasters continue to leave in large numbers. Indeed, the number of closures in rural areas last year was up to 149 from 115 the previous year, despite Government support. An uncertain future means that it is difficult to find people who are willing to take over rural post offices that are for sale. The Government have provided a three-year funding programme to support rural post offices, and I applaud that. However, that finishes in 2006 after the next general election. What will happen then? Nobody knows, and that is the problem. It is essential that the Government make it clear how these businesses are to be made viable in the longer term, but they have consistently refused to do so. I hope that the Minister will step aside from that uncertainty when he responds to this debate, and make it clear what the future of rural post offices is to be.

This uncertainty is having a devastating impact on rural communities throughout the country. Rural post offices play a critical role in sustaining the social and economic fabric of our society, and their closure has far-reaching consequences. Closures cause considerable anxiety to many people, particularly the elderly and the disabled and those who do not, or cannot, use private transport to get into larger towns. The Government have caused enough damage to rural communities, and they must now make the future of rural post offices clear. I hope that the Minister will do so today.

Leaving aside the issue of post office closures, we have seen a devastating deterioration in the standard of the Royal Mail's delivery service, as my right hon. Friend the Member for South-West Norfolk (Mrs. Shephard) pointed out so well. In the latest report on mail delivery, all 15 of the existing 15 delivery targets were not met in the most recent financial year: 15 out of 15. This included a failure to meet the minimum targets for the delivery of both first and second class post. In the year to March, 90.1 per cent. of first class mail was delivered the next day, but the target is 92.5 per cent. Meanwhile, 97.8 per cent. of second class mail arrived on time, which is below the target of 98.5 per cent.

Royal Mail is due to make compensation payments of about £80 million, on top of any penalties that the industry regulator, Postcomm, might impose. That is £80 million of taxpayers' money. Furthermore, there have been desperate problems associated with the decision to abolish the second delivery, as my hon. Friend the Member for Witney (Mr. Cameron) pointed out. In principle, that seemed like a sensible cost-cutting measure. However, the reality is that the one single delivery is now due at any time between 7 am and—well, who knows when? This is causing havoc for mail order companies and other businesses that need a quick turnaround. These failures to meet minimum delivery targets and the switch to a single daily delivery are causing considerable damage to both business and private customers, and need urgently to be addressed.

Gregory Barker: My hon. Friend is being extremely generous in allowing me to intervene on him again. Does he agree that the abolition of the second delivery effectively means the end of the next-day service for many people who have to leave home at a reasonable time to get into the office? They will no longer be able to have something sent to them in the certainty that they will receive it before they leave for work. That means the end of a proper first class post service.

Michael Fabricant: My hon. Friend is absolutely right. He comes from a business background, and he can anticipate the problems that businesses encounter. This is a serious issue—*[Interruption.]* I do not know what the hon. Member for Ochil (Mr. O'Neill) just said, but

[Michael Fabricant]

as Chairman of the Trade and Industry Committee he will understand the importance to trade, industry and businesses of a reliable postal service.

Mr. O'Neill *rose*—

Mrs. Angela Browning (Tiverton and Honiton) (Con) *rose*—

Michael Fabricant: Before I give way to the hon. Member for Ochil, I shall give way to my hon. Friend the Member for Tiverton and Honiton (Mrs. Browning).

Mrs. Browning: I am glad that my hon. Friend has moved on to the subject of businesses in rural areas. I have heard of a lot of problems in that regard, not least from a major company in my constituency which used Royal Mail to send out a coupon that was time-limited, only to find that it had been delivered after the time limit had passed. It was a seasonal matter, and that company says that it is now desperate. My business community is crying out for some competition and reliability so that it can get on with its business, because Royal Mail is unable to assist it any more.

Michael Fabricant: That is an unfortunate fact. Often deliveries are time critical, and when a delivery is not made on time that creates real difficulties for business.

Mr. O'Neill: I understand that, in a previous incarnation, the hon. Member for Bexhill and Battle (Gregory Barker) was a Merchant Banker—capital M, capital B. He probably started work rather early in the morning. Most people who do so never see the mail until they come back home, and there are arrangements whereby businesses can have it delivered at a given time on a regular basis. Once again, I do not think that the hon. Member for Lichfield (Michael Fabricant) is telling the whole story. A lot of businesses can get the mail delivered within reasonable bounds of their choosing. Most of the working population, especially those in the south-east who have to commute, must leave the house long before the mail arrives.

Michael Fabricant: With the greatest respect, I do not think the hon. Gentleman is quite in touch with reality. I have received hundreds of letters from different people who say that the Post Office says to them, "If you want the delivery, you can collect it yourself." However, often it is not practical for businesses or individuals to collect the post themselves. Anyway, what have we come to when the Post Office says, "We can't deliver to you reliably; you've got to go and collect it from the sorting office yourself"? That is nonsensical.

More seriously, Richard Bradley tells me that, in Northampton, despite paying for his mail to be diverted to another address, that did not happen—even after making many complaints. What was the result? His postal ballot paper was lost. As a consequence, he was prevented from voting. Such mistakes have serious implications, not only for business, but for our democracy.

Even services here in Parliament are not immune to the effects of such failures. On 12 May 2004, the Serjeant at Arms informed all Members of Parliament that, for a three-month trial period, starting on 1 June—we all saw that announcement in the all-party Whip—Members' incoming mail that is forwarded from Parliament to an external address would be sent by first class post instead of by special delivery. He did that for all the right reasons—it would lead to savings to the taxpayer of £500,000 annually. However, on 3 June—just three days, not three months, after the start of the trial—a new message came from the Serjeant at Arms saying that the trial had to be suspended

"until Royal Mail can guarantee a First Class delivery service".

If this were not so serious, it would be the subject of an Ealing comedy. Frankly, the complacency of Ministers is a disgrace.

We have used Opposition time before to debate the Government's direct payment programme; we return to it again, and make no apologies for that, because we recognise the scale of the public's concern at the way changes are being made. The Government, in contrast, have been more reluctant to debate the issue in their own time. I am not surprised.

To those of us across the House, not just those on the Conservative Benches, who suggested that there are too many steps needed to open a Post Office card account, the Secretary of State for Trade and Industry said:

"Let us be clear: there are three steps that individual claimants need to take."

Strangely, online, the BBC set out seven steps; Postwatch listed eight; and a Post Office analysis detailed 20, from the receipt of the Government letter asking for account details to the claimant's receipt of cash through the card account. To those of us who complained that the Government are biased against the Post Office card account in favour of bank and building society accounts, the Secretary of State said that

"about 2 million Post Office card accounts have already been opened. That scarcely bears out the absurd allegations being made about how we are biasing the system, driving people away from the Post Office card account and making it impossible for anyone to open one. That is complete nonsense."—[*Official Report*, 24 March 2004; Vol. 419, c. 909–10.]

Well, if it is "complete nonsense"—*[Interruption.]* Both Ministers say that it is. Why, then, did Age Concern, Citizens Advice, the National Consumer Council, the National Federation of Sub-Postmasters, the Communication Workers Union and Amicus, the National Federation of Women's Institutes, and members of the public across the country share our concerns?

If it is "complete nonsense", why did a leaked Department for Work and Pensions document say to staff:

"We need to pay most of these customers into bank accounts which cost 1p, rather than into Post Office card accounts which cost up to 30 times more. You"—

post office workers—

"should be aiming to get nine out of 10 new claimants"

to use

"bank accounts, with a small proportion paid through Post Office card accounts"?

There it is in black and white—concrete evidence that the Government have been determined right from the very start to steer people away from the Post Office card account. I will happily give way to the Minister, who, I hope, is going to apologise to the House.

The Parliamentary Under-Secretary of State for Work and Pensions (Mr. Chris Pond): No, I am going to set the record straight. As the hon. Gentleman well knows, the memorandum to which he refers was a Jobcentre Plus memorandum, and was therefore aimed at people of working age. As he well knows, the Post Office card account, whatever its other merits, cannot help people to be ready to accept a job, as it cannot be used to accept payments of wages. That is an important message and it would be irresponsible of Jobcentre Plus staff not to get it across to people actively seeking work.

Michael Fabricant: I hope that the Minister is not saying that people of working age should not receive benefits? Is that what he is saying? Is he saying that people of working age should be discouraged from opening a Post Office card account because it would make it easier to get benefits? Of course he is not. The point at issue is that the Government and the Secretary of State denied that they were making it more difficult to open a Post Office card account, but it is clear from the memo that that process is being made more difficult. Besides, if Post Office Ltd. says that it takes 20 steps to open a Post Office card account, is it not difficult? Of course it is.

It is fair to say that many pensioners have chosen Post Office card accounts. Three million have done so, as the Government's amendment to our motion states. I have no doubt that the Minister will quote that number in his response, but the question is: how many more people would have chosen the account if the Government had made the process more simple? There are no grounds to congratulate the Government on card take-up. On the contrary, I congratulate those pensioners who, despite all the hurdles and obstacles that the Government have put in their way, have been able to open the account. It is they whom we should congratulate.

The Secretary of State for Trade and Industry became remarkably aggressive about our many concerns in the last debate. Our claims were described as "complete nonsense" and "absurd".

The Minister for Energy, E-Commerce and Postal Services (Mr. Stephen Timms): Yes.

Michael Fabricant: As the Minister confirms from a sedentary position, the Secretary of State said that our claims were absurd.

Yet, in the past few months, we have discovered that the Government have, very belatedly, started to take some steps to improve the Post Office card account process. A written answer from the Department for Work and Pensions, dated as recently as 7 June—perhaps the Minister for Energy, E-Commerce and Postal Services is not aware of this—stated:

"We have already made some improvements to the Post Office card account process where real problems have been identified and continue to closely monitor its operation. We want to make further changes which would include less form-filling and a straightforward process for customers getting account details back to DWP via their postmaster."—[*Official Report*, 7 June 2004; Vol. 422, c. 84W.]

At last, there is an admission that our concerns were justified. We—and the vulnerable constituents whom we serve—must be grateful for very small mercies. Yet this has taken two years to put right. Even now, Postwatch says that the changes are not as extensive as it would have liked and that they do not tackle the large backlog of applicants who are stuck in the application process.

Finally, I want to ask specific questions of the Minister. We welcome the exceptions service, under which cheques are issued to recipients of benefits, but the Government must do all that they can to publicise it. What steps are being taken to ensure that such publicity will happen? The cheque-based system is vulnerable to periods of disruption such as postal strikes, or even first-class post delivery. What contingency arrangements are in place to ensure that people will continue to receive their benefits in such circumstances? I look forward to the Minister's response.

So there we have it. I suspect that the Government do care about the vulnerable; I suspect that they do care about the elderly; I suspect that they do care about businesses that use the Post Office. But it is what the Government achieve, and what they deliver with taxpayers' money, that will count in the end.

The Prime Minister said that 2001 would be the year of delivery. That died a quiet death. With a million truants on our streets, a million people waiting for hospital appointments and a million illegal asylum seekers in our country, and with the north-south and rich-poor divides becoming even greater, there has been no delivery. In 2004, we have had the year of non-delivery—non-delivery of Britain's mail.

4.11 pm

The Minister for Energy, E-Commerce and Postal Services (Mr. Stephen Timms): I beg to move, To leave out from "House" to the end of the Question, and to add instead thereof:

"supports the Government's strategy for a viable Post Office network; welcomes the delivery by Royal Mail of 93 per cent. of first class letters the next day in the first half of 2003-04; shares the Government's disappointment over the drop in performance since then, which rightly falls short of customers' expectations; calls on Royal Mail and the unions to work together to improve the quality of service; notes that the closure of any post office is regrettable but supports the Government's view that, without rationalisation, unplanned closures would continue, leaving damaging gaps in the network; supports the Government's commitment to ensure that at least 95 per cent. of the urban population will live within one mile of their nearest post office; supports the Government's commitment to ensure funding of rural post offices until at least 2006; welcomes the changes to the urban reinvention consultation process and the extension of the consultation process from four to six weeks; supports the Government's move to Direct Payment and welcomes the fact that already more than half of customers are getting their benefits, pensions and tax credits paid straight into accounts, of which 3.2 million are Post Office card accounts; notes that the Opposition wasted millions of pounds of taxpayers' money on the Benefit Payment Card scheme; supports the facility for those who cannot be paid through an account, particularly the most vulnerable older people, to receive a cheque payment; and recognises that change was needed and congratulates the Government for its strong, decisive action."

I am delighted to have an opportunity to debate postal services and the post office network.

[Mr. Stephen Timms]

No one disputes that the Post Office is a business that has had its problems. Just two years ago, Royal Mail was losing over £1 million every working day. It lost more than half a billion pounds in the financial year 2002–03, the year after the one mentioned by the hon. Member for Lichfield (Michael Fabricant). But last year, as the hon. Gentleman said, it made a profit—a small profit, it is true, but constituting an unmistakable sign that the business is being turned around, that the Government's policy is working and that the customers of the Post Office can look forward to big improvements. As the hon. Gentleman said, that is a considerable achievement, and it is to his credit that he acknowledged it.

The reason that turnaround is being achieved is very straightforward: the Government are investing in Royal Mail. The last Government, for 18 years, simply used it as a cash cow, scandalously neglecting the needs of the business. Today we are seeing the investment that the business needs.

Mr. Simon Burns (West Chelmsford) (Con): If everything is so wonderful because of what the Government are doing, can the Minister explain why Royal Mail missed four targets in 2001–02, 12 in 2002–03 and all 15 in 2003–04?

Mr. Timms: As I have been saying, the business is being turned around. That process is under way as we speak. The hon. Gentleman knows very well that it is not possible to go on taking money out of a business and expect it to go on generating cash. That is what the last Government did: they took up to 93 per cent. of the profits. As Allan Leighton said when the losses were at their height,

"these losses did not happen overnight".

He said

"unresolved issues and problems stretching back for up to a decade are reflected in these results".

The truth is very simple. The investment that should have been made under the last Government was not made, and the business therefore inexorably got into the problems about which we have quite properly heard today, but which are now being addressed as the business is turned around.

Past neglect has been at the root of the problems. If a business is to be healthy, there must be investment, and the last Government did not invest in the Post Office. After the failed attempt at privatisation, they simply allowed it to drift rudderless. There was no direction, and it fell sharply behind its international counterparts. By contrast, we have given the organisation a direction, turning the business around, investing on a completely unprecedented scale, and as a result giving the business a prospect not of the depressing decline of the past but of a bright future in a dynamic and competitive market. That is good news for the people who work in the Post Office, and good news for all of us too, because we all depend on the services that the Post Office provides.

Mr. John Horam (Orpington) (Con): The Minister makes the point that the Post Office is turning round because of investment. On the contrary: it is turning around because it is dumping the second daily service and closing post offices up and down the land.

Mr. Timms: In a moment I shall spell out to the hon. Gentleman the unprecedented scale of investment that is being made. Of course, turning the business around is a difficult job. Neglect is easy, and if turning the business around had been easy, no doubt even the previous Government would have done it. However, doing so is hard, so they did not do it. We have been willing to make the hard decisions that were needed. More importantly, we have been prepared to make the big investments that are needed. The result will be a far better service ahead.

To respond directly to the hon. Member for Orpington (Mr. Horam), over the decade from 1997 we will have invested more than £2 billion to modernise the post office network, and made more than £1 billion available to the letters business to implement its renewable plan, in order to return the company to sustainable profitability. It was the failure to invest in the previous 18 years or more that is at the root of the problems that we still see today.

Mr. Mark Field: There is one issue in respect of which the Minister cannot blame the past—the urban reinvention programme. He will have read in today's London *Evening Standard* that his own London Labour MPs—I note that none of them is on the Benches behind him—are complaining about the lack of transparency in the Government's urban reinvention programme, and about the fact that the figures have dripped out constituency by constituency, rather than giving the context throughout the capital. Does the Minister feel that urban reinvention is likely to work in London, and will he apologise for the lack of transparency that has vexed so many of his colleagues?

Mr. Timms: I will say a good deal about that programme in a few moments. However, in opening the debate, even the hon. Member for Lichfield acknowledged, a little grudgingly, that the exercise needs to be conducted because of the position that the business has got itself into.

There certainly are problems for Royal Mail customers—no question about it—and they deserve a good deal better. Thanks to the determination of the management team that we brought in to turn the business around, and to the investment that we have been prepared to make, customers will get a much better deal in the future. Credit where credit is due: Royal Mail has held up its hands and acknowledged the problems. Allan Leighton and his team have given my right hon. Friend the Secretary of State and me a firm commitment to sort out the current quality of service problems. I am confident that the organisation will deliver on the commitment that has been made.

Mrs. Shephard: The Minister is extremely generous in giving way. He has spoken of the need to take tough decisions, so I wonder whether he will comment on the criteria that the Post Office uses when deciding which post offices to close, particularly in urban areas. In the most deprived ward in my constituency, the Post Office has decided to close a post office that serves a community of 4,000 people that is two miles from

another post office, which has an irregular bus service, and of which one third are elderly or disabled. That community also has a large number of young mothers with one or more children. The problems are therefore perfectly clear for the people whom the closure would affect. When I discussed the criteria that had been applied to select, unerringly, the ward with the greatest difficulties, Post Office officials told me that there had to be a certain number of closures per constituency. Does the Minister agree with that criterion?

Mr. Timms: No, I most certainly do not. We have insisted that in the 10 per cent. most deprived urban wards, if there is no alternative post office within half a mile of the post office that is proposed for closure, it should not be closed. If the right hon. Lady wants to drop me a line about the case that she raised, I will be happy to consider it.

I want to address the concerns that have been raised about postal services, before going on to discuss the post office network. It is certainly the case that Royal Mail failed to meet quality of service performance targets last year. I have seen in my postbag the scale of the problems that have resulted and the anger that that has caused. In fact, in 2003–04 Royal Mail still delivered more than 90 per cent. of first-class letters the next day—the hon. Member for West Chelmsford (Mr. Burns) was right to draw attention to this issue—despite the impact of industrial action. However, 90 per cent. is not good enough and the level ought to be a good deal higher, as he rightly said.

The picture is in fact varied. At lunchtime, I met a group from an organisation called North West in Business. A representative of one of the big accountancy firms told me that his company enjoys a superb postal service in its offices in Manchester and Liverpool, and that he does too, at his home on a farm in a rural area that receives van deliveries every day. He described the service as "superb". Elsewhere, however, that is not the case. The problem is a localised one. Royal Mail accepts that current performance is not good enough and is committed to putting things right. Agreement has been reached with the trade unions for a massive restructuring of the delivery and the transport systems, and everybody is working hard to get the service back to the levels that customers are right to demand.

Mr. Patrick McLoughlin (West Derbyshire) (Con): The Minister has just referred to the role that the trade unions play in this issue. Does he agree that the role that the trade unions have played in the past has led to some of the Post Office's problems? If he does, has he had any talks with the Minister for Lifelong Learning, Further and Higher Education to ask him why he should not take the blame for them?

Mr. Timms: My right hon. Friend has taken a considerable interest in the Post Office in his former career and as a Minister. We need a much closer partnership between management and the trade unions, and I am pleased with the progress that we have made in the past few months. My noble Friend Lord Sawyer has played a helpful role in that respect, and there is now much more optimism about the future. That area is another that was scandalously neglected by the previous Government.

Allan Leighton was appointed as chairman to provide the leadership to turn the company around, and we have since made other changes to strengthen the board. We agreed a three-year renewal plan and we have put in place a financial package of more than £1 billion to support its implementation. That plan has just entered its final year. From the bleak position that the hon. Member for Lichfield mentioned, Royal Mail made an operating profit last year. That is impressive, but the turnaround to sustainable profitability is not yet complete. This final year is crucial as major changes are made to the way Royal Mail operates to remove inefficiencies and to tackle the quality of service problems that have arisen.

A key element of the restructuring is the move to a single delivery. That is by far the most visible change to the company's customers and its introduction has not been straightforward. It has involved a massive reorganisation, but we must recognise that the UK is the last place in the world to move to single delivery. Second delivery used to account for 4 per cent. of the mail but 20 per cent. of the cost. The change was essential if Royal Mail is to be viable and competitive in the modern postal market. Those figures make it clear that the financial case for retaining the second delivery simply could not be made.

Mr. Mark Field: While I appreciate what the Minister says about the financial viability of a second delivery, surely he must realise that Royal Mail no longer has a meaningful monopoly, what with electronic mail and the other new ways of communicating? Will he talk to his friends in the trade unions or with Royal Mail to ensure that some long-term vision is implemented? The organisation needs leadership, because that is what has been lacking so visibly. All consumers of Royal Mail services now have a wide range of communication options, and they can say, "Enough is enough, whether we have one, two, three or four deliveries." E-mail, for example, provides multiple opportunities with umpteen different daily deliveries, and it is a direct competitor to the Royal Mail.

Mr. Timms: Leadership is precisely what Allan Leighton and his team have provided. The hon. Gentleman is right to say that the market is increasingly competitive and it will be even more so in the future. That is why it has been so important for the organisation to turn around as it is now doing.

Each day, Royal Mail delivers more than 82 million items to up to 27 million addresses. The amount of mail for daily delivery every day is equivalent to the highest Christmas peak of 30 years ago, so we have not seen a decline in overall volumes. The number of addresses to which deliveries must be made has also increased significantly. Change is unavoidable and the competitive market is one of the reasons.

A consequence of the change to single deliveries is that postmen and women will be delivering for longer, which means a later start on some routes in order to sort mail for delivery and put it into route order. The aim is to deliver to the majority of customers by lunchtime and for all rural deliveries to be completed by 3 pm.

Mr. Burns: Will the Minister give way?

Mr. Timms: I want to make a little more progress before I give way again.

[Mr. Timms]

The whole House will realise that change had to be made. For the most part, the change has gone reasonably smoothly and in most places things are now working well. In some places, however, there have been serious problems and my right hon. Friend the Secretary of State for Trade and Industry has been given Allan Leighton's personal assurance that those problems will be vigorously tackled, while the single delivery is being introduced, and that solutions will be found. Adam Crozier has taken personal responsibility for improving the company's performance and I shall be watching out to ensure that the problems are solved and that performance is restored to at least the level achieved last year, when there was next-day delivery of 93 per cent. of first-class letters.

The post office network has been the subject of numerous debates in the House, with a further one today, reflecting the immense interest of all Members in the post offices in their area. Under the previous Government, the background was familiar: a failure to invest, resulting in inexorable decline—a decline that we have been determined to reverse.

We brought in a new management team, led by David Mills as chief executive of Post Office Ltd. He has a successful background in banking and has been doing a superb job since his appointment. We have invested in the network; £500 million to computerise and connect every post office branch, which is one of the biggest IT projects ever undertaken in the UK and an unqualified success.

We have encouraged the introduction of new products and services, taking advantage of the fact that IT allows electronic banking to be offered at every sub-post office in the country. We have recognised that the number of post offices in urban areas needs to be reduced to reflect the fact that fewer people are using them and so that the business has a viable future serving all our urban communities as well as our rural areas.

Malcolm Bruce (Gordon) (LD): Will the Minister address the particular problems in Scotland, where the Scottish banks have not co-operated with the Post Office? There is a rundown of services and a switch away from benefit payments at post offices, but the option of receiving payment through a bank account will not be available in Scottish post offices. Does he have a separate plan for Scotland? In Aberdeen, where the Post Office wants to close 15 branches, when the city asked for discussions with the Post Office about council tax payments being made through local post office branches, the Post Office was not even prepared to discuss it. Can the Minister explain that?

Mr. Timms: On the hon. Gentleman's first point, every high street bank, including those in Scotland, is now offering basic bank accounts, which can be accessed at every post office branch, including those in Scotland. Secondly, there have been some encouraging discussions—several of my hon. Friends who represent Scottish constituencies have taken part in them—with at least one of the Scottish banks, which suggests that we may see some progress on that front. I agree that it is important for Scottish post office customers that we encourage the banks to consider opening up their accounts to access at post office branches, as we have seen on the part of Lloyds, Barclays and Alliance and Leicester in England and Wales.

The programme that commenced at the end of 2002 is difficult and is causing inconvenience, but it is absolutely necessary to maintain an urban post office network with reasonable access for customers in every urban area. With about 16,000 branches, the network still has more branches than all the high street banks and building societies put together. Before the programme started there were more than 1,000 urban offices with more than 10 others within a mile. There is no longer sufficient business to sustain so dense a network, and to his credit, the hon. Member for Lichfield has accepted that.

Mr. Weir: I notice that the Government's amendment to the motion reiterates their view that no one should be more than a mile from a post office. Although the latest letter that I have received from the Post Office about branch closures mentions that in passing, it also states:

> "It may be helpful to explain the access criteria agreed with Postcomm, the postal regulator, that 95 per cent. of people in the UK will have a Post Office branch within 5 km (3 miles) of where they live."

Can the Minister explain which figure is correct? Is there to be a post office within one mile or within three miles? If it is to be three miles, most medium-sized towns could be served by one office in the centre.

Mr. Timms: At the end of the urban reinvention programme, at least 95 per cent. of residents in urban areas should live within 1 mile of their nearest post office. That clear criterion has been laid down for the whole programme. The alternative to the managed restructuring that is under way would be an unmanaged, unplanned contraction of the network, with ad hoc closures leaving a very uneven geographical spread of offices and some areas losing all access to post office services. The managed programme to reduce overprovision—difficult though it undoubtedly has been—is far preferable to the alternative of uncoordinated closures resulting from falling income.

I do not agree with the hon. Member for Lichfield in suggesting that the compensation available has been excessive. A standard formula, based on 28 months' income, has been negotiated with the National Federation of Sub-Postmasters. The 28-month figure for the value of a post office business is of long standing and well understood. We are effectively saying that the compensation is roughly equivalent to what sub-postmasters could have expected if they sold their businesses two, three or four years ago, before the changes of the past few years. That is fair. It is entirely reasonable that people should receive a decent price for their businesses—in many cases, after giving years of valuable service to their local communities. His remarks about excessive payments will cause great offence to the National Federation of Sub-Postmasters and its members.

Michael Fabricant: I am not commenting on the size of the thing—28 months may well be appropriate—and I certainly do not suggest that it should be decreased, but does the Minister not accept that Postwatch says that the closures have been patchy? Where closures have taken place, the distance between consumers in an urban

area and the next post office can be more than a mile, and where the distance is less than a mile, sometimes—we gather from our correspondence that this happens more than sometimes—major obstacles, such as hills or major roads, prevent vulnerable people in our communities from getting to those post offices. Should those issues not be taken into account?

Mr. Timms: Those issues certainly should be taken account of, and they are being taken account of. The chairman of Postwatch has told me that the consultation process has improved significantly following my statement on 5 February, and that the process itself works well. That is not to say that there will not be closures that cause inconvenience to significant numbers of customers. I hope that the hon. Gentleman will recognise that the reality is that it is not possible to close a large number of offices in the way that we have to without causing inconvenience to some, but the issues that he raises are precisely those that are taken account of in the consultation exercise.

Mr. A. J. Beith (Berwick-upon-Tweed): The Minister will remember that, on 26 February, he replied to an Adjournment debate about the closure not of a sub-post office, but of a main Crown post office. Surely it is not part of any planned programme that there should still be no main Crown post office in Berwick nearly a year after the original closure? Although there is talk of a franchisee being found, does not that reveal that the Post Office should have a fall-back plan for such circumstances?

Mr. Timms: The right hon. Gentleman did indeed raise his concerns about that case in a debate with me some time ago. I am disappointed to hear that the case has not been resolved as yet, but he will acknowledge that it is not through want of trying on the part of the Post Office. A rather different category of case is involved from those being considered under the urban reinvention programme, but I will certainly find out from my officials what the latest developments on that branch are.

Mr. McLoughlin: Will the Minister give way?

Mr. Timms: No. I need to make some progress.

The hon. Member for Lichfield surprised the House by drawing attention to issues in Leicester, South. Post Office Ltd. has not yet reached a decision on the proposal to close the Knighton Church road, or south Knighton, branch. The company is giving the proposal further consideration in view of issues that have been raised during the consultation by the community and Postwatch. The programme is not about only closures. The plan for the area includes the proposal to relocate a branch at Park Vale to a nearby convenience store to offer improved facilities for customers. If the proposals for Leicester, South go ahead, there will be £150,000 of improvements to the remaining branches in the area that will receive additional custom as a result of the closures. The previous Government did not undertake such investment, but it is now, thank goodness, coming into place.

Mr. McLoughlin: Will the Minister give way?

Mr. Timms: No, I need to make some progress.

The network has been in decline for some years, and the programme will help to restore the confidence of sub-postmasters in their future prospects, while reducing the level of over-provision and leaving a viable network. That job had to be done, and the process has been given strong support by the National Federation of Sub-Postmasters. The increase in the business of the remaining offices, backed up in many cases by funding from the £30 million that we have made available for investment grants, will go a long way towards ensuring that the sub-postmasters who run them may have confidence in their prospects. That is vital for the future viability of the urban network as a whole.

The £2 billion funding that we have made available since 1999 was the first money provided by any Government for the urban post office network. Such action was in stark contrast to the behaviour of the previous Government, who starved the Post Office of the investment that it needed. Some 20 million existing current account holders can now use banking services at every post office in the country. Universal banking services provide customers with free access to their basic bank accounts at post offices, and I am glad to say that there is a substantial growth in the number of those accounts that are being used.

We have encouraged the introduction of a range of new products, the first of which was personal loans, which were made available at every post office in the country. The Post Office successfully provides travel insurance and is now the country's leading supplier of foreign currency exchange, which is a successful development.

On Friday, I visited the Crown post office in my constituency of East Ham and met the new manager, Mrs. Jay Shri Patel. She gave me its trading figures, which every member of its staff now has the chance to see. The branch is not yet profitable, but there is much optimism that it will be as a result of the changes that are being made. Last year, its income from banking increased by 2.5 per cent., but so far this year that has increased by 19 per cent., compared with the same period last year. Its income from travel services has increased by even more than that, which has offset the loss of income from its benefit business. The new car insurance product has a great deal of promise. That is the picture that we want to see throughout the network in the future. The National Federation of Sub-Postmasters, Postwatch and Post Office Ltd.—three organisations with different perspectives—have all agreed that the programme is essential if we are to avoid the alternative of unmanaged decline, and hon. Members also recognise that hard reality.

Mr. McLoughlin: I have raised with the Minister on many occasions the closure of four of the five post offices in Belper. Does he think that that policy has lived up to the undertaking in the Labour party's manifesto at the last election, which read:

"There will be increased incentives for people to take over and modernise post offices"?

If there were five post offices, but there is now one, where is the increased incentive?

Mr. Timms: There are greater incentives for people to do exactly that, which is the purpose of the £30 million

[Mr Timms]

fund that sits alongside the funding agreed by the House in October 2002 to allow the programme to go ahead. We are experimenting with new ways of delivering post office services in rural areas. Above all, the incentive that people need to invest in the post office network is the prospect of a secure business future, so the process of rationalisation through which we are going is an indispensable contribution towards bringing that about.

Keith Vaz (Leicester, East) (Lab): I appreciate all the effort and work that my hon. Friend has put into the issue, but it remains the case that local people feel that they are not being listened to by those at Royal Mail. As he knows, there have been more than 10 post office closures in Leicester, although we are delighted that Clarendon Park post office has been given a reprieve. I am very grateful to the Minister for that, even though it is not in my constituency. The fact remains, however, that if people had confidence in the consultation process, the proper points that he is making would be understood by the public.

Mr. Timms: That is why I have made sure that Postwatch has played a key role from the beginning, and is able to examine each and every proposal and to monitor the programme as a whole.

Mr. Burns: Will the Minister give way?

Mr. Timms: No, not at the moment.

There have been more than 1,200 closures since the start of the programme following the vote by Parliament to provide funding. In more than 50 cases around the country where Postwatch has become convinced that a proposal should not go ahead, the decision has been reversed following public consultation. What my hon. Friend is rightly calling for is indeed what has happened. In addition, 57 proposals were withdrawn in the light of Postwatch's preliminary views and comments before the public consultation stage. About 200 proposals have been amended as a result of issues raised during consultation.

Research carried out separately by Post Office Ltd. and Postwatch shows that nine out of 10 customers of branches that have closed under the programme have moved their custom to offices that the company predicted would benefit from additional custom as a result of a nearby closure. That is clear evidence that customers are continuing to use post offices and that the programme is achieving its objectives, boosting the businesses of the branches that remain.

Of course the programme was always going to be controversial, but the vast majority of closures have been accepted as necessary and have attracted little criticism. Following concerns expressed in this House and elsewhere about the consultation, I asked Post Office Ltd. and Postwatch to review the arrangements and to propose changes to make them work better. I subsequently announced a number of changes in a statement on 5 February, and I am pleased that the process has worked much better since then.

Mr. Burns: I do not know whether the Minister has been involved in any part of the consultation process in his capacity as a constituency MP, but I have to tell him that, regardless of the figures that he cites, the hon. Member for Leicester, East (Keith Vaz) is right. Seven urban sub-post offices have been closed in the past 15 months in Chelmsford, and to be frank, the consultation process was a farce. The Post Office was utterly courteous in its dealings with those united in opposition to the closures, but it did not pay one iota of notice to the representations and just rammed through the closures.

Mr. Timms: As I have said, Postwatch has been able to take an independent view of each proposal, and where it has concluded that a proposal should not go ahead, the matter has been taken to the Post Office, an escalation procedure has been put in place, which I think has worked well, and as a result there have been a significant number of changes to proposals around the country. That is how the exercise should work.

Mr. Jim Cunningham (Coventry, South) (Lab): First, the initial consultation was all right until what was to be closed and not to be closed was published, and then it became very difficult to have any further meetings or discussions with the Post Office. I accept what my hon. Friend says about Postwatch. Secondly, many people have volunteered to take redundancy, for want of a better term, but there has been a problem finding others to take over the service where it might be needed. That is one of the problems that we have encountered in Coventry.

Mr. Timms: The intention behind indeed, the justification for paying compensation is to enable a branch to close, thereby supporting the viability of other branches in the area. My hon. Friend is right; one problem has been finding people to run the offices on the basis of the business as it was. That is one reason why we have had to make the changes reducing the overall number of branches in urban areas and so making the businesses more attractive propositions for the future.

Local post offices also have particular importance to those living in rural areas. The network of post offices serving those communities is especially important to maintaining local access to essential services for those who are less mobile than others. That is why we have taken steps to protect rural post offices. In October 2000, we placed on Post Office Ltd. a formal obligation to maintain the rural network and prevent all avoidable closures of rural post offices, in the first instance, until April 2006. Post Office Ltd. appointed a network of 31 rural transfer advisers, who often become closely involved with community efforts to reopen or save rural branches. They have had considerable success in finding alternative sub-postmasters to replace those who have left, locating suitable replacement premises where necessary, and encouraging community efforts to provide services to the local community.

We have made £450 million available for Post Office Ltd. to maintain the rural network and prevent avoidable closures until at least April 2006, thus helping to ensure that reasonable access is maintained for all citizens to over-the-counter services in rural areas. To pick up the point made by the hon. Member for Lichfield, we will make decisions on future support for

the rural post office network beyond 2006 in good time to allow for a smooth transition from the current arrangements. We are considering the options at the moment, and will make an announcement in good time. We want to minimise any uncertainty, both for sub-postmasters and for people in rural communities, and to take account of lessons from the pilots that are under way.

Direct payment of benefits provides a modern, secure, efficient system that is cheaper to administer. It is not new for benefits to be paid into an account—indeed, it is increasingly the norm. Before the decision by the Under-Secretary of State for Work and Pensions, my hon. Friend the Member for Gravesham (Mr. Pond), and his colleagues in the Department for Work and Pensions to switch to making all payments by direct credit, more than 43 per cent. of benefit recipients already had payments made directly into their bank accounts, an increase from just over 25 per cent in 1997, when a dramatic change in people's behaviour began. Nobody should be surprised that more and more people want to use bank accounts. For example, 93 per cent of all new child benefit recipients and more than 90 per cent of newly retired pensioners choose to have their benefit paid directly into their account. The old order book system is out of date, as it is based on ration book technology. It is inefficient, open to fraud and abuse, and expensive to administer. It must be modernised to keep in step with changing customer needs and to reflect the fact that owning and using a bank account is now the norm. Over 87 per cent. of benefit recipients and 91 per cent. of pensioners already have access to a bank account.

Mr. O'Neill: A great argument for the new system is that it will reduce the number of fraudulent claims and the loss and theft of benefit books, but how low are the figures, assuming that take-up is a wee bit higher than currently projected? We have heard the costs of the existing system, but what are the costs and, by definition, the savings of the new one? I do not believe that that has ever been put on the record before.

Mr. Timms: We certainly expect significant reductions, and I will ask the Under-Secretary of State, my hon. Friend the Member for Gravesham, to respond to that point in his winding-up speech.

The changes, of course, will result in other benefits. Citizens Advice recently published a booklet on financial inclusion, in which it said:

> "The government, the banking industry and the Post Office should be commended for the progress they have made in establishing Universal Banking Services. The ambition to enable all people to own the most basic of financial services—a bank account—is one we share."

Citizens Advice is right to celebrate direct payment as a method of financial inclusion—a goal that we all share. Post offices should be attractive places that offer services that people want to use and to which they want to return, not places that people are forced to use because they have no alternative. We share that vision with the Post Office, and increasingly it is being realised in practice.

I conclude by taking the opportunity to praise the men and women who work in the Royal Mail. They have been much maligned by the media in recent months. The truth is that the vast majority of Royal Mail staff do a superb job with real dedication. They are honest and hardworking and they take pride in the work they do. They are a vital part of the fabric of our communities in rural and urban areas.

The reforms of the services that we have introduced—greater commercial freedom for Royal Mail, independent regulation and a stronger consumer body—are providing the right framework for a modern, competitive postal market. It will maintain the universal postal service and give consumers more choice. It gives Royal Mail the opportunity to compete with confidence in an increasingly dynamic market. There have been problems. They can be overcome and they will be. We have given a clear message to Royal Mail and its trade unions that they must work together to restore public confidence urgently.

As regards the post office network, we will continue to work with the company as it faces up to the challenges of changing demands from customers and society. I am certain that the organisation can look forward to a future much brighter than the experience of the past few months, and its customers can do so as well. I call upon the House to support the Government amendment.

4.51 pm

Malcolm Bruce (Gordon) (LD): I commend the Minister for the energy and enthusiasm with which he responded to the debate. He must almost believe everything he said, and believe that he could persuade the House. If the picture were as rosy as he describes, people would be clamouring to open post offices, rather than snatching the money to close them as fast as they can. That is the reality. Nobody wants to open a post office in the present circumstances. We have a long way to go before we can achieve even an equilibrium and a confidence in the future of the post office network that will encourage people to retain or move into the business. That is what concerns many of us.

I shall deal first with issues relating to the Royal Mail service. It is true that the letters service has come back into profit in the past year, which is welcome. The loss in the previous year was partly due to the fact that in spite of the Royal Mail's application for a postal increase, it was denied for more than a year and the company lost £1 billion of revenue. Although Royal Mail should properly justify increases and ensure that it maintains efficiency, when costs have genuinely risen and the revenue is not allowed to rise, that clearly drives the organisation into loss. As a consequence of that, many of the savings come from reductions in service, rather than from the investment about which the Minister boasts.

I accept that it is difficult to defend the long-term future of the second delivery, given the disparity between costs and customers. Most of us could be persuaded to accept that if we were confident that the standard of the first or only delivery was rising, rather than falling. Royal Mail has difficulty in creating confidence because it has only bad news to tell.

Michael Fabricant: The hon. Gentleman will recall that the Minister said that many other countries have only one delivery. Is it not the case that that one delivery is usually before 10 am and is reliable and predictable,

[Michael Fabricant]

whereas the Government are speaking of deliveries right up to 1 pm or 2 pm, and those deliveries are decidedly unreliable?

Malcolm Bruce: That is a point to bear in mind. Those of us who visit post offices, as we all do at various times of the year, have some sympathy with people who have to come in at 4.30 am, 5 am or earlier to sort and deliver the mail. I can see the difficulties in making them come in at 2 am. That is where investment is required to increase mechanised sorting, so that the whole process can be completed early enough to achieve an acceptable delivery time.

This week, for example, I received representations from a company that has made representations to me before that its delivery has slipped back two or three hours. When a company complains, the Post Office endeavours to accommodate it by shifting the delivery around. That means that someone else's delivery is put back and, when they complain, the original schedule is reinstated. Until the whole delivery system is brought forward, the problem will not be solved; it will merely be moved about.

A new development that has not been mentioned slightly puzzled me, and it is rather important. Last week, my local postie arrived and asked whether I liked his new transport. He said, "I've become white van man." He had parked a hire van outside my front door. I asked what had happened—I assumed that he had accidentally put his vehicle off the road. He said, "No, it is new policy in the Post Office not to own the fleet, but to contract it out and reduce its size."

That is a serious point. If hired vans of any hue can go around masquerading as Post Office vans, it will have an effect not only on image, but on confidence. When people see the little red van coming up their drive, they know and have confidence that it is their local postie. Allowing some anonymous white van to deliver the mail clearly opens up the possibility for fraud, misrepresentation and lack of confidence. If there is a serious cost saving to be made, as I am assured there is at a local level, we should know the ramifications. This is not just a matter of diluting an image; it has serious further implications. I would be interested to know whether there is an answer and explanation at a policy level.

Another service that I think many of us use personally, but which is also used commercially, is the household delivery service, whereby postal deliverers will deliver unaddressed mail along with addressed mail. That service is used by supermarkets, commercial operators and, believe it or not, by political parties to get their message through people's doors. It is increasingly difficult, however, to negotiate with the Post Office in order to transact such business, which must be bad for both the commercial and the public service operators that want to do so.

My experience is that it is impossible to get a firm cost, time or schedule. Indeed, the clear indications are that the Post Office does not want such business, which is regarded as a nuisance. Private companies are moving into the field, charging more and not necessarily giving as good a service. Again, no rational explanation has been given. It seemed to us that the service was a good one, and that it was good for the Post Office to ride on the back of the fact that it was delivering to households anyway. It is not clear whether the Post Office has decided that such business is not profitable, that it does not want it and that it is prepared to leave it to private operators—if that is so, it would be better if it were open about it—or whether, as has been suggested to me, some other constraint is preventing it from expanding what should be a profitable add-on business that supports the rural network.

Mr. Russell Brown (Dumfries) (Lab): Could it be that there is so much business of that sort and the demand is so great that the Post Office has to turn some of it away? That might be why it is not quick to respond. Like many other businesses, if it is inundated with work it will be slow to respond, thereby putting off a potential customer.

Malcolm Bruce: That may be true, but my experience—I have also talked to one or two colleagues—is that we do not get a constructive relationship in which the Post Office says, "If you bid for this, you can have it" or "We can't do it." Instead, we get a lack of response, firm dates and clear guidance, which is poor management, it seems to me.

I do not know what such business represents for the Post Office, but it is going the right way about losing it. It is clear that other organisations think that it is worth stepping into that business and taking it away. As a customer, my local party—this point is relevant to everybody who uses such services—is now contracting privately, not out of choice, but because we cannot contract with the Post Office. That is unfortunate. I do not know whether there is an answer, but it would be appropriate for Royal Mail to explain why it regards such business as marginal or of limited interest. If such business is development business, it would be interesting to know why the Post Office is not developing it more efficiently and in a more organised way.

A poor delivery service, the phasing out of the second delivery and a growth in competition are creating a worry about Royal Mail's future. When one speaks to it, it says that the most serious competition that it faces comes from the Dutch and the Germans. Most of its business is business-to-business business of the sort that is not based on delivering granny's post card. Businesses simply want guaranteed delivery on a large scale. They do not mind who does it, but they want reliability at a competitive price.

If Royal Mail does not respond soon, it will find when it has put its house in order that a lot of the business has already gone elsewhere. That is a matter of concern. Indeed, Royal Mail's capacity to maintain a universal service would start to be called into question if it were to lose too much of its business to competitors. I do not share the Minister's confidence that the management can deal with that competitive threat.

For most members of the public, concern about the mail pales into insignificance compared with the future of their local post office and post office services. Perfectly rightly, the Minister said that the culture has changed, and that people prefer to have payments made into their banks and no longer want cash from the local

post office in the same numbers. None of us denies that point, and we all recognise that we must respond to it. However, many people, including those with bank accounts, want to use their local post office, whether to obtain cash, make payments or use other services. They want to know that such services will exist in the future, but that is not currently the case.

I am slightly surprised that the Conservatives chose to debate this topic, because 3,344 post offices closed between 1981 and 1997 under the Conservative Government—2,543 post offices have closed since 1997 under the Labour Government. My concern is that few more than 14,000 post offices, half of which will still lose money, will be left at the end of the current process. Postwatch says that 250 post offices that closed in recent times should not have done so given their locations and the need for them, but such decisions cannot be revisited in order to reopen post offices.

One of the most difficult tasks for any MP is to persuade the Post Office to open a new post office, even after a major population change occurs. During my 21 years in Parliament, I have succeeded precisely twice, and the second opening caused the Post Office promptly to close another post office in the same town, so my campaigning had a marginal effect.

The Government have not made it clear what will happen in the future. If the branch network were reduced to 14,000 offices, half of which would lose money, what aspect of the business plan leads the Minister to believe that enough business, whether public or private, exists to secure a viable, long-term future? His assurance that the network will be stable at the end of the organised programme is belied by the fact that post office closures will continue once the programme is completed—they will continue haphazardly as people retire or decide to give up because they are not making money.

Michael Fabricant: Although the Minister assured us that the transition, which will occur from April 2006, to supporting rural post offices will be smooth, until an announcement is made—I noted that he was unable to make an announcement today, despite his being asked to do so—uncertainty will continue to exist, which makes people unwilling to open rural post offices.

Malcolm Bruce: The hon. Gentleman is right. I suspect that we must wait until closer to an election—perhaps a rural by-election—for an announcement, and I confidently expect such an announcement before the next election.

The hon. Gentleman's serious point is that an announcement is needed, but an announcement will not solve the rural network's problem, although it will extend the uncertainty. This is not an argument for withdrawing money from post offices, but both rural and urban post offices want to know about guaranteed public business, access to services such as vehicle licensing and passports, and how long it will take for the private business that the Post Office is bringing on stream to provide viable business plans for individual post offices that make them worth investing in and that give them long-term futures.

No one whom I have met in the post office business is confident. When I talk to postmasters and postmistresses, they say that they are hanging in until they retire, until they are told to go or until something happens, and not that they really want to be in the business.

Mr. Weir: I am interested in the hon. Gentleman's comments and broadly agree with them. Like me, he represents a constituency that is partly rural and partly urban. Does he agree that sub-postmasters are trapped in a vicious circle because they do not know the future of the business but are having to go through the reinvention programme in urban areas, which is closing post offices? Does he further agree that in the absence of an overall view, our constituencies' postal provision tends to be haphazard or lopsided?

Malcolm Bruce: That is exactly right. I do not want to identify individual post offices, but I can say that in the past couple of weeks I have spoken to owners in my area and in Leicester. One said, in effect, "I'm just taking the money because it's on offer." Another said, "I don't want to talk about it because I know that the community is not happy and I'm a bit embarrassed." I said, "You shouldn't be embarrassed, because you're looking after your own interests, which is understandable." However, they still would not discuss it.

Another owner said, "A year ago, the Post Office asked me to take voluntary closure, and I decided against it because I was happy to carry on with the business even at that level." She told me that her office was then designated a compulsory closure under the Aberdeen closure programme. She asked me not to fight for it, saying, "If you succeed, given the state of the business now I'll have to close it in six or nine months' time anyway because there will be no business left, and there is no virtue in hanging on to a business that is not viable." However, it was viable 12 months ago. A particular difficulty is that 150 child benefit element payments have been reduced to four. She told me, "I don't just lose the payments. When people came into the shop they bought sweets, newspapers and other things; now, they don't come into the shop at all. We've lost the footprint—as has the Post Office, because people are going to other businesses for banking services." Where can the Post Office get that business from once it has lost it? That is a serious point of concern.

The Post Office's management have ambitious plans. They are bullish about what they can do, and I wish them nothing but joy and success. However, they are moving into a highly competitive area of business where other companies are involved, and we have yet to see how successful they can be. Because of underinvestment, they are having to develop in partnership with private collaborators. Although there is nothing wrong with that in principle, the fact that they have to share the profits to get access to investment reduces the value of the potential benefits involved. In that context, we must recognise that we do not yet have a business plan that delivers results.

Several hon. Members have been to Leicester, South because of the by-election. When I visited that constituency as my party's spokesman on post offices, I was told that four post offices are threatened with closure—three under the urban renewal programme and one because it is under review. Massive petitions are being signed in the community. People said, "We can assure you that we are using these post offices—

[Malcolm Bruce]

sometimes they bulge at the seams and you can't get near the counter because there are so many people coming and going—but we are told the service is no longer required." When I asked them how they felt, they said, "We feel utterly confused, to be honest. These are busy post offices and we use them, but the Post Office, the Government or whoever say they are not necessary." I assure the Minister that that will register when people vote, because they do not understand why it is happening and can see no benefit.

Another issue is that of the activities of supermarkets that have taken over post offices. It is mentioned in the amendment tabled in my name and that of my hon. Friends. The Post Office contracted for a number of supermarkets to operate post offices in their premises. It seemed like a good idea at the time, but now they tend to say that they can make more money selling beans and would rather not have the post offices. That creates further problems. My information shows that Tesco notified the Post Office of 44 closures after the recent takeover and that Morrisons gave notice of 21 after its takeover of Safeway. That presents genuine difficulties because alternative premises and venues may not be available. The Post Office and the Government have lost control, which was effectively surrendered when the branches were given to the supermarkets. Now that the supermarkets no longer want the branches, there is a huge problem. Who will pay for finding alternative premises? Will the cost be so high that the community will lose the post offices?

Mr. John Lyons (Strathkelvin and Bearsden) (Lab): The hon. Gentleman makes an important point about Safeway, which has been taken over by Morrisons. Post office closures, which were never threatened under any programme, are now taking place effectively as part of Morrisons' policy. That is happening in my constituency.

Malcolm Bruce: The hon. Gentleman makes a good point. If the Post Office's presumption was that a post office was needed in a locality, it should go through a process that is different from simply asking, "Is someone available who is prepared to take it over?" There should be positive action, with some investment if necessary, to replace the post office in a suitable nearby location. I hope that the Minister will deal with that point.

Mr. Russell Brown: I agree with the hon. Gentleman and I know fine well that it appears that Safeway in Dumfries will lose its post office. However, does not that provide a God-given opportunity in Dumfries for the business to be redistributed among the three, possibly four, other sub-post offices within three quarters of a mile of the supermarket site, thereby strengthening their position?

Malcolm Bruce: The hon. Gentleman knows his constituency and his suggestion may be the right answer for it. The decision must be based on local circumstances. If the community accepts it, that is fine. However, I am worried that we are closing so many post offices and it is simply assumed that the business will transfer to neighbouring ones, but that will not happen to all of it. In some cases, the long-term business does not exist, so further closures may be in the offing.

Mr. Timms: The hon. Gentleman is making an important point and I am sure that he, like me, welcomes the assurances from Tesco and Morrisons that they will work closely with Post Office Ltd. when they review their stores that currently accommodate post offices. They will not act precipitately. Only Post Office Ltd. can make a proposal for the permanent removal of a post office. Tesco, Morrisons or any other body cannot make such a proposal; there must be a consultation period in accordance with the code of conduct. I believe that we can work through the issues to which the hon. Gentleman rightly draws attention.

Malcolm Bruce: I hope that that is the case. Unsurprisingly, Tesco has asked to see me tomorrow and perhaps I shall get some further information. I do not make an attack on Tesco and Morrisons; I simply draw attention to a problem that should be properly tackled, not realised by default.

I am conscious of the time, but I want briefly to refer to Aberdeen, where the situation has given me cause for concern. I wish to make it clear that the city of Aberdeen is not part of my constituency, but one of the sub-post offices, Bankhead, was in the Gordon constituency before the previous boundary changes and should be in that constituency after the next boundary changes. However, that will not happen because it will be closed. There are 14 other post offices in the city of Aberdeen, and I made a point about that in an intervention, to which the Minister did not respond.

There was a change of administration in the city council last May, when the Liberal Democrats formed an administration with Conservative support. It approached the Post Office early to discuss the possibility of paying council tax through local branches. The Post Office was not prepared even to discuss it, despite the council's indicating that it expected a budget transfer of £100,000 to the small post offices. That is a disturbing attitude by the Post Office. It claims that it is trying to develop business, but when business is on offer it is not even willing to discuss the possibilities.

The same applies to utility payments and other matters for which the Post Office claims to have an ideal network. I was discussing with a credit card company, which I shall not name, its attitude towards its relationship with the Post Office, and it said, "To us, the Post Office's unique selling point in getting us to use its services is that it has a major network, but it is in the process of destroying it, so why should we bother to engage with it?" That is a serious response from a serious business, and if the Minister does not take it seriously, he is really not in touch with what is happening.

The post office network has to settle at a viable size that people will be convinced will stay viable. In spite of Ministers' assurances, people working in the Post Office do not believe that that will be the outcome of the current processes. I think that the Minister is genuine in his belief, and honestly confident that business will come, but many people engaged in the process cannot see it coming through at anything like the speed or volume necessary to sustain the network that we will have by, say, the middle of next year.

I have mentioned my concern about the situation in Scotland. One of the arguments that has been put to me is that part of the revenue stream will come from people carrying out cash transactions on their own bank account through the Post Office. In Scotland, the Royal Bank of Scotland and the Bank of Scotland have refused to co-operate with that scheme, which affects the vast majority of account holders in Scotland. The only other bank of any significance is the Clydesdale bank, which might be having discussions about it—

Mr. O'Neill: The TSB?

Malcolm Bruce: Well, the TSB is important, I agree, but the hon. Gentleman knows perfectly well that the Bank of Scotland and the Royal Bank of Scotland play a considerable part, and that, because of the decisions made by those banks, Scottish post offices will be significantly disadvantaged in regard to revenue potential, compared with those in England, yet there is no plan to offset or compensate them for that.

The contention that my colleagues and I are making is that change is necessary and desirable. However, a lot of what the Government call investment is actually dead money being paid to shrink the network. In reality, the Post Office needs investment to develop new services, and Royal Mail needs investment to compete with the private sector. The Government's business plan does not inspire confidence that either of those two wings of the post office network will be able to make the investment needed, on the scale required and in the time scale that we face, to deliver a viable, profitable future. In those circumstances, the question will continue to be asked as to whether the Government really are in control of Royal Mail and the Post Office.

5.17 pm

Mr. Martin O'Neill (Ochil) (Lab): When I got back last night from a foreign trip with the Trade and Industry Committee and read my Whip, I saw that today's debate was to be on postal services, so I thought that we would be discussing the delivery of letters. However, such is the understandable ambition of a frustrated Opposition Front Bencher that a scattergun approach has been adopted and everything is the subject of attack. I suppose I shall have to revise my notes a little as a result.

I want to start by discussing the Royal Mail. I welcome a debate on this subject, because it is probably an appropriate time to have a discussion in the House on this issue. The Royal Mail has had a chequered experience in recent months—I use the term "months" rather than "years". Last September, a vote was taken on a strike and, to my surprise, it was won by the management. I had thought that other factors were at work and that the workers would come out.

I recognise that neither the Post Office nor the postal service is a monolith. It is unfortunate that the hon. Member for Lichfield (Michael Fabricant) either has not read or does not know the work of Tom Sawyer and his consultancy, which introduced some seminal changes into the thinking on industrial relations on both the employer and the trade union side. His analysis of the situation bears repetition today. He identified a number of groups employed in the Post Office. First, there were the people who had been there for many years and who were Royal Mail loyalists. They in turn could be split into two camps. The first consisted of those who were prepared to work for what is really a pittance. If there was a cause for dispute at the time of the ballot, it was the fact that all the people who deliver our mail every day get less than £300 a week. If anyone is telling me that people should get paid less than 15 grand a year for doing work of that nature, that is a disgrace. We cannot run a high-quality service on low-paid workers.

A number of people formed their view on the basis that they had been at the Post Office a long time. I do not have the exact figures and they vary across the country, but in my constituency a job with Royal Mail, as it is now called, is perceived as a good job. It is regular employment and it has an index-linked pension at the end of it. A number of people who entered into that ballot took the view, "We don't get very well paid, but we're getting near retirement so we don't want to rock the boat and we certainly want to retain an index-linked pension." It is to the credit of the management that they expressed in the evidence that they gave to us recently a continuing commitment to the index-linked pension, which has to be there as a reward for people who for too long have been too lowly paid.

Historically, some people who joined the Post Office came from the services. One problem that we have had with the Post Office, which was identified by Sawyer, is the fact that the management structure has, on occasion, been militaristic, multi-layered and authoritarian. It has not been conducive to changes in working practices—which takes us on to the second group. These people may not like the pay and may be more recalcitrant, but they nevertheless have a loyalty to the concept of public service as expressed in the delivery of mail. They were, in large measure, the ones who were fed up and last year voted for strike action. However, the negative vote meant that it did not take place. None the less, some of those people took strike action.

There is a third element, which is most pronounced in the big cities—the people who are part of the churn. They work at Royal Mail for a relatively short period and, frankly, are not interested in the long game. They are certainly not the kind of people who by and large want to go out on strike, because they are happy to take what they can get for as long as they need it and then move on to another job. Some have been unemployed while others have left a job to go to Royal Mail. They see it as a pathway to other areas of employment.

So the labour force are not monolithic, but the people who work at Royal Mail are highly committed to a concept of service. One management shortcoming was that, before the ballot, they were unable to sell the changes in work practices. It is fair to say that the person who has fought hardest for the single delivery is the general secretary of the union, Billy Hayes. Billy has argued consistently that a system that accounts for 4 per cent. of the mail but, as the Minister said, 20 per cent. of the costs is an unreasonable burden to place on his members.

I merely ask whether anyone on the Opposition Benches—their numbers are more depleted than once they were, although I realise that the shadow Minister, the hon. Member for Lichfield, had a captive audience:

[Mr. Martin O'Neill]

they were agog at his oratory while mere mortals such as me have to put up with a far lower turnout—is prepared to defend a system that accounts for such a large part of the costs while being responsible for such a small part of the delivery.

Michael Fabricant: I am bitterly disappointed that, despite my oratory, the Chairman of the Trade and Industry Committee cannot remember what I said. I made it very clear that we think there should be only one delivery, for all the reasons to which he has already referred. Does he not accept the point made by Conservative Members—and, indeed, by Labour Members in previous debates—that it is unacceptable for the single delivery to happen at inconsistent times day by day so that businesses and individuals just do not know when it will be made? When deliveries are made so late, that delays the first class post by, in effect, a further 24 hours.

Mr. O'Neill: The hon. Gentleman makes a couple of points with which I would not altogether disagree. On occasions, the service has been highly variable. My understanding is that it is beginning to bed down and the obvious excesses are now being removed. We must also recognise that not only do most other countries have just one delivery but few have the standards of delivery—even the ones that we fail to achieve—that we must currently put up with. It takes a lot longer for mail to be delivered in most of Europe, and that is certainly not matched in the United States.

Were we to have a regular system of delivery, whereby everything that could be delivered was delivered by 1.30, there would probably be an awful lot of mail turning up the next day. There would be a knock-on effect. As we are talking about trying to find a means of reducing costs, one of the major contributors to which is the removal of the second service, we must recognise that there will be differences. Nobody argued that a single delivery would be as good as two; they said that it would be almost as good, and that with other improvements, it could be as good in future.

To take a different tack, the selling of the one delivery was not well handled by the management. More than any other single issue, the problems that arose after the vote—with a number of areas taking the view that they wanted extra money and that they wanted it right away, for which they went on strike—are responsible for the failure to meet performance standards over the past 12 months.

Therefore, in the pursuit of cost reduction, the Post Office management have sacrificed service. They have gone for a quick financial fix. They have not done that only by taking out the delivery. There have been the usual things: they have reorganised, got rid of properties, realised assets that have been lying dormant, and got a far better grip on the finances. Across the board, in the public sector, one of the problems is that, provided that an enterprise does not make a profit or does not wash its face in only one year in every four, it is not too closely examined. If we consider British Nuclear Fuels Ltd. and some other public enterprises still in state ownership, we see that the quality of accounting has left a lot to be desired. The Government, as a consequence of their endeavour to have both transparency and accountancy, have been hoist with their own petard because, occasionally, they have brought out the inadequacies of the funding arrangements.

The Royal Mail left a lot to be desired. There was rigidity in the management and a failure to invest, and on a number of occasions only one target was identified—to make sufficient money to give to the Treasury to satisfy the Government of the day. It is common knowledge that until about two years ago there was no automatic sorting equipment for A4 envelopes. Given the amount of A4 mail that we receive in our mailbags—we could be regarded as small businesses—and given the nature of business in Britain, let us consider how much business mail was unsortable for a long period due simply to the fact that the Royal Mail, the Post Office, or whatever incarnation it was in, lost that opportunity.

In some respects, the service offered by Royal Mail is not rocket science. We have first class and second class mail, and then there is special delivery. That is all that is offered. For a price, FedEx and the other speedy couriers can deliver packages and letters very quickly.

Parcelforce has been a problem—some might call it an unmitigated disaster. I would not go as far as that, but I would say that it has been a source of embarrassment to a major international logistics company—for that is what Royal Mail is. It has not been able to organise the delivery of parcels. Equally, it has been extremely cautious and conservative about the range of services it has offered as a mail deliverer. That is one instance in which the old guard of the Post Office must stand condemned, and the problem dates back to before 1997. Successive Governments have demanded far too little from the postal service in terms of product range.

We are told that none of this really matters because we are moving to the age of the paperless office. That is nonsense. However, one thing that is relevant to the paperless-office argument is the internet. Why was Royal Mail not an internet service provider? Why did it not get in on that act at the outset, and why does it not do so today, when it has at least 16,000 retail outlets online? It could install keyboard facilities and the like, thus providing community access to the internet as well as access for those behind the counter. That is one of many lost opportunities.

Malcolm Bruce: Your Guide was aimed at dealing with the public service side. Surely the Post Office does see this as an opportunity, and intends to take advantage of it. Would not the development of Your Guide have made a contribution?

Mr. O'Neill: Let me explain to those who may not be as clued up as the hon. Gentleman that Your Guide was intended to be a community access point. In many respects, it was about simply providing information, and it could be described as a repository of information.

One reason why I discovered the subject of today's debate so late was that last week I was in the United States looking at, among other things, e-government and interactivity. It is clear that we still have a long way to go. Institutions such as Royal Mail could be far more interactive, not least because we now have a network of

post offices online. If we want to increase footfall, we should bear it in mind that many people do not receive benefits and do not currently visit post offices. In fact, they are the majority. There is currently a captive market consisting of clients who receive benefits. Those of us who are not in receipt of benefits rarely go into post offices, because in general we have other means of getting rid of our mail. We only visit them when sending packages or buying stamps, and stamps can be bought in many places now.

We could meet at least part of the footfall challenge. It may be too late for Royal Mail to become an internet service provider. It could be argued that most ISPs in the United Kingdom with any aspirations to size and critical mass are still quite short of that, and that there are difficulties that we may well have to reap in the future. We should, however, look beyond that and consider issues relating to the delivery of mail and the question of liberalisation. I think it fair to say that the pick-up of mail will continue to be a major responsibility for the Post Office as far as post boxes are concerned. One thing that a lot of our constituents do not really understand is that boxes are opened and emptied only once a day not because the Post Office is out to save money, but because of the scale of the sorting operations that the new equipment requires, which means that it need run only in the evenings to get the sorting done. If the sorting were done during the day, the equipment would be running at only half-cock, so at least part of the pick-up function will remain.

It is understandable that banks, utilities and local authorities, which all send out monthly bills and statements, might well be attractive customers for Deutsche Post or the Dutch postal service. However, it is interesting to note—no one who has spoken so far has mentioned this—that at the end of last year, Royal Mail entered into an agreement with one of the main private operators on the cost of access to the system, which had been one of the major obstacles to liberalisation. The Post Office is now working with the private sector to deal with some aspects of the pick-up and sorting of mail.

On sorting, the picture is now a lot better than once it was. In some areas of the country, certain sorting offices had many of the industrial relations problems that I hinted at, such as a recalcitrant work force who were resistant to change and resentful of the financial rewards that they were receiving, and who wanted to make higher pay claims. As a result there were difficulties, but at least to some extent they are now diminishing, although they have not gone away. I would like to think that the difficulties associated with the sorting of mail, which in many respects is the most critical part of the process, will be resolved before too long.

The last part of the process is of course the last mile delivery. I know from discussions with potential players in a liberalised market that they are not interested in delivering mail. Postman Pat's future is safe and anyone who suggests the contrary is scaremongering in the extreme. It must be made clear that the delivery of mail will remain, as far as I can see, the long-term monopoly of the Post Office, but it will not have a total monopoly. It will be subject to competition, and in some respects the competition will be painful; but I am confident that there is a mood abroad in the Post Office that can accommodate that. Both the trade union and management have shown a willingness to co-operate in this regard.

I was very critical of the Post Office's approach to the urban reinvention programme, and I remain critical of the amount of time allowed for consultation. Six weeks is too short a period; it probably should have been 12 weeks, as it is for a number of similar exercises. If local government, for instance, wants to do something, 12 weeks are usually given for consultation. One could argue that even 12 weeks is not long enough for some people, but it is probably true that the Post Office's intransigence has helped to stoke some of the fires of resentment. It should consider the issue again.

It is abundantly clear that Royal Mail is now willing to explain—it will do so if it is given the chance—that there is now a rationale behind the system of closure. There used to be no rationale to the way post offices were opened and developed in the United Kingdom. When the distribution of lottery outlets was conducted, however, Camelot used a map of the UK to identify centres of population, so that nobody would be denied access to the lottery—so that no one should be denied access to being ripped-off once a week if they so desired. In areas where that would have been difficult, Camelot changed the criteria and allowed smaller, less economic outlets the opportunity to sell lottery tickets. The Post Office did not have that luxury. Like the man going to Cork, it would not have started from where it was, but the post office network now has some rationality.

I accept that mistakes are made, sometimes serious ones, and they are sometimes badly handled—examples have been given today. However, by and large, the process is working reasonably well. As I said earlier in an intervention on the hon. Member for Lichfield, between one in three and one in four of the applications for financial reimbursement for closure have been denied. The argument is that it is Liberty Hall for post offices and if the owners want to close them they can, but that is not so.

There are even those who argue that the 28-month offer is too generous. Post office owners can not only close the shop but sell a piece of real estate and make a sizeable profit. In the grey areas that are not quite urban and not quite rural, people can acquire nice properties that used to be post offices at a reasonable price. That does not happen in all cases, but the property boom has meant that the price that can be realised for the post office building has been a significant factor. However, that is a risk that we have to take. Besides, we cannot keep people in business who do not want to be there. If people have worked in a post office until they are 65 or have reached an age at which they want to stop, it is not for Royal Mail to tell them to carry on.

We must also recognise that a post office may not be the kind of business opportunity that a young couple or a couple in early middle age who have retired from other occupations would necessarily find attractive. Franchised businesses are among the most dangerous and unsatisfactory activities for certain people. The Trade and Industry Committee last week took evidence from tenants of tied houses with the new pub companies. In some instances, people have put sizeable amounts of their own money into businesses that did not merit

[Mr. O'Neill]

support. The evidence suggests that the average length of tenancy in a public house in such conditions is no more than three years. People have taken up options that were not realistic, and the position is similar for petroleum retailers. People have entered into complicated franchise agreements for gas stations across the country on the basis of poor information and advice. It ill behoves us to assume that a business that has provided a reasonable way of life for some retailers of a bygone generation will provide conditions that are attractive to people today.

Mr. Nigel Waterson (Eastbourne) (Con): The hon. Gentleman makes an important point that the network reinvention programme was oversubscribed—more people wanted to receive compensation than could do so—but does not that undermine the Post Office's claim that once its plan has been carried out in any particular area, there will be no further closures? In reality, if other post offices are operating at the margins, they may go out of business subsequently anyway.

Mr. O'Neill: There is a flaw in the hon. Gentleman's logic. If there is a limited amount of business in an area and one of the players is taken out of the equation, the same business is spread between fewer people. If the smaller number still cannot operate, that is another issue. It is fair to say that there are people in the business with artificially low ambitions. We have all been in some pretty appalling post offices. The best are very good—excellent outlets—but some are dreadful. Sometimes, it is as if people in such post offices are doing us a favour by offering services that they are required to provide under their agreement. People expect to be able to shop all day on Saturday, but some post offices close at 12 noon on Saturday. Why? Because they have always shut at 12. That is just one example of apparent indifference.

It could be argued that such people were not making enough money from the business, but that is why the Government have made £30 million available, through the Post Office, to improve facilities. Some post office counters have closed but the shops have been left open and are being given assistance to tart themselves up—for want of a better expression. The rate of take-up may not be as high as it should be, because people are uncertain, as the hon. Member for Eastbourne suggested.

The process of getting post offices online has been an unsung triumph for the British IT business; it took a long time to get to that point, but it is now remarkably successful. However, we do not yet offer anything like the range of services that we should. When I raised with one of the Scottish banks the fact that it was denying my constituents access, I was told, "You've got to appreciate that the Post Office signed an agreement with Allied Irish Bank, so why should we allow a competitor privileged freedom of access to our customers?"

The Royal Mail was damned if it did and damned if it didn't. David Mills has done a remarkable job at Post Office Ltd., but the fact that he is able to offer a range of financial services has of necessity put the nose of some of the other banks out of joint. What brought the issue to the table was the failure of the British banking system to take into account small savers and people whose accounts were not particularly active; it penalised them. Now, we have a commitment to a more social banking system. I hope that the financial services regulator will return to the issue and will set up incentives, or perhaps impose penalties if there is a failure to address the social obligations in the banking system. For all their good intentions and warm words, nobody could describe bankers as philanthropists.

We cannot deal with the issue once and for all; we must return to it. The spread of banking facilities and the integration of banking in the post office system is something that we cannot afford to ignore.

The Royal Mail had a monopoly in the public sector. Competition and liberalisation are beginning, and with a system of regulation and service obligations, are enabling those of us on the left of politics to see how important financial services can be offered in a socially responsive way throughout the country. The Conservatives are not interested in addressing that challenge. They want privatisation and liberalisation of the Post Office, probably through a more rigorous form of franchising than exists at present. I certainly think we could improve the franchising arrangements but under the Conservatives they would be rather more punitive than the laissez-faire approach that, sadly, the Post Office and its predecessor bodies have adopted.

The Post Office is still an organisation in transition. We have legislated to create the regulatory system and the system of obligations and to make the Royal Mail independent of Government interference. Of course, the difficulty is that putting something at arm's length from the Government does not protect them from the responsibility of taking the blame for everything that goes wrong. This Government do not need to take too much of the blame.

I have not spoken this evening about direct payments, cards and the like. I have gone over all that on a number of occasions, and my hon. Friend the Minister knows my views. Good friends though we are, there are some things on which we might well disagree. There is evidence of a small change, even on those issues. The Department for Work and Pensions, which I never find the most sensitive of Departments, was perhaps at least to an extent stung by the criticisms made by my colleagues and me about the way in which the card system was foisted on people, the limited range of choice and the cynical way in which the system was presented.

There is evidence of a change of tack. Whether the Department has gone as far as we want, or whether it could go as far as we want and still retain the existing system is a different matter, but the Government and the Royal Mail have a sense of the fact that there must be change. The trade union is trying its best to bring its people behind those changes, but none the less there is a feeling—I have some sympathy with it—that a system of mail delivery in the broadest sense should be a national priority and that, given its near monopoly status in that last area, it should remain in public ownership.

If the Government are true to their word—I like to think that I can believe my colleagues—we will have a publicly owned Royal Mail service that enters into competition and benefits from liberalisation. Before too long—let us hope that this happens in the next

12 months—we will see an improvement in the standards of service, which have been sacrificed because of the need to sort out the Post Office's financial circumstances. I do not justify that, but I understand it. If we can get strong finances, good investment and good industrial relations, we will get the proper kind of service delivery that we want.

We may not hit all 15 targets next year—there is more than an even chance of doing so—but I hope that the four targets that the board members and senior management depend on for their bonuses will be regarded as a priority. If they are not regarded as a priority and they are not met, I hope that we will consider extending the criteria on which those bonuses are paid. Financial hanging very often concentrates the mind. That need not be done at the moment because I am confident that Allan Leighton, Adam Crozier and their colleagues barely need to be told what their responsibilities are. That is one of the jobs of government, and I am confident that my right hon. Friends are making it quite clear that we will not stand for an inadequate postal service and an inadequate Royal Mail, which should be a source of pride as a British institution, but was in danger of becoming a source of embarrassment. We have just avoided that, but there is still some way to go before it is the kind of institution in which the public sector and the public at large can take pride and satisfaction.

5.54 pm

Mr. Simon Burns (West Chelmsford) (Con): I am sure that, for a variety of reasons, it will come as a considerable relief to the House that I do not expect to speak for very long, particularly given that, for almost two and a half hours of this three-and-a-half hour debate, we have only heard speeches from those on the Front Benches and the Chairman of the Select Committee on Trade and Industry. No Back Bencher with constituency interests has had an opportunity to speak, and it does not look as though other hon. Members will have much opportunity to do so.

I am particularly pleased that we are holding this debate today because, as a number of my hon. Friends and other hon. Members have said, we all face serious constituency problems that particularly centre on the closure of urban sub-post offices and the poor delivery of mail. I listened with interest, then incredulity, and then concern to the Minister's speech. As always, it was delivered courteously, as is typical of this Minister, but I simply could not believe that he believed some of the mantras that he kept repeating. There is a saying that, if something is repeated often enough, people will come to believe it. For a Minister, seven years after the Government came to power, to rest his case and his failings primarily on the previous Government rather beggars belief. There comes a time when even this Government must start to accept responsibility for the action or the inaction that they have taken over the past seven years.

On the Royal Mail's record, the Minister told us—I assume that he believed it because he kept repeating it—that the Royal Mail had turned around and that everything was getting better. On the narrow point of the Royal Mail's profits and losses, yes, the Minister is right, but it seems rather odd that he thinks that the whole thing has been turned around and is beginning to perform wonderfully, given that the Royal Mail missed four targets in 2001-02, missed 12 in 2002-03, and went for the jackpot last year and missed all 15. I do not think that that shows that the improvements are coming and that everything is getting better. It seems to me that, once again, given the increasing failure to meet the targets—year in, year out—the Royal Mail is getting worse in the service that it is meant to deliver to the public.

At the same time, just to add insult to injury, the poor punters—those who post the letters—must pay more. The price of the first-class post went up in 2003 and that of the second-class post went up in April this year, to make more money for Royal Mail, to help it to offset its losses, but without any improved service. On balance, there is probably good reason for the withdrawal of the second delivery, but the first class post should now be delivered in urban areas by lunchtime. The trouble is that no one has defined what lunchtime actually means. To Americans, it is 11.30 in the morning. To others, it may be 12.30 or 1 o'clock. What does lunchtime mean? Is it so wonderful a target for the Royal Mail to perform against?

We as hon. Members probably send and receive more mail than most individuals, so we have first-hand experience that allows us to monitor what is happening. Sadly, despite the great improvement that the Minister keeps talking about, Chelmsford does not enjoy a good mail service. In fact, the service is so appalling that, if I hold a surgery in Chelmsford on a Friday afternoon and I manage to complete my dictation before the sub-post office in my area closes, I am provided with a free special delivery service from Chelmsford to the House of Commons—that service is usually provided the other way around—to try to guarantee that my dictated surgery notes get to my secretary on a Monday morning. If I post them first class on a Friday night in Chelmsford—only 35 miles up the road—invariably, they do not turn up until the Tuesday. Given that we are paying through the nose for the service, it seems disgraceful that something cannot be delivered a mere 35 miles away three days later. So the authorities have kindly given me that special service, which seems to work. The post generally turns up by lunchtime on a Monday. I should have thought that it could turn up by 8 o'clock in the morning, but that is asking too much.

Why does Chelmsford have such an appalling service? Many of my constituents, as well as me, would dearly love to know. The target is for 90.5 per cent. of all post to be delivered by the next day, but the figure in Chelmsford last year was 85.8 per cent. The CM postcode area is the ninth worst in the whole country. At least 92.5 per cent. of letters posted in the CM area for delivery in that area are supposed to be delivered by the next day, but the figure is sadly only 89.9 per cent. It is especially disturbing that the figures are worse now than they were last year, despite the fact the Minister seems to think that everything has turned around and the Royal Mail is getting better. No one is confident that they will receive their mail by the time the Royal Mail promises that it will be delivered, and my constituents are disgusted by that situation, as am I.

On top of that problem, we, too, have experienced the closure of a series of urban sub-post offices over the past 18 months. Seven have closed down, two of them in probably the most deprived ward of my constituency.

[Mr. Simon Burns]

To return to a point mentioned by my right hon. Friend the Member for South-West Norfolk (Mrs. Shephard) when she intervened on my hon. Friend the Member for Lichfield (Michael Fabricant), a disproportionate number of people in that area are elderly and do not have cars, so they might find it difficult to go further afield to the sub-post office that they must now visit, following the closures. Young mothers with children, but probably without vehicles, must now also walk further.

There was considerable concern about all the closures, so several people wanted to try to do something about them. They took at face value the Post Office's mantra that there would be a consultation process during which all views could be invited, given, listened to and considered. Action groups were set up and petitions were distributed. I met representatives of the Royal Mail to discuss the closures. They were courteous—I have no complaint about that. They sagely nodded as I made my points, as did my constituents and Chelmsford borough council, and ooh-ed and ah-ed at the appropriate points during the discussion. However—did they do anything? They did not do a single thing; all the sub-post offices closed as soon as the statutory time scale for consultation expired.

It is all right for the Minister to say that the Post Office listens, and to produce the odd statistic to back up the fact that it cares and takes account of cases made for keeping post offices, but certainly in West Chelmsford and, if the hon. Member for Leicester, East (Keith Vaz) is to be believed, in Leicester, we find that it listens and goes through the motions, but does not pay one iota of attention to what is said or the case that is made. It closes the post offices because it wants to eliminate its losses and get back into profit.

I might be cynical, but it is perhaps a strange coincidence that few complaints are heard from sub-postmasters about the closure of their sub-post offices. If people's businesses are to be closed down by another body, they are usually the first to lead the battle to try to save them. Sub-postmasters do not do that because, as my hon. Friend the Member for Lichfield said, they are being bought off with extremely generous compensation.

Mr. Waterson: When we went through the process in Eastbourne, my petition was displayed in shops, shopping centres and other places throughout the constituency and it ultimately attracted thousands of signatures. However, the places in which copies of my petition were not welcome were the sub-post offices slated for closure.

Mr. Burns: My hon. Friend makes a good point. All too often, sub-postmasters and mistresses have been content for their businesses to close because they have been bought off by advantageous financial packages. I do not begrudge the payment of compensation if a business is closed down, but "compensation plus" is being paid to try to silence the opposition of the people who one would think would be most directly affected by the closure of the businesses. They have been reassured by the amount of money made available to them.

Notwithstanding the case that the Minister made, I join the hon. Member for Leicester, East in saying that the consultation process is a farce and that it does not work. The Post Office does not want it to work because it is determined to close the sub-post offices that it has identified for closure. That is the experience in Chelmsford and, according to the hon. Member for Leicester, East, in Leicester, although it might not be the experience everywhere. We know that a decision to close some 50 sub-post offices was reversed, but do not know their location. Given where we are in the electoral cycle, they may well be in marginal Labour constituencies. If the Under-Secretary of State for Work and Pensions, the hon. Member for Gravesham (Mr. Pond), were to let us know their locations, we would be able to form our judgment on whether that is the case. They could be in Sedgefield or Hull—

Mr. Waterson: Or Leicester.

Mr. Burns: Leicester is an interesting case. Despite the Minister's rosy words about the consideration given to the situation in Leicester, I bet my bottom dollar that the sub-post offices will either be saved on about 12 July, or closed on 16 July—certainly not before that. I cannot predict which of those two scenarios will occur, but if they are to be closed, there will be no announcement until 16 July at the earliest.

There is great concern and growing cynicism in my constituency not only about the poor delivery of mail, for which people must pay more because of price increases, but about the elimination and closure of valuable, badly needed urban sub-post offices, especially those in the socially deprived area in the west of the town—as far as that can be defined in Chelmsford.

I give a warning to the Under-Secretary. For reasons that will become apparent, especially to the hon. Member for Guildford (Sue Doughty), we get a perverse consolation from the situation. Not even this Government can get everything right. They made the mistake of announcing the first two closures in the west of Chelmsford four months before the local elections in May last year. It might surprise the Under-Secretary to hear that Labour councillors are few and far between in Chelmsford—we did not have any during the ten years up until 1995. We had five up until May last year. Three of them were in the ward in which the sub-post offices were located, but sadly for the Under-Secretary, they all unexpectedly lost their seats. When I spoke to Labour activists after the election, all that they could say was, "The war in Iraq, and those bloody post office closures that the Government inflicted on us." Let that be a warning, because people care about their sub-post offices and want a local service on their doorsteps. If the Government do not listen to public opinion, it is amazing what can happen to councillors and Members of Parliament.

6.8 pm

Mr. Russell Brown (Dumfries) (Lab): I apologise to the hon. Member for Lichfield (Michael Fabricant) for missing his opening contribution because I was delayed before the start of the debate. From what my hon. Friend the Member for Ochil (Mr. O'Neill) said, he made an excellent speech—at least that was what I picked up.

On the back of an extremely lengthy and difficult period, postal services and deliveries are beginning to bed down, to put it in the terms used by my hon. Friend the Member for Ochil. I honestly believe—I have spoken to colleagues who have witnessed it personally—that single delivery is beginning to show some positives, although we are not out of the woods by any manner of means. I agree with those who have said in this debate that the Post Office's quick financial fixes are not necessarily the answer to the significant difficulties faced by a public service that we all hold close to our hearts and in deep affection, but sentimentality cannot and will not win the day.

Like colleagues on both sides of the House, I have witnessed some closures of rural post offices in my constituency. It is very difficult when the business of a small shop, which has been the home for the village post office and which serves perhaps only four or five dozen houses, starts to decline—not because people do not want to use the facility, but because a greater choice has developed over many years, and they have access to the main town that is 5 or 6 miles away. We have all witnessed that. It is never easy to turn such decline around. Sentimentality for a local village post office will not sustain the service for many years to come; we must be honest with ourselves.

The hon. Member for Gordon (Malcolm Bruce), who has left the Chamber, passed comment on the Postwatch estimate of 250 post offices that need not and should not have closed. That is worrying. The situation should never have arisen, but it is unlikely to be reversed.

The hon. Gentleman also commented on supermarkets. I intervened on him and referred to the proposed closure of the post office in the Safeway supermarket in Dumfries. I want to be perfectly open and honest about this: I was serving on the planning committee of the council when Safeway applied to develop its site and talked of the potential for a post office in the supermarket. I objected to that at the time because I did not think that it was right. However, permission was granted and the post office came into being, and now Morrisons, which has taken over such sites, has decided to give up the franchise.

Some say that we should be manning the barricades and fighting for the retention of the post office in the supermarket, if not run by the company, then run by someone else. The last thing that we need is a knee-jerk reaction. That was the very point that I was making to the hon. Gentleman. Within three quarters of a mile to a mile of that supermarket site, there are three or four sub-post offices. We need to consider how those businesses are running and whether there is potential to divvy up among them some of the services currently offered by the supermarket post office, such as foreign currency exchange, the issuing of vehicle excise licences, the all-international parcel service and a lottery payout facility. There should be some sincere thought about that and some answers from the Post Office. I have written to the chief executive to ask him what the plans are and whether there can be some open consultation.

Debates on postal services and post offices always come round to the argument about the move to direct payments for pensions and benefits and the Post Office card account. It is argued that if all those with a pension book or a benefits book—whether incapacity benefit or child benefit—moved to a Post Office card account, everything would be rosy. That is clearly not so. In many debates in the House and in Westminster Hall we have heard of the difficulties that people have had in securing a Post Office card account. I believe that the decision to move to direct payments was the correct one, if for no other reason than its potential for limiting fraud and other criminal activities, especially robbery and theft from pensioners. The system is far safer if used correctly.

The Under-Secretary of State for Work and Pensions, my hon. Friend the Member for Gravesham (Mr. Pond), and I have been in correspondence about the card account. He has also been in correspondence with one of my constituents, a gentleman from Dumfries and Galloway elderly forum who believes that it is not the correct system. My constituent looks at the matter from the narrow perspective that there is every likelihood that, after full investigation, someone who reports the loss or theft of their payment book and counterfoils in adequate time would not be penalised financially. However, lying behind the new seemingly failsafe system that cannot be tampered or interfered with, and on the back of the banking code of practice, is a £50 penalty for someone who loses their card on which a transaction is subsequently made.

We might say that, if someone loses their card or it is stolen, there is little likelihood of someone having the pin number. On Friday evening, a sincere and genuine couple came to my surgery and, to all intents and purposes, pleaded with me to visit their sub-post office in Dumfries to see pension day in operation. Elderly people are handing over their card then going into their purse or diary and reading out their pin number. That is breaking the contract, but we are talking about elderly people who—I say this with the greatest respect; I sincerely hope to be elderly myself one day—do not on occasions understand what is going on around them, or realise who is standing behind them and listening. There is therefore great potential for an apparently failsafe system becoming open and vulnerable.

Michael Fabricant: The hon. Gentleman is raising a fascinating point, which I am following with great interest. He mentions the security of what is in effect chip and pin. Is he aware that only this week a major bank said that we should be using automated teller machines less frequently, not because people might see the pin number entered, but because the machines might have been tampered with and be making a record of the numbers punched in? He is absolutely right to say that nothing is infallibly safe.

Mr. Brown: I thank the hon. Gentleman for his intervention. I shall not name the bank involved, because I am not sponsored by it and should not advertise for it, but I am aware of that point. The issue of ATMs immediately sprang to mind when considering the card account.

The couple whom I was talking about told me about the deep anxiety, distress and sleepless nights that the direct payment system is causing elderly people, many of whom are worried to the point of becoming ill. They even told me about one elderly lady who was having great difficulty in changing to a Post Office card account. She ended up unwell, and spoke to her son on the telephone about the problem. He came up to try to assist

[Mr. Brown]

in submitting her name for a Post Office card account. We would all agree that that is a decent thing for any son or daughter to do, but he lives down south and made a 400 or 500-mile round trip to a constituency just over the border to carry out a simple transaction, even though his mother did her very best to speak to someone at a call centre to try to make them understand her difficulties.

The change also poses difficulties for the home carer service, although I have no figures to illustrate this. In my area—I know this is the case in other constituencies—home carers have taken their client's pension book to the post office and collected their pension for them. However, a clear policy has been established whereby home carers' employers—in most cases, the local authority—are not prepared to allow their staff members to use a card and PIN number to access something which, to all intents and purposes, is a bank account. I am delighted that the Department has decided to introduce cheque payments in October for people who find it extremely difficult to use the direct payment system. Many people will be relieved by that concession, although I appreciate that it will apply only to people who have difficulties with direct payments. Last week, the local Pension Service in Motherwell told me that in the past couple of weeks a direct payment team has been set up to look at the difficulties that individuals are experiencing and consider whether there is a specific problem. I applaud my hon. Friend the Minister, his team and the Pension Service for taking that step.

The other evening, the sub-postmaster and his wife made it abundantly clear that we are where we are and that the decision is not going to be reversed. They were glad, however, that progress has been made in looking at the problems. While someone's age should never determine whether they are fit enough to cope with the change, they suggested that the Department should have introduced direct payments for everyone below, for example, 75. That does not mean, however, that everyone under 75 can cope with the new system. People over 75 with a pension or benefit book should be allowed to continue to use it until they are no longer in receipt of benefit because of what eventually overtakes us all.

I do not know whether the Minister will consider that a helpful change to the system, but the direct payment system is causing people more than just a little worry. It is causing them deep anxiety and, as I said, they are becoming physically ill. It was right to introduce a safer method of payment that should have benefited everyone. Regrettably, however, it has become a vulnerable system for some people in our society because of the way in which they conduct their business. I therefore hope that my hon. Friend will address people's deep concerns about the Post Office card account when he sums up the debate.

6.24 pm

Mr. Mark Francois (Rayleigh) (Con): I am pleased to speak in this important debate, which has a bearing on the lives of all our constituents. I have spoken before about Post Office closures in my constituency and I do not intend to repeat my argument today, other than to say that I am extremely dissatisfied with the way in which the process has been handled. I remain convinced that the so-called "consultation process" on closures, even in its amended form, is little more than a sham. I shall concentrate instead on the failures in the Royal Mail's delivery network. I have raised the issue in business questions, both before and after the Whitsun recess, and am pleased to have the opportunity to debate the matter in greater detail today.

The changeover to the single delivery system has clearly not been a success. In May 2004, Royal Mail admitted that it had not met any of its 15 delivery targets in the year to March, and had failed to achieve its core objectives on the minimum delivery targets for first and second class post. In the year to March 2004, 90.1 per cent. of first class mail was delivered the next day, compared with a target of 92.5 per cent; 97.8 per cent. of second class mail was delivered on time, as opposed to a target of 98.5 per cent. In addition, while some first class mail may technically be delivered the next day, it now arrives so late that it is difficult to take practical action on it in normal working hours. In effect, traditional first class post has been virtually abolished, and in many areas the time of delivery is largely a matter of pot luck, regardless of the class of postage.

Anyone who thought that these problems were exaggerated needed only to watch the recent "Panorama" programme to be disabused of that notion. The BBC painted a truly shocking picture of life at a major London sorting office, with poor or indifferent management, sometimes militant staff and generally very low morale at all ranks. Royal Mail attempted to cope with changes in its system by recruiting large numbers of temporary staff, some of whom, to be frank, had difficulty reading and writing and finding even the most obvious addresses, leading to one near-farcical scene that was secretly filmed in a block of flats. Mail was frequently abandoned in delivery rounds or lost at the sorting depot. The worst cases exposed by the programme were of systematic fraud and theft, and it secretly filmed some members of organised gangs—not ordinary postal workers, I hasten to add—infiltrating the delivery network to steal high-value items such as credit cards and cheque books.

Some of those problems have been replicated in other parts of the country, including my own county of Essex, where the changeover was rolled out in the first half of 2004. Those problems were amply demonstrated by my hon. Friend the Member for West Chelmsford (Mr. Burns), and I should like to expand the argument with examples from my constituency and neighbouring areas, many of which are similar to the problems in London highlighted by "Panorama".

In the spring of 2004 a young female reporter from the *Evening Echo*, Anita Patterson, went undercover and took a job as a temporary postal worker for Royal Mail. She was based at the Basildon sorting office for about a week, although the experiences that she described are indicative of problems across south Essex, including my own constituency. She described the situation on the ground in a major article entitled, "We expose mail chaos"—I have brought it for the Minister to see, in case he thinks I am exaggerating—and her account is extremely depressing.

The changeover led to a large backlog of undelivered mail. At one stage more than half a million items were piled up at the Basildon sorting office awaiting delivery—a fantastic number of items waiting to go out. In addition, a large number of experienced postmen who knew their rounds well began leaving, with large numbers of inexperienced casual staff desperately being recruited to try to fill the gap. At one stage there were more than 40 casuals operating from the Basildon office alone. While some of the newcomers were reportedly keen and wanted to do their best, they often did not know the areas in question and had to work from maps, so deliveries took much longer than when undertaken by experienced personnel with good local knowledge, who knew exactly where they were going.

Many of the individual delivery rounds had been significantly expanded as part of the changeover process, so that customers at the back end of a round, so to speak, were receiving their mail very late in the day, with many letters and parcels not being delivered until the early evening. One Royal Mail manager quoted in the subsequent *Evening Echo* report stated that the previous system had run like clockwork compared with the new system, which he described as "a bloody mess".

Even brief hindsight reveals that the exercise was badly planned. The entire process should have been much more thoroughly prepared for and the subsequent execution of the changeover should have been much better thought through. The staffing implications of the change were obviously not considered properly, and neither were the potential impact on morale and the related impact on the retention or otherwise of experienced staff. The dramatic alteration in the well established delivery rounds persuaded many experienced postmen to leave, which had a detrimental effect on those who were left. It also meant that more casuals were employed, and they had to work harder to make up. The system became a vicious circle. Royal Mail appears to have had scant regard for the effect on its customers, who were effectively taken for granted throughout the process, and in many parts of Essex still are.

I shall conclude, as I know there is one other hon. Member who is anxious to speak and I want to give him his chance. I, for one, have little remaining confidence in the senior management of Royal Mail. From the people who brought us Consignia and then the post office closure programme, we now have a service that cannot even deliver letters properly and that sets 15 performance targets and then proceeds to miss every single one of them. If anybody ever wants to organise a party in a brewery, I suggest they do not go and ask the management of Royal Mail how to do it.

The Government cannot escape responsibility in the matter. It is important to remember, as was pointed out by my hon. Friend the Member for Lichfield (Michael Fabricant) at the start of his speech from the Front Bench, that it is the Government who ultimately own the Post Office and Royal Mail. However they try to spin it—I admit that in opening the debate for the Government, the Minister valiantly tried—these problems have occurred on their watch. They are ultimately responsible for the chaos on the ground. The buck therefore stops with Ministers. They need to take a firm grip on the situation and do something about it, or get out of the way and allow others to do so who are more confident to perform.

6.33 pm

Mr. Michael Weir (Angus) (SNP): I was intrigued by the Minister's description of the reinvention programme in his opening remarks. I am sure that if it worked in the way that the Minister set out for us, it would indeed be a wonderful thing, but in my experience the reinvention programme is neither consistent nor systematic. Despite the promises that we received in the Minister's statement earlier in the year, I can see no practical difference between the consultation process undertaken now and that which was undertaken before, apart from the fact that we now get a letter from the Post Office with a printout and lovely coloured maps. The process is as bad as it ever was.

Let me give an example. Just before the Minister's statement, the Post Office announced that it was changing the way in which consultation was carried out. There was no longer to be a piecemeal process, post office by post office; it would look at a constituency as a whole. I was intrigued by that and wondered how it would be done in a rural constituency, but I hoped there might be a systematic examination of post office provision. A few days later I got a letter saying that one of the post offices in my constituency was closing. I asked what had happened to the constituency-wide appraisal, and was told that that had not started yet. That post office duly closed, despite widespread local opposition.

In April I received a wonderful letter from the Post Office giving me the grandly titled Post Office area plan for Angus. As I said, it was accompanied by a nice printout and brightly coloured maps. What it lacked was any sort of strategic thinking about the post office provision needed in a constituency such as mine. I shall give an example of the level of strategic thinking that it contains. As part of the customer profile for one of the post offices, it states:

"Most business comes from the local authority housing behind the office"

and

"the majority of customers are elderly".

So where were those mainly elderly customers to go? They were expected to go to another post office that is just under a mile away. So far, so good, but how are those mainly elderly customers supposed to get there, as many do not have their own transport? Under the heading "Bus routes", the same wonderful printout states:

"There are no direct services available".

In other words, customers cannot get to the alternative post office by bus, and in any event it is situated on a busy road adjacent to traffic lights where there is often a heavy build-up of traffic.

I approached the Post Office with the concerns expressed to me by my constituents and I made observations to the company regarding that closure and the difficulties with bus transport to alternative offices. The response was that buses are a matter for the bus company. So much for consultation. Surely it is a matter for the Post Office, which is—or at least used to be—a public service.

[Mr. Michael Weir]

The consultation process is seriously flawed and is no more than window-dressing for decisions that have already been made. The motion, for obvious reasons, specifically mentions post offices in Leicester and Birmingham. As someone who has no intention of going to south Leicester or Birmingham, I can say that it affects all parts of the United Kingdom, including my constituency. Will the Minister please tell us the strategic thinking behind the post office reinvention programme?

Under the latest proposals there are to be three closures in Angus—one in Montrose, one in Arbroath and one in Forfar. The result is that there would be one post office left in the town of Montrose, no post offices in the west side of Arbroath, the largest town in the county, and in Forfar, the county town, two post offices close together, with nothing for the majority of the town. We were told again by the Minister today that the programme is meant to stabilise and modernise the provision of postal services. Instead, it seems to be completely haphazard and dependent on which sub-postmasters want to or can be persuaded to retire. All too often it seems as though the management approach local postmasters, saying, "We've a tub of money. Who wants to go?"

Surely the proper way to deal with the matter, as the Minister told us, although it is not what is happening in practice, is that there should be a genuine look at the entire area—constituency, local authority or whatever—mapping out the post offices required properly to serve the needs of the population. In my constituency that is not happening. We have a haphazard and unbalanced system, and I am sure that that is the experience of many other hon. Members.

As I mentioned in an intervention on the Minister, despite the fact that he said there should be a post office within a mile of where people live, the Post Office says that under its agreement with the regulator there should be a post office within three miles. As I pointed out, in any small or medium-sized town that could easily be achieved by having one sub-post office in the centre of the town. It occurs to me that the real strategy behind the reinvention programme might be to cut down the number to one in each town. This is a matter of real importance, as the programme has been funded entirely by taxpayers' money. In effect, we are paying for the reduction in our own services, and no one believes that the current round will be the last.

The situation is worse than that. When the Post Office proposed the closures, I asked it what would happen if we found someone who was willing to take over a post office at which the current postmaster wanted to leave or could not make a living. I received this response:

"I'm sure you appreciate that as we are still in public consultation, we cannot explore this suggestion any further until a decision is made, and obviously only then if the decision is taken for the branch to remain in the network."

So the Post Office will not look at an alternative for a post office until it decides whether it wants to close it. That does not fill me with confidence that it will look seriously at alternatives.

Mention has been made of the rural post office network, but time is running short so I shall not speak about it in any great detail. Obviously there are serious things to come, and we expect many closures when the money runs out in 2006.

I shall stop there, as I am being signalled that time is indeed short, but I have serious concerns about this whole process.

6.41 pm

Mr. Nigel Waterson (Eastbourne) (Con): This has been a very useful debate, and it has given us an opportunity to highlight problems with post offices in Leicester, South, Birmingham, Hodge Hill and across the country. It is perhaps depressingly reassuring that the problems described by the hon. Member for Angus (Mr. Weir) are exactly the same as those that we have encountered in Eastbourne, on the south coast.

The facts about the Post Office are dismal and incontestable. In total, there have been more than 1,200 closures under the so-called urban reinvention scheme. On that basis, I suppose that the blitz could have been called the urban reinvention scheme in its day. We have heard about the problems in terms of rural closures, particularly from the hon. Member for Gordon (Malcolm Bruce). We believe that something might happen after 2006, but the Government do not quite know what.

We have also heard about the failure to meet targets. Four targets were missed in 2001–02 and 12 were missed in 2002–03, and there was a spectacular failure to hit any of the 15 targets for last year. As the Postwatch press release said,

"there are no longer any more targets to miss."

My hon. Friend the Member for Rayleigh (Mr. Francois) graphically described the effect of missing those targets on real people in his constituency. We have also heard about the senior management and in particular about Mr. Adam Crozier, formerly of the Football Association. His apparent inability to get the ball into the back of the net makes him the David Beckham of the postal world.

In the short time that is available, I want to concentrate on the way in which those problems affect the most vulnerable in our society—the elderly and the disabled. Closures are obviously a problem for them, and I also want to mention direct payments, the botched introduction of PIN pads and the exceptions service.

We have heard about closure numbers, but each statistic conceals a real problem for a real community—a community that will be that bit poorer because its local post office has closed. In my constituency, which was one of the first to be subjected to the area plan approach, five post offices were closed, including the main post office. The word "flawed" is one whose application to the so-called consultation I would entirely endorse. As far as I am concerned, the entire process was a complete farce from start to finish. Despite hundreds of letters, thousands of signatures on petitions and a well-attended

public meeting in my local town hall, none of what was said made any difference at all. The process was wholly bogus. Indeed, it is so clear that that is the case that no less a person than the Minister for Energy, E-Commerce and Postal Services had to issue not a three, five or 10-point action plan on consultation, but a 12-point plan, closing the stable door firmly after the horse was long gone. Touching on what my hon. Friend the Member for West Chelmsford (Mr. Burns) said about closures, all too often the Government have stuffed sub-postmasters' mouths with gold and gone ahead and closed their offices anyway on that basis.

On direct payment, there are, in theory, three options for customers. What the Government have tried to do from the start, however, is have an extremely uneven playing field in terms of the Post Office card account. Indeed, at an early stage, when I was doing the same Front-Bench job as my hon. Friend the Member for Lichfield (Michael Fabricant), it emerged from a leaked civil servant document that the phrase "actively managed choice" was being used. That was the way in which the Government and the Post Office were trying to bully older people into going for a particular one of the options.

We have heard about the seven, eight or maybe even 20-stage process that is needed simply to open a Post Office card account. With the massive understatement for which the Post Office is quite well known, it said in its briefing for this debate:

"It does appear, however, that customers are being slower than expected to complete the conversion journey and start using their new accounts."

I wonder why. Let me give the example of a lady from Southampton who wrote to me. I received her letter only today in my role as a shadow Minister. She says:

"This month, I received my Post Office Card . . . At a swift count I have made three telephone calls, received four pamphlets, two forms, three notifications, seven letters, one post Office Card and one Proof of Receipt (2 sides A4) from Preston, Warrington and Chester with envelopes marked for non-delivery from Liverpool, Preston and Belfast."

She first applied on 20 December last year. No wonder Age Concern has said:

"We are concerned at the considerable hurdles that seem to be being put in the way of opening a POCA. One cannot simply go to a post office and open an account."

Citizens Advice and the National Consumer Council have expressed similar concerns. The National Federation of Sub-Postmasters says:

"It is very clear that the Government prefers people to access their benefit payments through a bank account than via the Post Office card account."

The exceptions service is designed to help people who are elderly, disabled or housebound and need a special service after the new arrangements are finally in place. We are told—I hope that the Minister will confirm this—that the full details are expected to be in place by October this year. We are told that cheque payments will start in October, and that until that time, affected customers will continue to use their order books. It would be interesting to know what projections the Department is making as to the number of people who will take up the option, although Ministers are, of course, keen to make it clear that it is not an option. With his usual ability to calm people's fears, the Minister for Pensions said:

"The advice to people at the moment is do not panic."

I have to say that that is not quite the advice that people were seeking. The Select Committee on Trade and Industry had this to say:

"It is clear from the evidence presented to us that the failure of the DWP to develop its ideas for the Exceptions Service in advance of the introduction of Direct Payments has led to uncertainty and confusion over the means by which some groups of disabled people will receive their benefits in future."

It is also clear that there was a failure to listen in advance to advice from organisations such as the Royal National Institute of the Blind about the design of the PIN pads, which have had to be redesigned. The hon. Member for Dumfries (Mr. Brown) made some very pertinent comments about that issue and about security in general. An apology was eventually prompted from the Secretary of State for Trade and Industry, who said:

"I agree that it would have been better if the original PIN pad had been designed with full regard to the needs of people with different disabilities."—[*Official Report*, 24 March 2004; Vol. 419, c. 910.]

Finally, it seems to me that there is an enormous paradox at the heart of the policy of both the Government and the Post Office senior management. On the one hand, they want to streamline and modernise the Post Office, restore profitability and extend the range of services. Indeed, the hon. Member for Ochil (Mr. O'Neill), the Chairman of the Trade and Industry Committee, dealt in some detail with the issue of why the Post Office had been so slow to look at other services that it could be selling and at issues such as e-mail, which it could have been getting into at an early stage.

The Post Office wants to extend its range of services and invest £125 million in a link-up with the Bank of Ireland to provide financial services. That is fine and good, but paradoxically it is shutting the very retail outlets that would help it to sell those new services, alienating existing and previously loyal customers and making life exceptionally difficult for elderly, vulnerable or disabled people, by adding to their worries. In no other area of Government is the gap between spin and reality so painfully wide; I urge my hon. Friends to support the motion.

6.50 pm

The Parliamentary Under-Secretary of State for Work and Pensions (Mr. Chris Pond): This is the third Opposition day debate on post offices this year. If as much concern and energy had been invested in the post office network when Conservative Members were in a position to do something about it, 3,670 post offices might not have closed during their term in office. No Conservative Back Benchers were present in the Chamber—let alone contributed—for much of their own Opposition day debate.

The hon. Member for Lichfield (Michael Fabricant) opened the debate by generously accepting that the Government care about the vulnerable, the elderly and small businesses that run local post offices. I confirm that we care, which is why we are investing £2 billion in the post office network, and why we are spending £10 billion a year more on pensioner incomes.

[Mr. Chris Pond]

People listening to this debate will find it hard to resist the suspicion that the Conservative party's newly discovered concern for post offices in Leicester, South and Birmingham, Hodge Hill is nothing but opportunism. *[Interruption.]* "Absolutely" says the Conservative Whip. The Government believe that the post office network is essential to local communities, whether they are in Leicester, South or Birmingham, Hodge Hill, and, working with the Royal Mail board, we are determined to do everything that we can to ensure that Post Office and Royal Mail customers receive efficient and high quality services, which is why we are committed to a post office network containing bigger, brighter and more welcoming outlets that provide people with the goods and services that they want. We want customers to return again and again through choice, and not because they are tied to a post office in order to collect their benefit.

Following years of neglect, which the previous Administration ignored, the Government have grasped the nettle to secure the future of Royal Mail and a viable network of post offices. Radical change is required if the post office network is to remain relevant in a modern society. As my hon. Friend the Minister for Energy, E-Commerce and Postal Services pointed out in his opening remarks, we are investing substantial sums to support the transformation of the entire network. For example, £500 million of Government support for one of the UK's largest IT projects has resulted in the computerisation of every post office, which allows the Post Office to continue to make benefit and pension payments in cash and provides it with a vital opportunity to widen its customer base by increasing its range of banking products, which is key to its future.

The heart of the Post Office's problem is that it has been locked into a shrinking customer base, because its income has been heavily dependent on benefit payments. I should like the House to compare the situation in 2001–02 with that five years previously, excluding benefit recipients who access money through a bank account. Even before the move to the direct payment of benefits and pensions, retirement pensions and widow's benefit paid by order books and giros decreased by more than 1 million from just more than 6 million to less than 5 million, although the total number of pension recipients increased by more than 1 million. Child benefits paid in that way dropped from just less than 5 million to less than 4 million, and incapacity benefit payments decreased from more than 2.5 million to less than 1 million.

The drop in benefit transactions at post offices involves more than people switching to bank accounts, and I will not apologise for one such reason: our record on job creation and getting people off jobseeker's allowance and income support has resulted in the best employment figures for 30 years. I will not apologise for that record, but hon. Members know that it has implications for Post Office income, and post offices must therefore find an alternative future, which we are helping them to do.

My hon. Friend the Member for Dumfries (Mr. Brown) reminded us that sentimentality, of which we have heard much from Conservative Members this afternoon, will not be enough to secure the Post Office's future. The Government want to implement the vision in the performance and innovation unit report of a thriving network, and the task is to continue to serve existing customers excellently, to attract new customers and to give the post office network access to expanding banking markets, rather than, as in the past, dwindling markets.

We have heard much about the promotion of the Post Office card account, and I doubt whether the few remaining minutes will provide an opportunity to respond to every point. The Government remain committed to ensuring that those who want to can continue to collect their benefits and pensions at post offices free of charge after the move to direct payment. Last year's successful launch of universal banking services, which not only the industry, but many of the voluntary organisations to which my hon. Friend the Minister for Energy, E-Commerce and Postal Services referred in his opening remarks welcomed, has allowed us to keep that promise.

Customers have three account choices under the new arrangements for benefit payments. They decide whether they want their benefit to be paid into a current bank account, a basic bank account or a Post Office card account. Choice is important, and the customer should decide which of those accounts is most appropriate to their circumstances. In the debate, we heard that a post office card is not necessarily appropriate for jobseekers, but it may be appropriate for other groups.

The Government have always accepted that some people cannot open an account, including, for example, some homeless people or those with an illness, infirmity or disability—others may also be in that position for short periods of time. That is why my officials and I met customer representative groups last year, including the National Association of Citizens Advice Bureaux, Help the Aged, Age Concern and Mind, to ensure that the cheque-based system was designed to meet the concerns raised in this debate by my hon. Friend the Member for Dumfries and other hon. Members. The system is designed to avoid many of the fraud problems that we encounter under the current system—for example, 100 pensioners have their pension books stolen each week, which creates heartache.

The heart of the Post Office's problems is that it has been locked into a shrinking customer base. Its task is to continue to serve those customers excellently, to attract new customers and to access expanding banking markets, rather than dwindling markets, as in the past. On top of the step changes in new banking services, other initiatives, including accepting debit and credit card payments, telephone services and a major advertising campaign for travel insurance and bureau de change services, contribute to making post offices places that customers want to visit. The Government want people to use the post office because they wish to, and not because they are forced to.

The evidence clearly shows that the Post Office cannot prosper or even survive if it stands still, and the challenge is to adapt to meet the changing demands of customers and society. The Government are determined to make sure that the Post Office has that future and that it continues to provide the highest quality of service to its customers and to be the heart of local communities.

We are making that investment. The Conservatives have made the investment of three Opposition day debates this year, but from the point of view of the people who work in the Royal Mail on behalf of the customers who depend so much on post office services, this will look like yet more of that party's crocodile tears. I commend our amendment to the House.

Question put, That the original words stand part of the Question:—

The House divided: Ayes 163, Noes 253.

Division No. 212] **[7:00 pm**

AYES

Ainsworth, Peter *(E Surrey)*
Allan, Richard
Amess, David
Atkinson, David *(Bour'mth E)*
Atkinson, Peter *(Hexham)*
Baldry, Tony
Barker, Gregory
Baron, John *(Billericay)*
Barrett, John
Beith, rh A. J.
Bellingham, Henry
Beresford, Sir Paul
Blunt, Crispin
Boswell, Tim
Bottomley, Peter *(Worthing W)*
Bottomley, rh Virginia *(SW Surrey)*
Brazier, Julian
Brooke, Mrs Annette L.
Browning, Mrs Angela
Bruce, Malcolm
Burns, Simon
Burnside, David
Burstow, Paul
Burt, Alistair
Butterfill, Sir John
Cable, Dr. Vincent
Cameron, David
Cash, William
Chapman, Sir Sydney *(Chipping Barnet)*
Chidgey, David
Chope, Christopher
Clappison, James
Clarke, rh Kenneth *(Rushcliffe)*
Conway, Derek
Davey, Edward *(Kingston)*
Davies, Quentin *(Grantham & Stamford)*
Davis, rh David *(Haltemprice & Howden)*
Dorrell, rh Stephen
Doughty, Sue
Duncan Smith, rh Iain
Evans, Nigel
Ewing, Annabelle
Fabricant, Michael
Field, Mark *(Cities of London & Westminster)*
Flight, Howard
Flook, Adrian
Forth, rh Eric
Foster, Don *(Bath)*
Garnier, Edward
Gibb, Nick *(Bognor Regis)*
Gidley, Sandra
Gillan, Mrs Cheryl
Goodman, Paul
Greenway, John
Grieve, Dominic
Gummer, rh John
Hague, rh William
Hammond, Philip
Hancock, Mike
Harris, Dr. Evan *(Oxford W & Abingdon)*
Harvey, Nick
Hayes, John *(S Holland)*
Hendry, Charles
Hoban, Mark *(Fareham)*
Hogg, rh Douglas
Horam, John *(Orpington)*
Howard, rh Michael
Howarth, Gerald *(Aldershot)*
Hughes, Simon *(Southwark N)*
Hunter, Andrew
Jackson, Robert *(Wantage)*
Jenkin, Bernard
Johnson, Boris *(Henley)*
Jones, Nigel *(Cheltenham)*
Key, Robert *(Salisbury)*
Kirkbride, Miss Julie
Kirkwood, Sir Archy
Knight, rh Greg *(E Yorkshire)*
Lamb, Norman
Leigh, Edward
Letwin, rh Oliver
Lewis, Dr. Julian *(New Forest E)*
Lidington, David
Lilley, rh Peter
Llwyd, Elfyn
Loughton, Tim
Luff, Peter *(M-Worcs)*
McIntosh, Miss Anne
Mackay, rh Andrew
McLoughlin, Patrick
Malins, Humfrey
Maples, John
Mates, Michael
Maude, rh Francis
Mawhinney, rh Sir Brian
May, Mrs Theresa
Mercer, Patrick
Mitchell, Andrew *(Sutton Coldfield)*
Moore, Michael
Moss, Malcolm
Murrison, Dr. Andrew
Norman, Archie
Oaten, Mark *(Winchester)*
O'Brien, Stephen *(Eddisbury)*
Opik, Lembit
Osborne, George *(Tatton)*
Ottaway, Richard
Paice, James
Paterson, Owen
Portillo, rh Michael
Price, Adam *(E Carmarthen & Dinefwr)*
Prisk, Mark *(Hertford)*
Pugh, Dr. John
Randall, John
Redwood, rh John
Rendel, David
Robertson, Laurence *(Tewk'b'ry)*
Roe, Dame Marion
Rosindell, Andrew
Ruffley, David
Russell, Bob *(Colchester)*
Sanders, Adrian
Sayeed, Jonathan
Selous, Andrew
Shephard, rh Mrs Gillian
Shepherd, Richard
Simmonds, Mark
Simpson, Keith *(M-Norfolk)*
Smith, Sir Robert *(W Ab'd'ns & Kincardine)*
Smyth, Rev. Martin *(Belfast S)*
Soames, Nicholas
Spicer, Sir Michael
Spink, Bob *(Castle Point)*
Spring, Richard
Stanley, rh Sir John
Steen, Anthony
Streeter, Gary
Stunell, Andrew
Swayne, Desmond
Syms, Robert
Tapsell, Sir Peter
Taylor, Ian *(Esher)*
Taylor, Matthew *(Truro)*
Taylor, Dr. Richard *(Wyre F)*
Taylor, Sir Teddy
Teather, Sarah
Thurso, John
Tonge, Dr. Jenny
Trend, Michael
Tyrie, Andrew
Waterson, Nigel
Watkinson, Angela
Webb, Steve *(Northavon)*
Weir, Michael
Whittingdale, John
Widdecombe, rh Miss Ann
Wiggin, Bill
Wilkinson, John
Willis, Phil
Wilshire, David
Winterton, Sir Nicholas *(Macclesfield)*
Yeo, Tim *(S Suffolk)*
Young, rh Sir George

Tellers for the Ayes:
Mr. Mark Francois and Hugh Robertson

NOES

Abbott, Ms Diane
Adams, Irene *(Paisley N)*
Ainger, Nick
Ainsworth, Bob *(Cov'try NE)*
Alexander, Douglas
Allen, Graham
Anderson, rh Donald *(Swansea E)*
Armstrong, rh Ms Hilary
Atherton, Ms Candy
Austin, John
Bailey, Adrian
Baird, Vera
Banks, Tony
Barnes, Harry
Barron, rh Kevin
Beard, Nigel
Begg, Miss Anne
Bell, Sir Stuart
Benn, rh Hilary
Bennett, Andrew
Benton, Joe *(Bootle)*
Berry, Roger
Best, Harold
Betts, Clive
Blears, Ms Hazel
Blizzard, Bob
Boateng, rh Paul
Brown, rh Nicholas *(Newcastle E Wallsend)*
Brown, Russell *(Dumfries)*
Browne, Desmond
Buck, Ms Karen
Burgon, Colin
Burnham, Andy
Byers, rh Stephen
Caborn, rh Richard
Cairns, David
Campbell, Alan *(Tynemouth)*
Campbell, Ronnie *(Blyth V)*
Casale, Roger
Cawsey, Ian *(Brigg)*
Challen, Colin
Clapham, Michael
Clark, Mrs Helen *(Peterborough)*
Clark, Dr. Lynda *(Edinburgh Pentlands)*
Clark, Paul *(Gillingham)*
Clarke, rh Charles *(Norwich S)*
Clarke, rh Tom *(Coatbridge & Chryston)*
Clelland, David
Clwyd, Ann *(Cynon V)*
Coffey, Ms Ann
Cohen, Harry
Colman, Tony
Cook, rh Robin *(Livingston)*
Corston, Jean
Cryer, Ann *(Keighley)*
Cryer, John *(Hornchurch)*
Cummings, John
Cunningham, rh Dr. Jack *(Copeland)*
Cunningham, Jim *(Coventry S)*
Cunningham, Tony *(Workington)*
Darling, rh Alistair
David, Wayne
Davies, rh Denzil *(Llanelli)*
Davies, Geraint *(Croydon C)*
Dawson, Hilton
Dean, Mrs Janet
Denham, rh John
Dhanda, Parmjit
Dismore, Andrew
Dobbin, Jim *(Heywood)*
Dobson, rh Frank
Dowd, Jim *(Lewisham W)*
Drew, David *(Stroud)*
Eagle, Angela *(Wallasey)*
Eagle, Maria *(L'pool Garston)*
Edwards, Huw
Ellman, Mrs Louise
Etherington, Bill
Farrelly, Paul
Fisher, Mark
Fitzpatrick, Jim
Fitzsimons, Mrs Lorna
Flynn, Paul *(Newport W)*
Follett, Barbara
Francis, Dr. Hywel

Gapes, Mike *(Ilford S)*
Gerrard, Neil
Gibson, Dr. Ian
Gilroy, Linda
Godsiff, Roger
Goggins, Paul
Griffiths, Jane *(Reading E)*
Griffiths, Win *(Bridgend)*
Grogan, John
Hain, rh Peter
Hall, Mike *(Weaver Vale)*
Hamilton, David *(Midlothian)*
Hanson, David
Harman, rh Ms Harriet
Harris, Tom *(Glasgow Cathcart)*
Havard, Dai *(Merthyr Tydfil & Rhymney)*
Healey, John
Hendrick, Mark
Hepburn, Stephen
Hesford, Stephen
Hewitt, rh Ms Patricia
Heyes, David
Hill, Keith *(Streatham)*
Hinchliffe, David
Hoon, rh Geoffrey
Hope, Phil *(Corby)*
Hopkins, Kelvin
Howarth, rh Alan *(Newport E)*
Howarth, George *(Knowsley N & Sefton E)*
Howells, Dr. Kim
Hoyle, Lindsay
Hughes, Beverley *(Stretford & Urmston)*
Hughes, Kevin *(Doncaster N)*
Humble, Mrs Joan
Hurst, Alan *(Braintree)*
Hutton, rh John
Iddon, Dr. Brian
Illsley, Eric
Irranca-Davies, Huw
Jackson, Helen *(Hillsborough)*
Jamieson, David
Johnson, Miss Melanie *(Welwyn Hatfield)*
Jones, Helen *(Warrington N)*
Jones, Lynne *(Selly Oak)*
Jones, Martyn *(Clwyd S)*
Jowell, rh Tessa
Keeble, Ms Sally
Keen, Ann *(Brentford)*
Kelly, Ruth *(Bolton W)*
Kennedy, Jane *(Wavertree)*
Khabra, Piara S.
Kidney, David
Kilfoyle, Peter
King, Ms Oona *(Bethnal Green & Bow)*
Knight, Jim *(S Dorset)*
Kumar, Dr. Ashok
Ladyman, Dr. Stephen
Lammy, David
Lawrence, Mrs Jackie
Leslie, Christopher
Lewis, Terry *(Worsley)*
Liddell, rh Mrs Helen
Linton, Martin
Lloyd, Tony *(Manchester C)*
Love, Andrew
Lucas, Ian *(Wrexham)*
Lyons, John *(Strathkelvin)*
McAvoy, Thomas
McCafferty, Chris
McDonagh, Siobhain
McDonnell, John
MacDougall, John
McFall, rh John
McIsaac, Shona
McKechin, Ann
McNamara, Kevin
McNulty, Tony
McWalter, Tony
McWilliam, John
Mahon, Mrs Alice
Marsden, Gordon *(Blackpool S)*
Meacher, rh Michael
Meale, Alan *(Mansfield)*
Miller, Andrew
Mitchell, Austin *(Gt Grimsby)*
Moffatt, Laura
Mole, Chris
Moran, Margaret
Morley, Elliot
Morris, rh Estelle
Mountford, Kali
Mudie, George
Munn, Ms Meg
Murphy, Denis *(Wansbeck)*
Murphy, Jim *(Eastwood)*
Naysmith, Dr. Doug
O'Brien, Bill *(Normanton)*
O'Brien, Mike *(N Warks)*
O'Hara, Edward
Olner, Bill
O'Neill, Martin
Owen, Albert
Perham, Linda
Picking, Anne
Pickthall, Colin
Pike, Peter *(Burnley)*
Plaskitt, James
Pond, Chris *(Gravesham)*
Pope, Greg *(Hyndburn)*
Pound, Stephen
Prentice, Ms Bridget *(Lewisham E)*
Prentice, Gordon *(Pendle)*
Primarolo, rh Dawn
Prosser, Gwyn
Purchase, Ken
Purnell, James
Quin, rh Joyce
Rapson, Syd *(Portsmouth N)*
Robertson, John *(Glasgow Anniesland)*
Robinson, Geoffrey *(Coventry NW)*
Rooney, Terry
Roy, Frank *(Motherwell)*
Ruane, Chris
Russell, Ms Christine *(City of Chester)*
Ryan, Joan *(Enfield N)*
Savidge, Malcolm
Sedgemore, Brian
Sheridan, Jim
Short, rh Clare
Skinner, Dennis
Smith, rh Andrew *(Oxford E)*
Smith, rh Chris *(Islington S & Finsbury)*
Smith, Llew *(Blaenau Gwent)*
Soley, Clive
Southworth, Helen
Starkey, Dr. Phyllis
Stewart, David *(Inverness E & Lochaber)*
Stewart, Ian *(Eccles)*
Stinchcombe, Paul
Stoate, Dr. Howard
Straw, rh Jack
Stringer, Graham
Sutcliffe, Gerry
Taylor, rh Ann *(Dewsbury)*
Taylor, Dari *(Stockton S)*
Timms, Stephen
Touhig, Don *(Islwyn)*
Trickett, Jon
Truswell, Paul
Turner, Dennis *(Wolverh'ton SE)*
Turner, Dr. Desmond *(Brighton Kemptown)*
Turner, Neil *(Wigan)*
Twigg, Derek *(Halton)*
Tynan, Bill *(Hamilton S)*
Walley, Ms Joan
Ward, Claire
Wareing, Robert N.
Watts, David
Whitehead, Dr. Alan
Wicks, Malcolm
Williams, rh Alan *(Swansea W)*
Williams, Betty *(Conwy)*
Wills, Michael
Winnick, David
Winterton, Ms Rosie *(Doncaster C)*
Wright, Anthony D. *(Gt Yarmouth)*
Wright, David *(Telford)*
Wright, Tony *(Cannock)*

Tellers for the Noes:
Gillian Merron and
Vernon Coaker

Question accordingly negatived.

Question, That the proposed words be there added, *put forthwith, pursuant to Standing Order No. 31 (Questions on amendments), and agreed to.*

MR. DEPUTY SPEAKER *forthwith declared the main Question, as amended, to be agreed to.*

Resolved,

That this House supports the Government's strategy for a viable Post Office network; welcomes the delivery by Royal Mail of 93 per cent. of first class letters the next day in the first half of 2003–04; shares the Government's disappointment over the drop in performance since then, which rightly falls short of customers' expectations; calls on Royal Mail and the unions to work together to improve the quality of service; notes that the closure of any post office is regrettable but supports the Government's view that, without rationalisation, unplanned closures would continue, leaving damaging gaps in the network; supports the Government's commitment to ensure that at least 95 per cent. of the urban population will live within one mile of their nearest post office; supports the Government's commitment to ensure funding of rural post offices until at least 2006; welcomes the changes to the urban reinvention consultation process and the extension of the consultation process from four to six weeks; supports the Government's move to Direct Payment and welcomes the fact that already more than half of customers are getting their benefits, pensions and tax credits paid straight into accounts, of which 3.2 million are Post Office card accounts; notes that the Opposition wasted millions of pounds of taxpayers' money on the Benefit Payment Card scheme; supports the facility for those who cannot be paid through an account, particularly the most vulnerable older people, to receive a cheque payment; and recognises that change was needed and congratulates the Government for its strong, decisive action.

Personal Indebtedness and Savings

Mr. Deputy Speaker (Sir Alan Haselhurst): We now come to the second debate on Opposition motions. I must announce that Mr. Speaker has chosen the amendment in the name of the Prime Minister.

7.14 pm

Mr. Oliver Letwin (West Dorset) (Con): I beg to move,

That this House notes that household indebtedness has now reached £1 trillion; is concerned that the household savings rate has halved since 1997; and believes that the Government, through the extension of dependency on means-tested benefits in retirement, its attack on the tax advantages of savings vehicles, and its £5 billion a year raid on pension funds, has diminished incentives to save.

Two issues arise from the motion. One is short term and the other is long term. The short-term issue is indebtedness or household debt and the long-term issue is savings or their lack. I begin with household indebtedness. We have almost certainly reached the £1 trillion level of household indebtedness, which is broadly equivalent to our gross domestic product. That fact has become increasingly interesting to the media. A set of changes underlies that state of affairs.

Household indebtedness has recently increased annually by approximately 12 per cent., despite having slowed a little from an even higher figure. Much of that has been in the form of mortgage indebtedness or secured lending. According to the latest reckoning, some £818 billion of mortgage debt forms part of the £1 trillion total. Mortgage debt, at around 13 per cent. a year, has been growing even faster than overall household indebtedness, although it, too, has slowed slightly.

Mr. Kelvin Hopkins (Luton, North) (Lab): Surely that is not a problem, provided that people can finance their debt. Were we not simply rising out of a low level of debt after the collapse of the exchange rate mechanism and emerging from the recession that the right hon. Gentleman's party created?

Mr. Letwin: I agree that a given amount of debt is not a problem for those who can easily manage it. I shall shortly refer to those for whom there is a problem, but I also want to tackle the question of whether the current indebtedness causes a general problem for the economy as a whole. I hope that the hon. Gentleman will intervene again when we reach that part of my remarks, because I believe that ample evidence shows that there are problems on both those fronts. I want first to present the facts.

Mr. Lindsay Hoyle (Chorley) (Lab): Does the right hon. Gentleman want to return to the days of high interest rates for mortgages? Does he want them to double and treble? What are his views?

Mr. Letwin: Clearly, none of us wants mortgage rates to increase, and it is therefore regrettable that they had to rise recently and that they are likely—it is not certain—to increase in the near future. I would have thought that the hon. Gentleman and I agreed on that. I shall describe why the recent increase in mortgage payments is by no means purely an accident and how the actions of members of the Treasury Bench have partly created it. I hope that he will join me in regretting those actions.

Vera Baird (Redcar) (Lab): The four increases in interest rates have had an impact on mortgage lending. Secured lending increased by its lowest amount for nine months in May—significantly less than in April. It appears that people are capable of dealing with such debt and spreading it out.

Mr. Letwin: The hon. and learned Lady is right that, as I said, the rate of increase has slowed slightly. That is welcome. Unfortunately, as I also said, it is currently approximately a little more than 13 per cent. on an annualised basis and that figure is high. I fear that I do not follow the hon. and learned Lady's logic and that is unusual. Even when I do not agree with her, I can normally follow her logic and have done so in many debates. However, I cannot understand the argument that the fact that we have annual increases of "only" 13 per cent. in mortgage lending means that people will always be capable of fulfilling their obligations. I shall shortly outline why I believe that there is an increasing problem.

Lending is not the only problem. A considerable amount of mortgage equity withdrawal is also happening. That was negative in the mid and late 1990s, but it is now running at about £60 billion a year. Our fellow citizens are drawing down on or adding to their mortgages by about £60 billion a year at present. Some of that is going on consumption, and some is undoubtedly being spent on the expansion of assets, as people add to their housing stock by enlarging and improving their houses.

Mr. Desmond Swayne (New Forest, West) (Con): Would my right hon. Friend like to comment on the fact that a significant proportion of that equity release is going to people who have retired and who require it for consumption? They are certainly not using it to acquire additional assets.

Mr. Letwin: My hon. Friend is undoubtedly right: a substantial proportion is almost undoubtedly going for consumption. I say "almost undoubtedly" because there are no reliable figures available. Perhaps Ministers will tell us to the contrary tonight, but I know of no reliable survey that has been carried out into how much of that mortgage equity withdrawal is going on consumption and how much is going into assets. I fear that my hon. Friend is probably right to say that a substantial proportion is going into consumption.

Labour Members are clearly gagging to hear what the problems are in this regard. We have set out the facts, and everyone knows the figures. Ministers undoubtedly have even more up-to-date figures. They probably receive updates every 24 hours; I do not know. In any event, we can all agree on the broad facts, but the question is: what do they mean? We do not have to take a flier on this, and we do not have to trust the views of

[Mr. Letwin]

politicians. Indeed, I do not suppose that many of our fellow citizens trust the views of politicians of any colour on these matters, alas.

Mr. Swayne: Shocking!

Mr. Letwin: Shocking it may be, but it is nevertheless the case that politicians are not much trusted in Britain today. However, some people are trusted, and one such person is the Governor of the Bank of England. One reason he is trusted is that he is the Governor of the Bank of England. Another is that he is the man he is. That powerful combination means that he is highly trusted, and he has said some remarkable things recently.

The Governor of the Bank of England is a very subtle individual—more subtle, I suspect, than any of us in the Chamber tonight or, indeed, than any politician in Britain. Of course, it is in the nature of governors of central banks that they should be exquisitely subtle. I believe that it was Lord Cecil, under Elizabeth I, who was described as being so subtle as to be invisible. The Governor of the Bank of England, though exquisitely subtle, is not invisible, however. Indeed, he has recently become quite surprisingly visible. Governors of the Bank of England have frequently sought to be invisible, but he is not such a Governor. He has made himself visible by making remarks—admittedly, exquisitely subtle remarks—which, in their pointedness, have been perfectly well understood in the City of London by the economic fraternity, by journalists and, I suspect, by the Government, although they would certainly not admit it.

What has the Governor said? In effect, he has said that the very large rise in household indebtedness, and the very large rise in house prices that is intimately linked with that, have not come about by accident. They are associated with the activities of the Chancellor of the Exchequer in enlarging Government. We have a bigger Government, more spending and more borrowing. The Governor of the Bank of England has said that he is not persuaded that there is a sustainable path in place—or at any rate, that is what he has, in his exquisite subtlety, suggested.

Mr. Hopkins *rose—*

Mr. Letwin: I shall give way to the hon. Gentleman, because I have now arrived at the first point that I made to him a moment or two ago.

Mr. Hopkins: The right hon. Gentleman seems to be suggesting that, if the Government have a fairly generous fiscal policy—with which I totally agree—the Governor of the Bank of England should intervene and introduce high interest rates to dampen the economy with monetary policy. Would that not be a dangerous intervention in politics? Would not the Government be right to say, "Hang on. Dealing with inflation is one thing, but countering Government policy is another."?

Mr. Letwin: Oh dear, oh dear! I shall have to save the hon. Gentleman from his wit and, indeed, from those on the Treasury Bench. I hope that I shall be able to provide him with sufficient armour plating in case he should meet the Chancellor in the near future, because what he has suggested runs counter to the entire structure that the Government established—rightly, I may say—when they established the independence of the Bank of England. The whole point of that independence is that it acts as a check on undue extravagance or fiscal laxity on the part of the Government, and it is acting in just that way now. The Governor is not disobeying his remit; he is fulfilling it. He is doing what the Chancellor of the Exchequer asked him to do when the Bank of England was made independent and an inflation target was established.

I expect that the Chancellor has frequently congratulated the Governor on what he has done. I imagine that he has been sending messages to the Governor over the past few weeks to thank him for his advice and to let him know just how grateful he is to the Governor and his colleagues on the Monetary Policy Committee for raising interest rates to counteract the effects of fiscal laxity in the pre-election spending spree that the Government are wrongly engaging in. I imagine that the Chancellor is also thanking him for warning him in advance that interest rates might also need to rise further as a result of that.

Mr. Hopkins: The Governors of the Bank of England—two of them, now—have played a splendid game and, in my view, they have got interest rate policy right. However, there is a difference between adhering to an inflation target and deciding to counter Government fiscal policy.

Mr. Letwin: But it is perfectly clear that the Governor and the Monetary Policy Committee as a whole are, in a serious-minded way, trying to live up to the inflation target. It is not that they are trying to counteract Government policy; they are trying to counteract the effect of that policy on inflation—not only on asset price inflation but on general inflation. Indeed, it is general inflation that they are required by law to target, and they are doing so. However, asset price inflation has an effect on general inflation. Household indebtedness, when it consists of a large amount of mortgage equity withdrawal and a large increase in mortgage lending, has an effect on house prices. The Governor is quite rightly taking all those factors into consideration.

A short-term problem for the economy is being generated by a traditional, classical pre-election spending spree, which is being financed by traditional, classical deficit financing. That is not what we were told this Government were about, or what this Chancellor was about. We must thank the Lord that we have a central bank that is able to counteract the effect of that activity. We shall not see it come through in inflation, but we are seeing it come through in higher mortgage payments. To address the point raised by the hon. Members for Luton, North (Mr. Hopkins) and for Chorley (Mr. Hoyle), I would suggest that that might become a problem for the fairly large section of the population whose mortgages represent a substantial multiple of their income and which were, and probably still are, quite affordable because of low interest rates, but which will become progressively less affordable as interest rates rise.

I am not making a partisan point here; I am reflecting the point made by the Governor of the Bank of England. He has pointed out that house prices—and hence mortgages—are at multiples of income levels that could cause difficulties to some people if they do not watch out.

Mr. Tom Harris (Glasgow, Cathcart) (Lab): Under the Conservative Government, we had relatively low levels of public spending and historically high interest rates. Now we have very high levels of public spending and historically low interest rates. Is the right hon. Gentleman saying that he prefers the former option?

Mr. Letwin: The cause of the high interest rates—

John Robertson (Glasgow, Anniesland) (Lab): Answer the question!

Mr. Letwin: Of course I am going to answer the hon. Gentleman's question. I would not have given way unless I intended to do so. I always answer questions; it has been my downfall on many occasions. I shall certainly do so now that I have the right answer.

The cause of higher interest rates is not purely due to the expenditure, but to the fact that it is being deficit-financed. The Government have gone on a spending spree through deficit financing, and there is every prospect of those deficits remaining large for some time. Indeed, there is some question as to whether the Chancellor is going to be able to obey his own fiscal rules. The Government are therefore pushing interest rates up by engaging in fiscal laxity, which is called a pre-election spending spree. There is no way the hon. Member for Glasgow, Cathcart (Mr. Harris) can get around that by saying that some other Government at some other time did something else. The fact is that the Government are doing something to the country: they are pushing up mortgage payments.

Mr. Hopkins: I thank the right hon. Gentleman for giving way yet again; he is very generous in taking interventions. Is not the basic reason why our Government have had such success with the economy that they have kept sustained demand by having a reasonable fiscal policy and relatively relaxed monetary policy as well? Is he suggesting that we should do something different?

Mr. Letwin: Oh dear. I will have to provide the hon. Gentleman with even more protection from the Chancellor, because the Chancellor has long claimed that his fiscal policy is intended not to be a demand management system, but to stick within very strict fiscal rules to ensure the long-term and medium-term sustainability of the public finances across the cycle. As a matter of fact, I agree with the Chancellor and not with the hon. Gentleman.

The problem with the Chancellor is not that he does not have the right idea, but that at present he is not following it very well. Thank goodness, the Governor and his colleagues are taking appropriate action, but the corollary of that is that there are people for whom there is an increasing instability—an increasing problem of the relationship between their mortgage payments now and their likely mortgage payments in the near future and their income. This is not a crisis, but it is a problem. If it becomes much bigger, it could turn into a serious problem.

Ms Sally Keeble (Northampton, North) (Lab): I would agree with the right hon. Gentleman's argument except that, under the last Conservative Government, people in my constituency who did feel the rub felt it because there were high interest rates, a crash in property prices and high unemployment. There is absolutely no sign of those last factors being remotely on show now, and interest rates are increasing only slightly.

Mr. Letwin: For the sake of the country, I profoundly hope that the hon. Lady is right and that there will not be any horrible sequel. I hope that as a householder, as a parent and as one who is concerned about the welfare of this nation. That, I am sure, is common ground across the House—but let us not be complacent.

Let us be clear about the fact that when there are very high multiples at work, when there are increases—which, although from a low base to a low number, are nevertheless in proportionate terms quite large—in people's mortgage payments of 10 or 20 per cent. in many cases, and when those may go up overall by 30 or 40 per cent., again admittedly from a low base, problems can be engendered. We should not consider that lightly. We should not ignore it; we should not be complacent about it. That is my first point.

My second point is that, for some people—I absolutely accept that this is only a restricted group who are on low incomes—there is, unfortunately, accumulating evidence of the problem of the debt spiral. For such people, this is not a minor matter and it is far from a laughing matter. It can cripple lives. It is very small so far, thank goodness. Let us hope it remains so, but around us are signs of more people who are closer to it than we can be comfortable about.

I believe that 42 per cent. of those with new babies are in arrears, as are 48 per cent. of lone parents and 52 per cent. of those who are recently separated. Those are all life circumstances that tend to give rise to considerable indebtedness, and I do not say that this is a sudden crisis, but I do say that if we asked the citizens advice bureaux and the various debt advisory bodies we would receive the same response from them all.

The problem is not currently widespread and it has not reached crisis proportions, but there is a worrying increase in the number of low-income individuals who are caught in debt spirals. That, I think, will worry everyone on both sides of the House. I hope that there will be a considerable consensus also on how to deal with it.

Mr. Hopkins: Will the right hon. Gentleman give way?

Mr. Letwin: In a moment. My hon. Friends and I have promoted—I think for the first time in Britain—a wide-ranging seminar among the lenders and those concerned with debt advice. No doubt the Treasury has seen both groups individually; we tried to put them together. Also, we have asked Lord Griffiths of Fforestfach—who, incidentally, has the distinction not merely of advising

[Mr. Letwin]

us, but of having advised the Chancellor on international debt issues, and who happens to be someone with real understanding of these issues—to look in fine detail, by going out and asking, at what really are the circumstances that give rise to debt spirals and to make recommendations, which of course we will share with the Government and with other parties, on how we can cure that problem.

Those are the short-term problems, as I see it, and I want to move on to a great big problem of a very long-term and deep kind, which is what has happened to savings in this country.

Mr. Hopkins *rose—*

Mr. Letwin: Before I do so, I shall give way—

Mr. John Redwood (Wokingham) (Con): Will my right hon. Friend give way?

Mr. Letwin: Of course, but may I give way first to the hon. Member for Luton, North, as he has been my most persistent questioner?

Mr. Hopkins: I thank the right hon. Gentleman for giving way yet again. He seems to be suggesting that we ought to tighten monetary policy. The effect of that would be not only to moderate house prices, but to push them down. If house prices fall, people could fall into negative equity and perhaps even have problems with sustaining their mortgage at all. Would that not make debt far worse and bring people to the situation that pertained 10 years ago in my constituency, which was the No. 1 for negative equity and repossessions?

Mr. Letwin: Let me be clear with the hon. Gentleman: I am not making a recommendation about monetary policy, because I believe in what he clearly does not. I believe in the structure that the Chancellor himself established; I believe in the independence of the Bank of England; and I believe it is right that decisions on monetary policy should be taken by a group of people removed from politics.

My argument is very clear: the Chancellor has created circumstances with his pre-election spree that are leading the Bank of England to a certain set of responses, which it is trying to engage in very delicately, subtly and carefully precisely to avoid circumstances of the kind to which the hon. Gentleman refers. There is no question at all but that members of the MPC are acutely aware of the dangers to which he refers and seek to avoid them, but the fact is that it would be better if the Chancellor had not put them in the position of having to respond as a result of the spending spree and the deficit financing in which he is engaging.

Mr. Redwood: Given the crucial nature of house prices in this country—they are central to economic well-being—is my right hon. Friend as disturbed as I am about the row that is clearly under way between the Governor of the Bank of England on the one hand, warning that house prices might fall, and, on the other, the Treasury, spinning like mad through the press, for obvious reasons, that they definitely will not, or at least certainly not before an election?

Would not it be better if the debate were held in the open and the Chancellor made both a statement on the subject and adjustments to the remit of the Bank of England, if he is as unhappy with what it is doing as he seems to be, because he is right in thinking that house prices are central to the future economic well-being of our country?

Mr. Letwin: As usual, my right hon. Friend is right, as well as being honourable. He accurately diagnoses a real problem. The Chancellor has set up the independence of the Bank of England, and presumably believes in it, but he does not like it when the Bank of England acts in the way that his remit asks it to. Of course, he does not want to say that, because it would be a mite embarrassing to set something up and then, when it does the thing it has been asked to do, get explicitly cross about it.

So, the Chancellor sends his henchmen out to say, inexplicitly, that he is absolutely furious about it, in the hope that, somehow or other, this message will, by osmosis, reach the Governor and that the Governor will desist from saying and doing what in fact the Chancellor has asked him to say and do. Of course, my right hon. Friend is absolutely right that it would be much more open if the Chancellor were to make a clear statement on his views about the Governor. I think that the chances of that occurring are exactly as high as those of pigs flying.

Now, savings. This is very serious stuff, because savings matter enormously to our economy and to our society. We cannot have a strong economy across the decades unless the domestic savings ratio is relatively high. Ultimately, the productive capacities of our economy across a long period are heavily determined by the degree to which we save and invest as a nation.

No Government in British history since the war have managed to achieve as high a savings ratio as many of us would like. I recall, as my right hon. Friend the Member for Wokingham (Mr. Redwood) will also recall, times under the previous Administration when we worried—I think we were right to do so—about whether the savings ratio was high enough. Little did we know.

At that time, the savings ratio averaged just over 9 per cent. That was the proportion of our national income that we saved on average between 1979 and 1997. We thought that that was not good enough, but since 1998, persistently, that ratio has been significantly lower. Between one point at the end of the previous regime and one point now, it almost halved. On average, it has gone down by a third. This is very worrying. It does not matter for six months; it matters an awful lot across a long period.

Why has it happened? There are all sorts of reasons, and it is important to disentangle the most important from the less important, and to try to get a clear picture of what Governments can and cannot do about it. There is a major accusation to be levelled against the current Government, and a major step that this country needs to take to resolve the problems caused by the Government in this area.

Before I describe those two points in more detail, let me say that it is very misguided, should Ministers or others wish to do so, to blame the savings industry

primarily. The savings industry is not perfect—no industry is perfect, and nobody is perfect—but it tries on the whole to do its best. Most of the problems that afflicted the savings industry are on the way to being, to a considerable degree, cured. There is a vast expansion of a much more transparent form of saving through unit linking. There is no doubt at all that prices for savings products have been coming down. There is no doubt at all that the savings industry is now engaged in much more realistic risk assessment than previously, and although I am in some respects a critic of the Financial Services Authority, some of the credit for that goes to the FSA. We cannot stand here blaming the savings industry for the reduction in the savings ratio in recent years. Certainly, it is not the principal culprit.

When we turn to the Government, however, I fear that the position is different. First, there is the £5 billion a year raid on the savings industry. Recently, we have begun to see just how serious that was. Recent figures, which have come to light in the past few days, indicate that the extent to which that bit into what were otherwise tax advantages for saving was greater even than imagined at the time, when many Conservative Members complained vigorously and bitterly about the £5 billion raid. Evidently, when the Prime Minister claimed that the £5 billion raid was to be justified because equity prices were high, he was not to know, but he might have guessed, that there would come a time when equity prices were not so high. The £5 billion a year raid has a bizarre effect: as well as causing more trouble now that equity prices are not as high as they once were, it has undoubtedly contributed to the underperformance of the UK stock market, which has underperformed every other major stock market except Japan's in recent years.

Alas, the £5 billion a year raid is not the only item to discuss in terms of diminishing the attractiveness of savings in this country.

Mr. Redwood: My right hon. Friend makes an extremely powerful point. The main raider that has damaged the savings industry is the Government. Will he remind the House that the Opposition not only warned at the time that it would do damage but quantified it? We said that because the market then valued a stream of income from a company at 20 times the income, if the Government took £5 billion a year out of the stock market, £100 billion would be knocked off the value of shares earned by all those pensioners and savers in the country. It was a smash-and-grab raid, it took £100 billion off, and the Government should apologise and give it back.

Mr. Letwin: There is no doubt that that is accurate—it constituted a smash and grab raid. The Government grabbed a large amount of money, and smashed a large amount—clearly, my right hon. Friend's approximate figure of £100 billion is of the right order of magnitude—off the value of savings in this country.

Vera Baird: We must keep our feet on the ground about this alleged smash and grab. The Tory Chancellor Norman Lamont twice cut the rate of the advance corporation tax concession, of which the right hon. Gentleman now makes such major complaint, and clearly saw it as an anomaly even then. I have not heard about any Tory cuts to restore it.

Mr. Letwin: I shall come on to what we intend to do to remedy those bad effects. The problem with the hon. and learned Lady's argument, which is exactly what I was about to discuss, is that the £5 billion raid was not in the context of a large number of other measures of the kind that my right hon. and noble Friend Lord Lamont was then taking to try to encourage savings. Alas, it was in the context of a set of other raids on savings, decreasing their tax advantages.

This Government have reduced significantly the attractiveness of individual saving accounts, for example. ISAs are now significantly less attractive in many respects than their tax-exempt special savings account and personal equity plan predecessors, which were the brainchild of none other than Lord Lamont and his colleagues. In various and important respects, the Government have made savings less tax advantageous in this country. There is no getting away from the fact that that can only have one effect directionally: it cannot increase the savings ratio; it must tend to reduce it. As we know, as an empirical fact, that the savings ratio has on average gone down by a third, and point to point, by a half, some of that is undoubtedly caused by the Government's actions. They are not the main ones, however, as I will come on to the real disaster story in a moment.

Vera Baird: Let me come back to the advance corporation tax. The right hon. Gentleman is wrong that it was not accompanied by other measures. The corporation tax rate was cut at the same time. I asked him once, and I ask him again, whether there are any plans to restore this alleged concession, which was the source of such a smash and grab.

Mr. Letwin: I shall come on to something that we will do to cure the biggest of the problems that are attached to, and are the cause of, the reduction in savings. That is the first place to put the money. We would like to do many things, but there is one that we must do. I shall deal with that now, because without it, as far as the long-term picture for savings in this country is concerned, we are sunk.

One of the saddest things about the Government is that they started with the possibility of a real improvement in the character of our country through the achievement of a real consensus. The right hon. Member for Birkenhead (Mr. Field) came into government at the beginning of this Government's tenure with great hopes invested in him not merely by Labour Members—I suspect that many Labour Members did not invest great hopes, including the Chancellor, who hoped that he would soon disappear and achieved that ambition—but by Conservative Members and by the country more widely, and rightly so. For many years, he had with passion, vigour and intelligence identified a critical feature of the problems facing this country—means-tested benefit dependency was causing an erosion of the savings culture. He set to work to try to deal with that, and he received the backing of my hon. Friends. I remember walking into the Lobby with him and his friends on the Labour

[Mr. Letwin]

Benches, to the discomfiture of some Labour Members, on a famous occasion, as we were so determined to support actions that could rescue us from an over-dependence on means-tested benefits in this country. Alas, as we all know, it did not take terribly long for the Chancellor to destroy not only the ambitions but the policies of the right hon. Gentleman and to move in precisely the opposite direction.

The Prime Minister, when he was Leader of the Opposition, said that he wished to see the right hon. Member for Birkenhead think the unthinkable. Little did he know that the Chancellor of the Exchequer was going to think the unthinkable—that means-tested benefits should be widely expanded in Britain by a Labour Government. That was a most astonishing, and much more importantly, catastrophic turn of events. Fifty-four per cent. of our pensioners are now on means-tested benefits of one kind or another, and the number is growing apace. Most people believe that, on present policies, it will not be long before three quarters or so of our pensioners are on means-tested benefits of one kind or another.

The right hon. Member for Birkenhead has rightly made it clear what he thinks the effect of this is and will be. He said that the message is going from grandmothers to grandchildren, "Don't bother to save dear, it didn't do me any good." What does he mean? He means something clear: if a person has saved throughout their working life less than £180,000, there is a strong chance, and a great likelihood, that they will find at some point, at the end of their working life, that they are losing between 40p and 85p in the pound for each pound of income from saving. It is not worth it.

Of course, the savings industry recognises that. It is terrified of mis-selling, appropriately, and is therefore increasingly not aiming to sell savings policies to a group of people whom it knows will typically lose a large part of income from savings later in life. It knows that that could be regarded, ex post facto, as a terrible example of mis-selling.

Alas, much of our nation's saving has always been through inertia. Much of it occurs only if the savings industry makes us save by coming to us with the product. When the industry desists from that for fear of mis-selling because of means-testing of benefit for those in retirement, the savings ratio drops. That is the single biggest cause of the present problem—the present disaster—of the reduction of a savings ratio that was already too low by a third—or by half, depending how it is measured. Until the increase in means-tested dependency is dealt with, this terrible problem will continue.

There has also been a catastrophic social effect. I do not know what single thing could do more to harm the social fabric of the country than a message sent to hard-working people who save that saving is not worth it, and that those who have saved will be clobbered. That strikes me as profoundly wrong—and it is another of the points made so powerfully and passionately by the right hon. Member for Birkenhead over so many years.

Mr. Bill Tynan (Hamilton, South) (Lab): The right hon. Gentleman has made great play of his belief that means-tested benefits are the main problem in terms of poverty. What would he tell the individual in my constituency who found that she did not qualify for the minimum income guarantee because she had £26,000 in the bank, and now finds herself—with that £26,000 in the bank—gaining by £46 a week from pension tax credit?

Mr. Letwin: I would tell that lady that when we have done what we need to do, and what the country needs us to do, and what the hon. Gentleman's party will eventually agree with us must be done, she will be as well off as under the present scheme, but people will not have the same disincentives. What we need to do as a country is take our courage in both hands, and raise the basic state pension to the point at which it will cross over with pension credit.

Ms Keeble: Will the right hon. Gentleman give way?

Mr. Letwin: I will in a moment, but I want to make this point because it is absolutely critical. Opposition Members can then debate it at length. I do not think that anyone could accuse me of having been ungenerous in giving way.

Unless we take our courage in both hands, we will not solve the problem. The difference between the basic state pension and pension credit is that, unlike the basic state pension, pension credit is means-tested. In our first Parliament, we can lift a million pensioners out of means-tested dependency by raising the basic state pension in line with earnings, and we need to do so. We need to meet the associated costs, and my spending plans provide for that. Half will be met by erosion of the entitlements of those whose basic state pensions are rising to means-tested benefits that they will not need because their incomes from the basic state pension will be rising. The other half, in those first four years, will be met by removal of almost all the new deal, which has been an expensive failure.

At the beginning of the present Administration, a million young people were not in work, not in training and not in education. Now, £310 million a year later, with a new deal for the young unemployed, what do we find? A million young people are not in work, not in training and not in education. What a way to spend money that we could be spending on raising the basic state pension and restoring the incentive to save.

Mr. John Gummer (Suffolk, Coastal) (Con): Will my right hon. Friend give way?

Mr. Letwin: I give way, finally, to my right hon. Friend.

Mr. Gummer: May I return my right hon. Friend to his point about the effect on the nature of society? It is a crucial issue. If a large number of ordinary people have nothing at stake in society, their attitude to society must be fundamentally changed. The one common factor in the history of recent years is that societies that get into that state very soon break down, as social cohesion itself breaks down.

Mr. Letwin: I agree profoundly with my right hon. Friend. When all has been said about the economic effects of the diminution of the savings ratio, the short-term effects of the encouragement of too much household indebtedness and the precariousness of our housing, that abiding social question is the most important.

The fact is that we cannot expect to go on having the kind of society in which we want to live if it is a society in which a large number of people approaching retirement look to those of working age to sustain them, thus creating a persistent tension between the two groups. We must have a society in which all of us, in our working lives, believe we have a reason to build for our retirement in due course, if we have the financial capacity. That is the way in which we can create social cohesion, and the way in which we can reward fairly those who make an effort to do the right thing. If there is one important thing about society, it is that it rewards those who try to do the right thing.

That is what we need to do, and the fact that the Government are doing the opposite will be their undying shame. I hope it is not too late for them to recognise that, and come round to our view on this critical matter. If that does not happen, we shall see persistently low savings, the corrosion of our society and long-term economic damage.

7.55 pm

The Chief Secretary to the Treasury (Mr. Paul Boateng): I beg to move, To leave out from "House" to the end of the Question, and to add instead thereof:

"believes that a strong and stable economy is the foundation of families' confidence in their own finances; notes that economic stability has delivered low and stable inflation, interest rates have been at their lowest since the 1950s, employment is at a record high and unemployment at its lowest since the 1970s; further notes that as a result households are better able to judge their long-term commitments as macroeconomic stability has reduced the risks to household finances of sudden and sharp rises in interest rates as seen in the past; believes that the Government has tackled the scandals it inherited and created a world leading system of financial regulation allowing people to save with confidence, simplified savings markets allowing people to make informed choices about what and how to save and taken action to tackle financial exclusion; recognises that most household debt remains affordable and that total interest payments are now 7.6 per cent. of disposal income compared with 15 per cent. in 1990; believes the biggest risk to household finances and consumer confidence would be a return to economic instability; and rejects the short-term boom and bust economic policies of the past that saw interest rates hit 15 per cent. and inflation hit 10 per cent. in which circumstances households had to save more to make up for the loss of value of their savings due to inflation and prepare in the event of becoming unemployed."

This Government have delivered an unprecedented period of stability and growth. Notwithstanding the doom and gloom that is the stock-in-trade of some—although, in fairness, not all—Conservative Members, this Government are confronting the demographic challenges surrounding provision for financial security in old age with vigour and determination. I hope that we shall be able to demonstrate that this evening to the satisfaction of the House. Indeed, I think my hon. Friends' interventions on the speech of the right hon. Member for West Dorset (Mr. Letwin) demonstrate Labour's commitment to savings, to pensions and to the importance we ascribe to sustainability, in terms of not just public but personal finances.

Mr. Hopkins: Will my right hon. Friend give way?

Mr. Boateng: I shall be only too happy to give way to my hon. Friend shortly. I saw him in action during the right hon. Gentleman's speech. However, I should like to have my little say first, if I may.

Those are real demographic challenges, and we are confronting them. We are creating the right incentives for saving, and extending the opportunities created by savings to those previously denied them. Nevertheless, there is no room for complacency. For most households, debt remains affordable. Interest payments currently amount to 7.6 per cent. of disposable income, compared with highs of over 15 per cent. in 1990, when the economy was under the stewardship of the Conservatives. Consumer confidence remains above its long-run average, reflecting sound fundamentals. Low inflation, and expectations of low inflation, mean that households are better able to make judgments about what debts to take on. As I have said, however, there is no room for complacency.

We have that in common with the right hon. Gentleman and, I hope, with all Members on both sides of the House. We accept that there are those who are not saving adequately for their retirement. Some 3 million are seriously under-saving, and between 5 million and 10 million should be saving more. The Government are addressing that, aiming not to tell people how much they should save but to enable them to make informed choices about retirement. Such informed choices are the bedrock of our policy.

Now I give way to my hon. Friend.

Mr. Hopkins: I merely wanted to reinforce my right hon. Friend's point about sustainability. Does he agree that a crucial component of sustainability is ensuring that consumer demand is kept at a sensible level so that the economy can continue to prosper?

Mr. Boateng: That component undoubtedly plays its part.

The contribution of the right hon. Member for West Dorset was a serious and informed one, although I disagreed with a number of aspects of it. It was interesting to hear the praise that he now affords to the monetary policy framework that my right hon. Friend the Chancellor put in place, and which has indeed delivered this long and sustained period of economic stability. In the Mansion House speech to which the right hon. Gentleman referred, that economic stability drew congratulations from the Governor of the Bank of England. Indeed, the Governor offered congratulations not just on the Chancellor's longevity, but on the

"successful pursuit of economic stability—not even Gladstone achieved such stability."

The cornerstone of that stability has been the monetary policy framework, which has delivered low and stable inflation. Central to that have been the role of the Monetary Policy Committee and the independence of the Bank of England. But the right hon. Member for West Dorset, who has shared his views with us this

[Mr. Boateng]

evening, voted against the creation of the MPC, and was opposed to giving independence to the Bank of England. As with a question of pronunciation—"Cecil" or "Cicil"—a vote of opposition remains a vote of opposition, and that is what we got from the right hon. Gentleman. I am glad that he has come round to our way of thinking, and I hope to persuade him this evening to come round just that little bit more, and to recognise what we are trying to do.

Let us consider the reality of higher savings in the early 1990s. The right hon. Gentleman referred to the period in which the Conservatives were responsible for the stewardship of the economy, and to the track record of Lord Lamont. To do so in the way that he did was a little surprising. It would not be uncharitable to say that Lord Lamont scared many people into saving, because they were aware of the consequences of the boom and bust period that I fear characterised the Conservatives' stewardship of the economy.

Mr. Hopkins: Is this the same Lord Lamont who sang in his bath when the economy was in the greatest crisis of the last three decades?

Mr. Boateng: I am not privy to what occurred in Lord Lamont's bathroom, save to say that it is undoubtedly true that while he was Chancellor, all sorts of ills and misfortunes were visited on our nation's economy. If my memory serves me well, the right hon. Member for West Dorset was then a young, up-and-coming tyro in Conservative central office; indeed, he may even have been at the Treasury at the time. He will correct me if I am wrong, but he certainly had a hand in matters and would want to have a hand in them again.

The reality was that in the 1990s, households—

Mr. Letwin: Will the right hon. Gentleman give way?

Mr. Boateng: Of course.

Mr. Letwin: Just to correct the right hon. Gentleman, I am flattered that he thinks me so young, but actually I left the employment of Her Majesty's Government some six years before Lord Lamont entered the Treasury. At that time, I pursued my business in the private sector, so I am very well aware of the problems to which the right hon. Gentleman refers. Is he seriously arguing that the savings ratio was as high as it was between 1979 and 1997 only because people were continuously scared into saving, and is he suggesting that he wishes now again to scare them into saving?

Mr. Boateng: I make no such point, but I do say that households had to save more to make up for the loss in value of their savings due to inflation, and to provide a cushion in the event of being unemployed. The right hon. Gentleman ignores the fact that the asset side of the household balance sheet today remains strong. Household net wealth, taking account of the recent fall in equity prices, is more than 50 per cent. higher than at the beginning of 1997. So this debate has to be placed in the framework of a thriving economy.

Britain's economy, alone among the major industrialised economies, has not only averted recession and continued to grow in every quarter for the past seven years; it has also had the longest period of continuous sustained growth for some 200 years. We have the lowest inflation levels for 40 years, interest rates have been at their lowest since the 1950s and we have the highest employment levels in our history. Again, there is no room for complacency, but economic stability, continuing economic growth and sound public finances do provide the best environment for savings, and for ensuring that existing levels of household debt are sustainable.

Mr. Letwin *rose—*

Mr. Boateng: I give way to the right hon. Gentleman.

Mr. Letwin: I am doubly grateful to the right hon. Gentleman for giving way again. I am glad that he thinks there is no room for complacency. Does he agree that there ought not to be, given that our growth rate is the lowest of the Anglo-Saxon economies, our productivity growth rate has gone down by a third, our savings ratio has halved, we have dropped from fourth to 15th in the international competitiveness league, Ireland now has a higher per capita income than ours, we have the largest trade deficit since the 17th century, and we are facing the very serious problem of over-inflated house prices?

Mr. Boateng: I really am sorry that the right hon. Gentleman adopts that approach. The reality, as he will recognise, is that the economic fundamentals of this country, in comparison with those of our partners and competitors, shine out as an example of what stability can bring and of what needs to be done to create jobs. Some 2 million jobs have been created since 1997, and Members from all parts of the House ought not to forget that it was the Opposition who told us that we would lose 1 million jobs as a result of introducing the minimum wage. That is the reality.

In 1997, we inherited the historical legacies of poor and ineffectual financial regulations, the pension mis-selling scandals of the 1980s and a lack of initiatives to educate and support consumers effectively. The right hon. Gentleman will understand, therefore, why we decline to take from the Opposition lessons on the virtues of saving and on our own supposed failures in that respect. In tackling that inheritance, we have created a world-leading system of financial regulation. That is not just our doing; it is the result of a partnership with the industry and with those who make, and who are responsible for the creation of, the wealth in the City of London and throughout the United Kingdom. The right hon. Gentleman really ought to pay tribute to that partnership.

We have overhauled the regulation of financial services, which led to the Financial Services and Markets Act 2000. We have set up a single regulator, in the form of the Financial Services Authority, to ensure that the market is properly regulated through a risk-based approach. Many other countries have now copied our successful, world-leading approach by establishing their own unified regulators, and we have created a single ombudsman and a single compensation scheme for consumers, ensuring that they have free access to redress and compensation. All of that was necessary to give people a sense of confidence in saving, and to create

the context in which our strategy for promoting saving and asset accumulation can succeed. It is founded on some important principles. Those principles address opportunity, security and responsibility, and I see no reason why they should divide us across the Floor of the House. We embrace those principles because they underpin the very notion of the welfare state. On the principle of opportunity, assets enable individuals to take advantage of opportunities throughout life and widen choice. On the principle of responsibility, the development of the savings habit promotes independence. On the principle of security, individuals can be assisted to accumulate a stock of financial assets for times of adversity. Those principles should unite us in agreement that they should form the basis of effective policy.

Mr. Hopkins: The right hon. Member for West Dorset (Mr. Letwin) listed the apparent problems of the British economy. He seemed to suggest that we should tighten monetary policy and raise interest rates, but would that not strengthen the pound, depress investment and make our balance of trade position worse, thus damaging the economy? Does my right hon. Friend agree that our policy of lower interest rates is more sensible?

Mr. Boateng: I certainly endorse our policy. Indeed, it would be rather alarming if I did not! I also cast doubt on the remedies proposed by the right hon. Member for West Dorset and some of his right hon. and hon. Friends. We would like to know a little more about those policies, how much they would cost and how they would be paid for. The right hon. Gentleman was remarkably reticent about that. I hope that he has had discussions with the hon. Member for Havant (Mr. Willetts), who has come up with a range of products that apparently are the answer to the problems that the right hon. Gentleman outlined. We look forward in the coming days, weeks and months to seeing the bill for some of the hon. Gentleman's proposals. I hope that the right hon. Gentleman can assure us tonight that those proposals have been costed and that he has approved them. He says, "Of course." In that case, he will no doubt tell us how much they will cost in due course, although the hon. Gentleman was remarkably reticent on the issue in his press release before tonight's debate. We will tease the details out in due course.

We are charged with the responsibility of encouraging people to save for their futures and of working with the industry so that it provides products that people can understand and trust.

Mr. Tynan: The Government should be praised for their economic record over the past seven years. However, one of the issues that we should address is the practice of the banks in sending offers of loans to individuals that make it very easy—especially for young people—to fall into debt. Do the Government intend to deal with that problem, which discourages saving and increases indebtedness?

Mr. Boateng: I know that my hon. Friend has taken an especial interest in that issue and I shall describe shortly several measures that my right hon. Friend the Secretary of State for Trade and Industry is taking and that he will find of interest.

We have developed a stakeholder product suite to ensure that consumers have access to simple, good value investment products, with increased incentives to save. The right hon. Member for West Dorset mentioned ISAs, which were introduced in 1999. More than 15 million people now have an ISA, with more than £130 billion subscribed. He should remember in his strictures to us that ISAs are supported by some £1.6 billion of tax relief for saving. The suggestion that we do not back ISAs with tax relief is not fair. ISAs have increased take-up of savings products compared with TESSAs and PEPs, for both low-income earners and the young.

On top of tax-free savings products such as ISAs, a 10p starting rate of income tax has applied to income from savings since April 1999, with a lower rate of 20 per cent.—rather than 22 per cent.—applying up to the basic rate limit. We are also looking at new ways of supporting savings, such as the saving gateway, through which the Government match the savings of low-income families up to a limit of £375. Initial indicators from an interim evaluation are positive.

In last year's Budget, the Government also introduced the child trust fund, which the Conservatives have criticised and the Liberal Democrats would axe. It is a ground-breaking initiative that will strengthen financial education, promote positive attitudes to savings and ensure assets for all children, regardless of family background. All children will receive £250 and children from poorer families will receive £500. The Government will also make further payments when the children reach the age of seven.

We are also taking specific steps to raise the level of consumer financial literacy so that consumers are empowered to make informed choices and manage their finances better. With the support and active involvement of the Financial Services Authority, we seek to ensure that, year on year, the scale, range and topicality of its public awareness work adds to that financial literacy.

We are aware of the need to tackle financial exclusion and we are taking steps to do so. In the Budget this year, we committed to continuing our efforts, working in partnership with the sector and with voluntary and community bodies to achieve dramatic reductions in the number of households without bank accounts and a significant increase in the availability of affordable credit for those on the lowest incomes. The right hon. Member for West Dorset is right to draw attention to the particular dangers of debt for those on low incomes. We all know from constituency experience of the ravages of loan sharks on some of our more deprived housing estates. It remains our ambition to achieve a step change in the availability of free debt advice.

I can tell my hon. Friend the Member for Hamilton, South (Mr. Tynan) in response to his question that my right hon. Friend the Secretary of State for Trade and Industry introduced a consumer credit White Paper in December last year, in which she set out a policy on tackling over-indebtedness, unfair lending practices and loan sharks. The next phase of that work will come later this month, with the publication of the DTI's strategy for low-income, indebted households. Real issues are being addressed with practical policies.

[Mr. Boateng]

The issue of pensions is a legitimate one for concern. The issues include longer lifespans, the level of pension saving, the complexity of products, and the number of people leaving employment too early and too suddenly. We are taking action to address those issues. We have introduced a Pensions Bill that sets out our proposals to renew the pensions partnership between the Government, individuals, employers and the financial services industry; introduces the pension protection fund; radically simplifies the taxation of pensions; replaces the eight current regimes with a single lifetime allowance on the amount of pension savings that can benefit from tax relief; and empowers individuals to make informed choices about working and saving for retirement, so that future pensioners receive the income in retirement that they are entitled to expect.

The Pensions Bill is being backed up by practical measures to bring home to people the reality of the situation that they may face. We will issue 1.6 million state pension forecasts to the self-employed by the end of 2003–04. We will be sending out 8 million automated state pension forecasts in 2005–06. By the end of that year, we shall ensure that more than 6 million people receive combined pension forecasts that give details of current private pension arrangements as well as state pension income. All that will contribute to greater awareness and understanding so that people can make informed choices. We believe that confidence in our occupational pension system must be restored and we have taken the necessary steps to restore it.

The right hon. Member for West Dorset made much in his remarks—as he often does—of changes to advance corporation tax. My hon. and learned Friend the Member for Redcar (Vera Baird) highlighted the issue, but unfortunately even after the right hon. Gentleman's responses to her questions we are no clearer as to whether he has any intention of reversing our actions on ACT. He had the opportunity at least to tell us that it features among his priorities, but there was not a word.

That is hardly surprising, however, because the hon. Member for Havant has already told us that the Conservatives have no intention of reversing the change. He made that clear in an interview in the *Western Daily Press*, in which he said, "I can't promise it". When he was asked about it by *The Observer*, he apparently said:

"Ah, er, erm, it's a good question."—[Hon. Members] What is the answer? My hon. Friends may laugh, but we have made some progress: we have gone from "I can't promise it" to "Ah, erm, it's a good question" to absolute silence. The right hon. Member for West Dorset is completely stumm—not a word, not a sound emanates from his lips.

We are entitled to know, however. What are the Conservatives' plans to help pension funds and to increase savings? First, apparently, they would let pension credit die—their words—despite the help it gives. Just an inkling that they recognise that it has helped more than 2 million people with modest savings would give some indication that the Conservatives live in the real world, in which practical measures such as the pension credit actually make a real difference to people with modest savings. It helps to create a different culture.

We know that the Conservatives would scrap the state second pension, with the result that millions of carers, disabled people and low earners would lose £43 a week.

Ms Keeble: Does my right hon. Friend agree that the Conservative proposals represent a shift from purse to wallet? Getting rid of the pension credit and the state second pension and putting the money into an increase in the basic state pension would hit women very hard, because only 14 per cent. of them qualify for the state pension through their national insurance contributions, despite the fact that record numbers of them work. Our policies seek to overcome the problem that their pension prospects are defined by motherhood and widowhood.

Mr. Boateng: My hon. Friend makes a fair point; she has long championed the cause of women in that regard. She knows that if one is serious about tackling poverty the best thing to do is to put money into the pockets of women. That is the way to tackle family and child poverty. Opposition Members must provide an answer for carers, disabled people and low earners and tell them what will actually happen to them in the absence of a second pension.

The Conservatives claim that they would introduce a new savings account, yet the right hon. Member for West Dorset has made it clear that he is committed to cuts of about £18 billion across the board. They tell us they will earnings-link the basic state pension, but we have heard nothing about how they would pay for it, and what we have heard is far from convincing.

We know that the Conservatives want to axe the new deal, but even the right hon. Gentleman has admitted elsewhere that after four years he would have to make some painful decisions in order to fund his commitment. We need some indication about just how painful those decisions will be and where the axe will fall. Who will actually have to pay for that policy? Or does the right hon. Gentleman agree with the pensions commentator who said that returning to the earnings link

"is not affordable and would not be well targeted"?

That particular commentator said those words on "On the Record", and now we have them on the record; he is the hon. Member for Havant. To pretend that their policy will not have a cost is disingenuous.

I have tried to outline a range of measures that we seek to take to deal with the problem. We recognise that that package of measures—about which we have talked during the debate and which includes financial education and access to secure, quality savings vehicles—has to be seen in the context of the overriding imperative of helping people off benefit and into work; to help make work pay and to provide affordable housing. All that would be put at risk if the Conservatives had their way, because they would axe the new deal and scrap the tax credits. They would scrap the very things that make work pay—that move people off benefits and into the world of work.

Ms Keeble: Will my right hon. Friend comment again on the fact that the Conservative programme would particularly disadvantage women? The child care tax

credit has revolutionised things for women; it pays their child care costs so that they can actually have choices about going out to work.

Mr. Boateng: My hon. Friend is right. *[Interruption.]* Ah, that is very interesting. Of course, I give way to the right hon. Gentleman.

Mr. Letwin: The hon. Lady made a very serious intervention about wallets, purses and pensions, and it is something with which we are wrestling, but, on her last point about the child care tax credit, I am afraid that she is completely up the spout. We have made it perfectly clear that we have no intention whatsoever of doing any damage to the child tax credit. *[Interruption.]*

Mr. Boateng: I give way to my hon. Friend.

Ms Keeble: I hope that the right hon. Gentleman will clarify his point about children's tax credit, child tax credit and the child care tax credit because, as my right hon. Friend knows, it is the child care tax credit, which pays about £105 a week for child care costs, not the children's tax credit, that has been so important. If the Opposition are prepared to give that assurance, that is great, and we will hold them to it as we approach the election.

Mr. Letwin *rose—*

Mr. Boateng: I give way to the right hon. Gentleman.

Mr. Letwin: I am grateful to the right hon. Gentleman for giving way, as it is rare for these debates to constitute a useful purpose, but this is one. What my hon. Friend the Member for Havant (Mr. Willetts) and I have made abundantly clear is that, although we believe that we need to raise the basic state pension and lift people off pension credit, as for the working life tax credits, including all those the hon. Lady describes, we have no plans to remove or diminish them whatsoever. My spending plans specifically provide for them to continue and for current and expected expenditure on them to continue.

Mr. Boateng: That has been a very interesting and informative exchange, and I am grateful to my hon. Friend and the right hon. Gentleman for that clarification. It is interesting how the hon. Member for Havant so often lets the cat out of the bag. We look forward to hearing what was said in tonight's much vaunted speech. I am interested in the fact that the Conservatives have gone back on what he said not so long ago:

"But most of all I want to end the ludicrous tax credit system Gordon Brown has introduced, which was a failed idea from the 1970s."

The Conservatives have now apparently changed, but I am not the slightest discomfited by that. The right hon. Gentleman said earlier that we might be discomfited by his support. I am not discomfited in any way, but I am very interested in it because it demonstrates the journey that Opposition Members have apparently travelled. We remain unconvinced because we know what their record was. We know that their sums do not add up, and we are determined never again to return to the boom and bust that characterised their stewardship of the economy.

We have strong fundamentals. We are making great strides towards improving the consumer credit and financial product markets. There is no room for complacency, but we are increasing incentives to save and improving financial literacy, and we have put in place a secure and stable environment to encourage savings. With that record and that assurance, I urge my right hon. and hon. Friends to follow me and my hon. Friend the Financial Secretary into the Lobby tonight, against Opposition Members.

8.32 pm

Dr. Vincent Cable (Twickenham) (LD): I broadly agree with the motion moved by the right hon. Member for West Dorset (Mr. Letwin) and am happy to support it. I am pleased that there has been some recognition of the scale and seriousness of personal debt. I have been banging on about it now for two years and was initially dismissed with some ridicule, so I am glad that it is now being taken further. I take the view that imitation is the best form of flattery. I therefore feel flattered that the right hon. Gentleman has taken up the issue and even more flattered that the Governor of the Bank of England now takes it seriously, too.

I wish to say a few words about pensions, because the right hon. Gentleman's comments raise many questions about his own proposals, which, frankly, rather worried me. Clearly, his basic point is right: there is a serious, fundamental crisis in the pension system. The data that have emerged in the past week reinforced that view. Statistical evidence shows that average pensioner incomes fell in the last financial year for which data are available—2002-03—because of falling annuity income and falling income from private pension schemes. The average pensioner income is currently falling in nominal terms before taking account of inflation.

The Office for National Statistics has also produced alarming figures on the collapse in contributions. The initial estimate was £76 billion a year. It is now down to £27 billion. That is the second revision. These are tricky numbers—they are difficult to get hold of—and they may be revised again, but it is clear that, because of the difficulties of occupational pension schemes, there is a collapse in contributions going into the system. All those things are building up difficulties for the future, and many of the explanations that the right hon. Gentleman gave were right, not least the massive disincentives in the benefit and tax system. I accept that the pension credit is a considerable improvement on its predecessor, but the effective marginal rate of tax is still 50 per cent., which creates a massive disincentive to save.

The right hon. Gentleman's basic conceptual approach on providing a solution to the problem is right, which is getting people out of means testing altogether. However, my mind started to boggle when he came up with what I thought was the proposal that all pensioners should be removed from means testing—

[Dr. Vincent Cable]

lifted above the means-tested level—and have their pensions earnings-linked simultaneously. That is an attractive idea.

Mr. Letwin: I understand why the hon. Gentleman found his hair starting to rise a little. Our proposal is progressively to lift pensioners out of means testing by progressively raising the basic state pension. If he thought I was saying that we would raise the basic state pension first to a level that would get all pensioners out of means testing, and then link it, he was misinterpreting my remarks. We are suggesting their progressive removal from means testing.

Dr. Cable: I thank the right hon. Gentleman for that clarification, which makes his proposals a good deal more affordable. Such changes would have to be very progressive and slow to be remotely affordable. I have done the sums myself, and lifting all pensioners out of means testing would cost about £13 billion a year. The proposals that he advanced on removing the new deal—there are arguments for and against that—and means-tested provisions would not come remotely near to meeting that sum, unless we were talking about a long and slow phasing-in process.

Mr. Letwin: As we seem to be following the tradition of having an interesting discussion, it is worth pointing out that we estimate that our proposals would lift the first million pensioners out of the means-tested benefit trap over the first Parliament. The system would be progressive and thus take some time to achieve its full effect.

Dr. Cable: If that is the case, I think that the right hon. Gentleman's suggestion may be quite similar to our proposals, albeit using a slightly different mechanism. It is possible to move in that direction if we consider a limited group of pensioners. If that is his proposal, it is less sensational than I thought, but more credible. If we want to get all pensioners out of the means-testing system in the long term, we must start to grapple with tricky ideas such as raising the pension age, which the radical pension reformers are talking about. I did not hear the right hon. Gentleman mention that, but such measures must be introduced if we want radical reform. We will have to wait to read the small print tomorrow to find out where this all leads.

The right hon. Gentleman framed the debate by considering whether there is a problem with personal debt—I agree that there is. Thoughtful interventions from Labour Members challenged whether that was the case and echoed several arguments that have been put forward in the academic community, especially, by people such as Professor Steve Nickell, who is on the Monetary Policy Committee. They ask whether there is a debt problem, so it is useful to rehearse some of the arguments, because although it is not altogether clear that there is such a problem, it is true that on a balance of probabilities, a serious problem is building up.

There are two key points to consider. The level of personal household debt as a measure of people's income is about 135 per cent. That figure has never been approached in recorded economic history, so we are considering a new phenomenon. People such as Professor Nickell argue that that is fine and that most people are coping with it in practice, as the hon. and learned Member for Redcar (Vera Baird) said. Few people, with the exception of low-income debtors, are defaulting on their debt, so most people are coping. Additionally, people say that the ratio of payments to income is not exceptional. However, that will be true only while interest rates remain close to their current levels, but all the evidence shows that there is now a movement towards significantly higher interest rates—I am not advocating that, but describing what is going on in the world. That is happening in the United States, it will probably happen in the European Union and it is certainly happening here. One need only look at what is happening in the forward markets, which expect interest rates to rise significantly and are factoring that into market expectations. Once interest rates move up by 1.5 or 2 per cent., many of the comfortable assumptions about the ability of debtors to sustain their repayments become very questionable.

There is another key point of the argument, which was put to me by the Chancellor when I first raised the issue in Treasury questions. We may complain about the debt, but on the other side of the household balance sheet there are some pretty juicy assets, so on paper things do not look too bad. The problem is that almost all those assets are in the prices of people's houses. One can take different views about whether houses are overvalued. Most of us are not qualified to pass judgments on that, but bodies that are technically competent to make such judgments, such as the International Monetary Fund, are extremely worried and are arguing that on most plausible measures house prices are probably 20 to 30 per cent. above what we would expect them to be on some economic test. Many others in the City see the problem as a good deal worse.

Were the correction to take place, there would be the problem of large numbers of people finding themselves in negative equity, which, as the hon. Member for Luton, North (Mr. Hopkins) reminded us, has occurred before. For those reasons, we must regard the problem seriously; there are high risks. The problem will not necessarily prove unsustainable, but the risks are mounting. The fact that the Governor of the Bank of England and his deputy have been so pointedly clear about the dangers should be a warning to us all.

What should be done about that in policy terms? What concerns me most is the vacuum of responsibility. When the Government came to office, they made what many of us felt was a sensible decision to subcontract monetary policy to the Bank of England. They also subcontracted regulation to the Financial Services Authority. Those were wise decisions, and the functions have been generally well executed by the bodies given responsibility. However, some big new problems are looming as a result. There are asset bubbles in housing and—potentially—in other things, and big problems of household debt, but it is not at all clear who is responsible for that.

Are the Government responsible, through the Treasury? Is the FSA or the Bank of England responsible? Indeed, who in Government is responsible for the issue of long-term savings, about which the right hon. Member for West Dorset talked? Is there a

Government policy on long-term savings? My hon. Friend the Member for Northavon (Mr. Webb) asked the Financial Secretary some time ago about the mandate of the Government agency responsible for national savings. The answer was that it did not include savings. He was told that it has other roles, but savings was not one of them.

What has happened in practice, and has happened over the past few weeks, is that the Governor has exceeded his mandate. There is nothing in his mandate that tells him that he is responsible for house prices and personal debt, but he has taken responsibility for that because no one else is doing so and because he can see the dangers. The problem is that he has only one policy instrument: interest rates. The danger of using interest rates to deal with such a scenario is that the British economy will become even more imbalanced.

One of the key trends in economic performance over the past seven years under this Government has been the extent to which the growth of the economy has been driven by personal consumption. There has been quite impressive and steady growth, but it has been driven by personal consumption and boosted by personal debt. Of the average 2.8 per cent. growth, 2.3 per cent.—about 80 per cent.—has been driven by personal spending. Trade has deteriorated—net exports have detracted from economic growth—and there has been little contribution from business investment. If interest rates are used to deal with the asset bubble in the housing market, the exchange rate will inevitably be pushed up, as the hon. Member for Luton, North pointed out, making it even more difficult to export and to compete with imports, and making investment even less profitable. As a result, the economy becomes even more imbalanced.

What are some of the other policies that the Government should be considering? I helpfully produced a 10-point plan, and shall make a few suggestions relevant to our debate. First, the Government ought to look at the structure of incentives for savings and investment. It is striking that there is no restraint on borrowing. If I go into a bank, I can see that the walls are covered with advertisements urging me to take out credit cards and additional debts. All the bank employees earn bonuses by pushing out more debt to their customers, but there is little compensating incentive for anyone to invest their capital. Indeed, if someone tries to invest a few thousand pounds they have to go through a complicated process of filling in forms with a financial adviser. Those procedural difficulties have understandably arisen from past mis-selling, but they have resulted in an enormous bias in the incentives system to borrow and not to invest. I hope that the Government, in their review of the Financial Services and Markets Act 2000, will consider and analyse the fundamental issue of incentives. Is there over-regulation of investment and under-regulation of credit provision?

Secondly, I urge Ministers to consider the important but neglected issue of payments insurance. If large numbers of people get into difficulties with their mortgage—they might not, but they might—insuring their payments will be an important safety net. There is a market for payments insurance, but it is unsatisfactory. The margins are enormous, it is provided by a handful of brokers and banks, and it is not taken up by most people. There is a lot of mis-selling—the institutions that promote the mortgages also promote the insurance—and there is little genuine competition. It is a classic example of something that calls for Government intervention—the Office of Fair Trading needs to look at the market and make sure that it works better—so I hope that they are persuaded to take an interest in it.

Thirdly, the right hon. Member for Hamilton, North and Bellshill (Dr. Reid) has touched on the issue of debt distress and people who are affected by loan sharking and comparable activities at the bottom end of the market. The paper produced by the Department of Trade and Industry makes some sensible suggestions, but the process of implementing them is slow, so it would be helpful if the Financial Secretary told us when they will come into effect. For example, there are sensible recommendations about stopping the ludicrous practice of penalising people for making early repayments, which would do a great deal to change the culture and encourage people to adopt a more prudential approach to personal finance.

Finally, to expand a debate that I had with the Financial Secretary about 18 months ago, the Government should develop their initiatives on financial advice—a subject in which she takes a personal interest. It should not be impossible to get the industry—the banks, insurance companies and so on—to set up, through a small levy, a national system of genuinely impartial personal advice. At the moment, it is difficult to get independent financial advice, because most advisers are tied to the industry, and the polarisation changes do not make their position any easier. A system of genuinely independent financial advice centres dealing with people before they get into difficulties, not afterwards, would go a long way towards easing people's anxieties before they enter into major financial contracts. The Government want to develop such proposals, but I can see little evidence of their doing so. Perhaps the Minister can reassure us that progress has been made on that agenda.

8.48 pm

Mr. Tom Harris (Glasgow, Cathcart) (Lab): I welcome the opportunity afforded by our debate to discuss personal debt and savings, a crucial quality-of-life issue that affects all of our constituents and probably every Member of Parliament. When things are going well and we have plenty of money—we have more savings than debt—everything in the garden is rosy. When, however, we cannot cope with personal debt, lives and marriages start to fall apart, which has a huge negative impact on wider society. It is therefore entirely appropriate to debate the matter this evening.

The Government have created a climate in which people feel secure about their finances. When interest rates are at an historic low, inflation is low and unemployment is low, it is inevitable that people feel a little more secure about taking out personal loans and credit cards. That is even more the case when they realise that the value of their house has increased substantially since they bought it, perhaps only a short time ago. In those circumstances, people will inevitably get into personal debt that they can manage.

That is a fact of life and we should not necessarily be afraid of it, but the corollary is that when unemployment is high, interest rates are high and

[Mr. Tom Harris]

inflation is high, as happened under the previous Conservative Government, absolute personal debt may be lower, but the ratio of personal debt to personal income is much higher. As my right hon. Friend the Chief Secretary to the Treasury said, that ratio is about half of what it was eight or nine years ago. It is now about 7.5 per cent. Although personal debt in this country has gone up, I believe, to more than £1 trillion, the crucial point, which we should welcome, is that that is largely manageable debt, compared with what it was in times of recession.

Norman Lamb (North Norfolk) (LD): I accept that the ratio of repayments to income is significantly different from what it was in the early 1990s, but does the hon. Gentleman agree that the trend is very much upwards? Many people predict that we will return to ratios similar to those in the early 1990s.

Mr. Harris: There is no denying that recently the trend has been upwards, but I am not convinced that it will become as unmanageable as it was in the middle to late 1980s, when the country was in an interest rate crisis. Thanks to the Government's economic management, interest rates are historically low. The hon. Member for Wycombe (Mr. Goodman) on the Conservative Front Bench smirks at such a statement. It is bizarre that Conservative Members cannot admit that interest rates are now a fraction of what they were in the 1980s and 1990s.

Mr. Swayne: I appreciate that the amount of debt to which people are exposed is much larger, as the hon. Gentleman says. Interest rate sensitivity is therefore much greater. A relatively small movement in interest rates—much smaller than in the period he refers to in the late 1980s and early 1990s—will have a disproportionate effect on disposable incomes. For example, a 2 per cent. increase in interest rates could leave people paying a quarter of their disposable income in interest payments.

Mr. Harris: The hon. Gentleman is right. A 2 per cent. increase in interest rates would effectively be a 25 per cent. increase in payments. Interest rates are low, so it is inevitable that a small increase has a proportionately bigger effect than in 1989, for example, when interest rates went up from 11 to 12 per cent., which was an increase of only one eleventh.

Mr. Paul Goodman (Wycombe) (Con): I apologise to the hon. Gentleman for smirking, as he put it. I was merely recalling that in the early 1990s, our membership of the exchange rate mechanism was supported by the then Government, the Labour party, the Liberal Democrats, the CBI, the TUC and the Church of England bishops, as far as I know—indeed, by everyone.

Mr. Harris: That was before my time. All I remember is that I was encouraged at the time by the reassurances of the then Prime Minister, John Major, to take out a five-year fixed-term mortgage on my new house at 9.9 per cent, one month before September 1992, and for the next five years was paying substantially more than I would have been paying had I ignored the advice of the then Prime Minister.

The point I want to make is not partisan and has not been referred to in the debate so far. On a number of occasions in the Chamber I have fulminated against the instant gratification society and blamed it for all sorts of things. It is informative to bring up the subject in this debate. We are all bombarded day in, day out with images of stuff—possessions, designer labels, new cars and houses—in advertising, on television, the internet and radio and in newspapers. Some people who see pictures of David and Victoria Beckham in the newspapers may want to buy clothes of whatever designer label the couple is wearing, from shoes to sunglasses. On some of the cable channels, such as E4 or Granada Plus, almost every single advert is for a personal loan. If it is not for a personal loan, it is for insurance.

It is hardly surprising that when children, who are subjected to such images of the fantasy lifestyle that we are told we can pick up off the shelf, find on leaving school that they do not have the income to buy into the lifestyle that they have been told by the media for many years that they can achieve, they take out loans and get credit cards or store cards. If they want to buy something, the idea of saving for it is anathema; it is an unknown idea. If somebody wants something, they get it. How do they get it immediately? They take out a loan. That is the culture in today's Britain. That is how we are being told to live our lives. There is no suggestion that we should ever save up to buy anything. We are always told, "Buy it now, as you can have it now; simply take out a loan." That is not a healthy attitude for us to adopt.

At the end of last year, the Government produced a White Paper, "Fair, Clear and Competitive", looking at reform of certain aspects of the consumer industry. I want briefly to refer to four suggestions in the White Paper, one of which has been mentioned by the hon. Member for Twickenham (Dr. Cable), who referred to the ending of punitive penalties levied in the event of a borrower wishing to pay off a loan early. Sadly, the practice continues whereby banks and lenders put all the interest for a loan up front, even if it is a three or four-year loan, so that in the first six months or so when one is paying it off, one makes no impact on the capital. If somebody feels after six months that they can pay off the next two and a half years of the loan, they will find that they have to pay off all the debt, and that all that they have done so far is pay interest. That appalling practice takes a number of people by surprise who find themselves in the lucky position of being able to pay off a debt early.

The White Paper proposes that the rules on advertising should be changed to ensure, for example, that the annual percentage rate offered by a particular company has more prominence than other information about that company. That will be welcomed by anybody who wants to make a genuine comparison between the different products on offer. Another proposal is to introduce a standardised way to calculate the APR. Thank goodness for that. If a gun were put to my head and I was told to explain how an APR was calculated, I could not do so. When the White Paper was published, I was astonished to find that there is more than one way

of calculating the APR. I cannot understand how the industry has managed to survive to date without a standardised form of APR, and I am delighted that the Government are now looking at ways of standardising it.

All those proposals will be especially welcomed in my constituency. In Castlemilk, for example, there is a shop that has, for many years, put on sale products and advertised hire purchase agreements with extortionate interest rates that are well beyond what anybody would expect even from the most notorious store card. It advertises those rates of interest not because its target audience and clientele can afford to pay them, but because it knows that they cannot afford them and that there is money to be made from getting people into debt to the point at which they cannot afford the repayments. For the sellers, that can often be a win-win situation, but for the ordinary people who are trying to make the payments, it is almost always a lose-lose situation. Another example, which a constituent brought to my attention, recently appeared in a local paper in Glasgow. It concerned a company that sold second-hand personal computers, and the repayments on its loans were structured to attract people who would not normally obtain credit from outlets such as PC World to buy a brand new computer. Such people prey on the most vulnerable and poorest people in our society, and I am glad that the White Paper will combat that practice.

Vera Baird: My hon. Friend's reflective speech makes me think what a bind such companies get ordinary people into. He made the strong point that the charges for paying off a debt early are onerous, but one also incurs onerous charges if one makes a late payment. If one does not toe the consumer credit companies' line, one gets oneself into deeper and deeper debt.

Mr. Harris: My hon. and learned Friend is right. We could have a full day's debate on the various sharp practices used by banks and lenders, and perhaps we will have such an opportunity. Banks are not slow to penalise people for making late payments, but they are not particularly quick to come forward when they make a mistake—but that is a separate debate, Madam Deputy Speaker.

Many people do not save enough, and far too many people save nothing at all—I suspect that it has always been thus, and it has certainly been thus in recent history. The Opposition blame the Government for those ills.

Mr. Swayne: Quite right.

Mr. Harris: The hon. Gentleman is a partisan fellow, and he has his opinions. It is difficult for the Conservative party to blame the Government unless, of course, it turns a blind eye to some salient facts: it is difficult to cope with a large debt if interest rates are 10 or 11 per cent., as they were under the Conservative party; it is difficult to cope with a large debt if unemployment is more than 3 million, as it was under the Conservative party; and it is almost impossible to manage a large debt if inflation is in double digits, as it was on a number of occasions under the Conservative party. This Government have done more than any previous Government to encourage people on middle and low incomes to save, and they have done more than any previous Labour or Conservative Government to provide economic circumstances in which saving is not only a financial necessity, but a bonus that allows people to prepare for the rest of their lives.

9.3 pm

Mr. Mark Hoban (Fareham) (Con): The debate is important, and I support much of the analysis outlined by the hon. Member for Glasgow, Cathcart (Mr. Harris).

It is easy to be puritanical about increased consumer debt, which is approaching £1 trillion. It is also easy to criticise people who take out store cards, credit cards and personal loans, but who can blame those people when some of today's circumstances encourage them to do so? Factors such as low interest rates on savings and rising house prices lead people to ask, "I have got more money and more wealth; how can I best use that wealth?" However, the seeds of economic uncertainty for not only individual households, but the economy as a whole lie in the sense of increasing affluence and the ability to service higher debt, which is the point that I want to discuss this evening.

Hon. Members from both sides commented that lower interest rates allow people to service greater debts, and households are gearing their debt to reflect the lower cost of servicing it. The debt-to-household-income ratio is 140 per cent., which is one of the highest levels ever. People can service that debt at the moment. They are gearing up—borrowing more—because of the low interest rates.

People are optimistic about their future; they are prepared to continue to take on extra debt if they believe that the economy is stable, that they will stay in employment for the foreseeable future and that interest rates will be low. Moreover, if they sense that their personal wealth is increasing, they will start to borrow more. Equity in a house was previously viewed as an intangible asset that was difficult to realise without selling the house and downsizing; nowadays, it is realised in many different ways. My right hon. Friend the Member for West Dorset (Mr. Letwin) cited the increased use of retirement income schemes, which take out equity from a house to provide income for retirement. That was also mentioned by my hon. Friend the Member for New Forest, West (Mr. Swayne).

Another factor in the rise of the borrowing culture is the decline of the savings culture. Returns on savings are low. The FTSE 100 has barely moved during the past seven years, whereas stock market indices in other leading economies have gone up. We have already heard about the £5 billion raid on pension funds. We must also consider the rigidity of certain savings products: for example, it is very difficult to access one's pension fund before retirement; and if one takes money out of an individual savings account to meet a short-term financial crisis, one loses the tax relief on one's savings.

Some people are having to shoulder higher levels of debt at the start of their career. I do not wish to make partisan points about the level of student debt, but it is clear that top-up fees will saddle students with more debt that they have to pay off over a longer period, so they will not have the free cash available to put money

[Mr. Mark Hoban]

aside for a pension or to save for the deposit on a house. The pension credit has a particular effect on tomorrow's pensioners' incentive to save.

On current returns, the structure of the savings market encourages people to borrow money instead of saving for the future. That sows the seeds of several economic problems. First, strong borrowing for personal expenditure adds to the volatility of the economy. If people perceive the economy as continuing to grow, they will continue to borrow on the assumption that their income will increase in future and they will be able to service the debt from it. One of the Bank of England's most recent inflation reports included a very good chart that showed the strong correlation between the increasing level of equity withdrawal from houses and household consumption: as people took more equity out of their houses, they spent it on a new car, a holiday, or a new kitchen or bathroom. People have started to borrow out of their principal asset—their house—to fund future consumption. Once they start to lose confidence in the future of the economy, they will borrow less, and consumer expenditure, which has been one of the main drivers of the economy over the past few years, will start to come under pressure.

Secondly, people have re-geared their debt to reflect low interest rates, which mean that they can afford to borrow more. Because of the significant increases in house prices, people borrow ever-higher multiples of their income in order to be able to afford to buy a new house. When I first bought a house, the maximum multiple was three times one's salary; now it goes up to four or five times one's salary. Such a high level of borrowing increases the volatility exposure of households to high amounts of debt. My hon. Friend the Member for New Forest, West expressed that eloquently in an earlier intervention. If interest rates are 5 per cent., a rise of 1 per cent. would increase the interest cost by 20 per cent. If interest rates are 10 per cent., a 1 per cent. rise would increase the debt service cost by only 10 per cent.

Mr. Tom Harris: Perhaps I did not address that point fully when the hon. Member for New Forest, West (Mr. Swayne) raised it with me. Although an increase of 1 per cent. is a large proportional increase, does the hon. Gentleman accept that the actual net increase in pounds per month would be exactly the same as the increase if interest rates were even higher?

Mr. Hoban: The hon. Gentleman needs to be careful because although there is an interest rate, we should not forget that people are also borrowing more. A repayment element therefore needs to be taken into account. Borrowing more means repaying more as well as paying slightly less in interest.

Mr. Gummer: If one borrows when interest rates are low and house prices are high, without considering that house prices might not continue to rise but that interest rates could, one finds oneself absolutely out of kilter. That does not happen if house prices have ceased to increase so quickly or interest rates have been reasonably high for some time and one has made a decision in the context of high interest rates. It is a question of when one makes a decision and in what context.

Mr. Hoban: My right hon. Friend makes a powerful point. People who borrow when interest rates are high benefit significantly when they fall. Much of the increase in disposable income is a consequence of that. When the reverse happens, and one borrows on the assumption that low interest rates will continue for some time, but they rise significantly, disposable income, after taking account of interest payments, begins to diminish. Such matters lead to volatility starting to creep into the economy. People gearing up debt present a risk to both their personal finances and the economy. As people increase the amount of interest that they pay on their debt, they will be forced to reduce their personal consumption to keep their books balanced, and that will have an impact on the wider economy.

The deputy governor of the Bank of England summed up the matter neatly when he said in March:

"Since there are, at present, relatively high levels of debt and these are rising faster than income, it is likely that potential vulnerabilities from increased gearing are rising . . . And we know from experience that unexpected shocks from one source or another can upset individuals' predictions and behaviour."

My right hon. Friend the Member for Suffolk, Coastal (Mr. Gummer) referred to those shocks when he mentioned the changes in the economy that force up interest rates. We should be mindful that we are considering not only straight economics but people's lives and that personal debt has a huge impact on all our constituents.

In my constituency, the citizens advice bureau said that, according to its referrals, in 2002–03 the average debt was approximately £11,500, whereas in 2003–04 it was £17,000. That shows some of the vast personal debt that people are incurring. We are therefore presented with a difficult position and the hon. Member for Luton, North (Mr. Hopkins) picked up on that when he probed Government and Opposition Front Benchers about interest rates.

The Monetary Policy Committee of the Bank of England is in a difficult position. Interest rate increases are significant and could lead to a hard landing for the economy as people cut their spending to meet high borrowing costs. Small increases in interest rates, however, might not send the right signals to consumers, and the house price increases might continue, forcing people to borrow more money so as to be able to afford a house. A difficult dilemma faces the Monetary Policy Committee; it has to get the interest rate right both in terms of controlling inflation in the short term and in regard to the longer-term implications for house prices, consumer debt and the long-term structural stability of the economy.

One might ask what the Government are doing in this regard. In an interesting article published last month, Ros Altmann, a Government adviser on pensions, wrote:

"The UK economy's remarkable recent performance has been supported by a housing boom and government spending on job creation in the public sector. Is this all part of the Treasury's plan? Rising house prices have a positive wealth effect, increase consumer spending on housing-related items and fuel sharp rises in borrowing, all adding to short-term economic strength."

That is the view of someone who advises the Government.

This is how we come to understand the nature of the economy. If we continue to fuel short-term growth—and as long as the economy continues to grow, and interest rates and unemployment remain relatively low—borrowing may well be sustainable. However, we cannot rely on a positive view of the economic outlook by the Government. Steps have to be taken to introduce stability into the economy. That is why we need stronger incentives for saving, not only for retirement but for the pre-retirement period. We also need less rigidity in the savings products that are available and encouraged by the Government, if we are to encourage more people to save. If we do not have the counterbalance of savings in the economy, the threat that borrowing poses to the stability of the economy in the medium to long term is significant. That is a challenge that the Government have yet to grasp, but my right hon. Friend the Member for West Dorset demonstrated in his opening speech that the Conservatives certainly have grasped it.

9.17 pm

Vera Baird (Redcar) (Lab): A generation ago, Britain was a country in which debt carried a stigma and borrowing was known as living beyond one's means. Now, however, personal borrowing has risen to £1 trillion. There has been a profound cultural change, and the key to that is our affection for home ownership. As many hon. Members have said, 80 per cent. of the £1 trillion consists of mortgage borrowing, but the impact of the housing market boom goes much wider than the headline figure. Many people have seen the value of their home double in the last five years. People who were never asset-rich before have become so, probably faster than at any time in history. At the same time, with low interest rates, low inflation and low levels of unemployment nationwide—although not throughout all the regions—it is cheap to borrow.

Low interest rates also fuel the notion that it is not profitable to save. I have never been entirely sure whether that is right, because inflation—which fuels higher interest rates—makes savings look attractive, but if they are fuelled by inflation, their benefits are wiped out. However, it looks as though it is not worth saving at the moment, and that illusion is widespread. Lenders, too, have obviously become—let us put it generously—flexible, but as long as everyone agrees that credit is being used as a tool for financial flexibility in a manageable way, it is part of economic growth. It creates employment in the service sector and contributes to gross domestic product, and our economic performance has outshone that of France and Germany recently.

I listened to a commentator from Ernst and Young on the BBC recently. I was impressed that the hon. Member for Twickenham (Dr. Cable) gets his views from professors; I listen to the BBC. That is the best I can do. The spokesperson from Ernst and Young made it clear that, without the explosion in borrowing, UK growth rates would have been much lower, the UK economy would have been much smaller, and the corporate sector would have been less profitable. There would also have been fewer jobs without the impetus of personal borrowing. There seems to be consensus among financial commentators at the moment that people are in the main still servicing their debt reasonably comfortably because of low interest rates, but I accept that, as hon. Members on both sides have pointed out, it does not take much of an interest rate change for that to become a problem.

However, there is an historical point. Capital Economics, quoted in a *Money Observer* article that I read recently, cited the fact that from the late '80s, long before economic gearing started to peak—we have talked about the levels of economic gearing tonight—people in households took action to cut their debt. It has been shown that the recent increases by the Monetary Policy Committee are having an effect on mortgages. Secured lending rose by only £8.5 billion in May, which is the lowest increase for nine months and down from an increase of £9.2 billion in April. So, one hopes that people are reading the signs as they come and that there will not be any real developing crisis.

A MORI Market Dynamics poll recently referred to the fact that thousands of pounds of credit card debt are in the hands of people it calls convenient controllers—that is, by and large, people who cope with paying off their balance every month. Only about 5 per cent. of card holders are classified as spiralling debtors with large debts relating to their income. It is right to point out, however, that the Consumer Credit Counselling Service says that 5 per cent. represents an enormous number of people. With 61 million credit cards, that is likely to be true.

I want to point out some oddities that presented themselves to me in recent days as I reflected on this debate and which have perhaps pushed people towards borrowing rather than saving.

Mr. Tom Clarke (Coatbridge and Chryston) (Lab): My hon. and learned Friend's analysis is absolutely correct. One wonders whether Opposition Members are amazed, and even perplexed, by the fact that the figures she has given on inflation, interest rates and the rest have all been achieved under a Labour Government. Perhaps it is difficult for them to come to terms with that.

On the specific issue of credit cards, does my hon. and learned Friend agree, on the basis of constituency experience, that many people are deeply worried about the increase in credit card fraud? Therefore, should we not quite properly be addressing it?

Vera Baird: My right hon. Friend is correct. People are very concerned about credit card fraud and about identity theft, which can go beyond credit card fraud. It is a most serious issue indeed. There are, of course, steps that the Home Office is countenancing now to try to make clearer what people's identities are in the hope of at least partly combating that issue.

May I return to credit cards specifically and some oddities between pressures that push people towards saving or push them towards taking credit? A number of people have said to me in the last few days that having a savings account in a bank for several years does not help a person to get a credit rating—particularly not a young person, apparently. Getting a credit card does help a young person to get a credit rating.

In addition, people who go to buy a car in cash are told that they should borrow the money if they want a discount, because cash purchases are no use to the

[Vera Baird]

salesperson. Discounts are available only for credit. I recall that there used to be discount for cash, but it seems that the clear message now is that there is no point in saving up for a car because people who do so will not get as good a ticket price as they would if they borrowed the money.

Whether those factors play a role it is hard to know, but it is hard to suspect that they do not. Of course, inequity has come into play. The pattern is that the lower the person's income, the higher the interest charged, together with, as my hon. Friend the Member for Glasgow, Cathcart (Mr. Harris) said, penalty charges for being late by a day and penalty charges for paying debt back a few days early.

Over-indebtedness is a real problem for people on low incomes and it can result in significant costs—health problems, depression and deterrence from moving into better employment leading to homelessness. There are 3 million households in arrears with credit repayments on household bills and problem debt is primarily concentrated in low-income and other socially excluded groups. For example, 57 per cent. of over-indebted households have an annual income of less than £7,500.

Of course, low-income groups also experience the most directly serious debt—priority debts—such as utility and council tax bills, which are likely to result in eviction, imprisonment, disconnection or repossession. High repayments also leave people with little disposable income. According to the Office of Fair Trading family expenditure survey, in this day and age, 5 per cent. of the poorest decile spend 90 per cent. of their income servicing debts.

The debt problems of the lowest group are not caused primarily by irresponsible money management. Mostly, people on low incomes have reasonably sophisticated budgeting skills—I suppose that, by necessity, they must have. In most cases, initial triggers for debt are life events: losing a job, moving in and out of work, separating, becoming ill, developing a disability, having children, or being on a long-term low income. One in five households in arrears or financial difficulty attributes it to redundancy, and one in seven people cites living for long periods on a low income as the cause. Those are the kinds of people whom Redcar citizens advice bureau deals with. Last year, 42 per cent. of the 23,500 issues that came before it related to debt, and it has dealt with approximately £2.5 million worth of debt.

In addition, the community legal service partnership in Redcar has found a high need for debt and money advice in the borough. It now has a money advice worker who has dealt with 100 clients over the past financial year and debts totalling about £1 million. Apparently, the average debt is around £10,000, and that partnership too finds that the reasons why people get into debt tend to be life events and not mismanagement. It points, however, to a number of features that exacerbate the situation—for example, the fact that debt is easily accessible. In particular, once into debt, people get another debt to pay off the last one, and again and again.

Problems are apparently encountered with the commercial side of debt advice, in which individuals tend to be recommended to consolidate their debts into a personal loan, which will have "a lower interest rate", but which will go on for very much longer, and therefore, in the end, be very much more costly to service. In particular, people get talked into secured personal loans, which will not only increase the amount that they will have to pay back over the years but put the roof over their heads at risk if they are unable to make the payment. I was shocked to find that there are commercial debt counsellors who charge for debt counselling. I was completely unaware of that. Happily, free services are provided through the CAB and National Debtline, although it is a moot point whether those are sufficient.

A further problem is that 41 per cent. of adults on Teesside have numeracy and literacy problems, which feeds the problem. People do not understand contracts, do not know how to choose the best deal, and do not understand what APR is, although, as my hon. Friend the Member for Glasgow, Cathcart (Mr. Harris) said, which one of us does? Furthermore, they do not know what the term "interest free" may mean, as, again, many of us do not. Addressing adult numeracy and literacy problems will help people to have greater financial understanding. Redcar CAB does some proactive work in schools and at Sure Start venues, where it tries to teach people how to avoid debt from as early as 15 or 16 years of age, which, I would imagine, is the type of work that the Government would like to encourage even further.

I want to mention only two things that the Redcar CAB and the welfare advice department are concerned about, because their effects are capable of making matters worse. Under changes to income support from January 2005, no amounts will be provided under it for children, and claimants will be moved on to child tax credit to support their children. That means that some people will be lifted off income support, even though they will not get any additional money paid to them. As a result, they will stop being passported through to the social fund, although budgeting loans and community grants are important to enable people to buy large items that wear out, such as washing machines. The question is: if people are no longer able to access the social fund, what will that do to families who are currently struggling and just managing to hold off debt? In addition, the new working tax credit, which of course aims to help low-income workers with children, is perhaps a tad unresponsive to changes in the household, such as someone going sick, or someone leaving the household, as it is based on the last year's income. Many people in the Redcar area who suffered overpayments through no fault of their own are having to repay from this year's award.

I know that the Government, who are very concerned about these issues, will want to consider those two potential problems, and decide whether they are likely to have an impact or whether there is already a solution to them.

I do not believe that the current levels of borrowing constitute a crisis, or are seriously damaging at the moment. I think that we can take it easy in the short term, although we must not be complacent. For a narrowing band of society, however—the poorest—there is a serious debt problem, and where debt has its impact in that sector it is very severe.

Let me say a quick word about pensions. If the basic state pension were increased to pension credit level, that would do no good to the 87 per cent. of women who have no basic state pension. Their pension credit would be wiped out pound for pound. It would benefit only the more affluent pensioners whose savings take them well above pension credit level, most of whom receive occupational pensions. That would clearly be regressive in terms of income distribution, but above all it would be deeply sexist.

Mr. Letwin: What does the hon. and learned Lady make of the 1 million pensioners who are entitled to pension credit and do not take it because of its awesome complexities—including, of course, many hundreds of thousands of women?

Vera Baird: As I am sure the right hon. Gentleman knows, the figures show an improvement in take-up of pension credit. He must also know that the application forms have been made much more strikingly similar to others. The Pension Service's telephone responses are being praised by all those in my constituency—I have mentioned them—who help elderly people with means problems. The right hon. Gentleman is barking up the wrong tree.

Mr. Tom Harris: If some pensioners believe that the forms are too complicated, might that not be at least partly because every time a Conservative MP goes on television to talk about pension credit he or she never misses the opportunity to perpetuate the myth that they are far more complicated than they are?

Vera Baird: My hon. Friend makes a powerful point. It is time the Tories stopped saying how hard it is to obtain pension credit, and started to encourage a few more elderly people to claim it.

I hope the right hon. Gentleman takes my point that his proposals to alter the basic state pension are profoundly sexist, and will certainly not appeal to female voters.

Mr. Goodman: The hon. and learned Lady overestimates our influence if she believes that we are responsible for the present non-take-up rate of pension credit, which is 40 per cent.

Vera Baird: I would not dream of overestimating the Opposition's influence. I do not believe that they have a great deal of influence, or that they have exercised much of it tonight.

I look to the right hon. Member for West Dorset to explain how it is possible to advocate what he has advocated tonight in regard to basic pension increases without being profoundly sexist, as well as redistributive in a regressive way.

9.34 pm

Mr. John Gummer (Suffolk, Coastal) (Con): I refer the House to my declaration of interests, and particularly to my independent chairmanship of the Association of Independent Financial Advisers.

I wonder how we have managed to talk about mortgages for a whole evening without mentioning the shortage of homes. There is another issue besides the price of a mortgage—the issue of supply and demand. One of the reasons why house prices have risen so sharply is the Government's failure to ensure that enough homes are built, and enough land released on which they can be built. But we in this House must be careful not to take the doom and gloom view that everything is bound to get worse, nor to adopt the unbelievably self-congratulatory attitude of the right hon. Member for Brent, South (Mr. Boateng), who introduced the Government's case. There ought to be something in between, and that is what the Opposition are trying to underline.

The simple point is this. It is not surprising that concern exists if the very high level of debt is based on the belief that interest rates will for ever remain low, or if such debt is being forced on people because of a shortage of homes, and they are pushing up the proportion of income that they are prepared to risk in such circumstances, simply to get a roof over their heads. Such concern is indeed what the Opposition are expressing. In doing so, we are not being party political, for this is precisely the concern that the Governor of the Bank of England has expressed, as have many independent and largely left-leaning commentators.

Our concern is increased because of the Government's complacency. Have they read their own alternative motion? It is the most self-congratulatory and complacent statement of the situation that one can possibly have read—a fact that should concern us all. The second worry is that huge disagreement exists within the Government, with the Chancellor on one side and a whole range of people from different elements of the Government on the other. This is, after all, a Chancellor who is at odds with the Governor of the Bank of England. This Chancellor thinks that he can do better at solving the housing problem than the Office of the Deputy Prime Minister. Most people think that, but this is a very curious situation. Two major offices of state have publicly announced different ways of solving the housing problem, and both are pushing forward their ideas in total contradiction of each other. The Chancellor has also fallen out with the Department for Environment, Food and Rural Affairs over how we are to deal with housing and planning issues.

All those issues feed into the considerable concern that we must feel at the fact that the level of debt is based on the Micawber-like principle that everything will be okay because interest rates are not going to rise. Well, they will not rise very fast, but I certainly do not want this nation to be dependent not only on interest rates not rising, but on the value of houses not falling—for that, too, is a major issue. I doubt whether there will be a collapse, but it will be avoided not because of the Government's management of the economy, but because of the shortage of houses. There is now huge pressure on the system in terms of supply and demand. Some 58 per cent. of the new homes needed are needed by those whose marriages have broken up. The deposits that such people can put down are significantly larger than those that first-time buyers can put down. Such factors complicate the situation, but the Government have not properly considered them.

I would not be proud of a record that shows that per capita wealth in Britain is now lower than that of the Irish, much as I like and am enthusiastic about the Irish,

[Mr. John Gummer]

and much as I am pleased that the European Union has improved Ireland's economy, as it has done in many other cases. That is a great achievement that Britain never managed, and it is another good reason why we should be extremely pleased to be part of that organisation. But it is important to point out that this Government do not make that comparison, and the reason why is that they have presided over an economic policy that has made it more difficult for business to thrive, thanks to the restrictions that they have placed on it. Nor would I be enthusiastic about defending a savings rate as low as we see today.

It was difficult to follow the Minister's argument, because he essentially said, "We have done this, that and the other, and we have done more and extra, to try to encourage saving, but people have ceased to save." We have done everything for them, and we have a wonderful committee—on which I sit with the Financial Secretary—to educate people, but the savings ratio continues at a very low level. Indeed, it is much lower than it safely should be.

I return to the point made by my right hon. Friend the Member for West Dorset (Mr. Letwin). A society that does not have a relatively high savings ratio and in which savings—large and small and across the social structure—are not considerable in proportion to the assets and earnings of individuals is a society that in the end destroys its own cohesion. A safe society is one in which each individual has a real stake in their future and knows that when they save they are contributing to the improvement of that future. A society that makes it better not to save is a society that removes from people that important social asset of a commitment to order, progress and security. Societies that have ignored that have ended up in political disorder, have destroyed their progress and have removed their security. History is a hard teacher on that issue, and this Government have done much to undermine this society.

9.41 pm

Mr. Paul Goodman (Wycombe) (Con): That was a very fine speech by my right hon. Friend the Member for Suffolk, Coastal (Mr. Gummer). It was a fine contribution to what has been a good, serious and reflective debate. It is worth saying that debt is not always bad, and indeed that point was made by my hon. Friend the Member for Fareham (Mr. Hoban). Firms must often borrow to invest and people must often borrow, for example, to improve themselves, their homes and their lives. None the less, the facts on debt are extremely worrying, and the hon. Member for Twickenham (Dr. Cable) made a fair attempt at trying to establish just how worrying they are.

Lending to individuals has almost certainly now broken through the £1 trillion barrier, so it has soared. The facts in relation to saving—a point on which my right hon. Friend the Member for West Dorset (Mr. Letwin) dwelt at some length—are alarming. Between 1998 and 2003, the savings ratio was never higher than 6.7 per cent. In the previous seven years, it was never lower than 9.3 per cent., so saving has fallen sharply. It is around the two polarities of debt and saving that this debate has turned.

According to the family resources survey, 27 per cent. of households have no savings at all and a further 23 per cent. have savings of less than £1,500. The Bank of England's chief economist has noted that the gap between what British households should be saving to ensure a comfortable retirement and what they actually save is £27 billion a year. Unsecured personal debt is now £172 billion, or more than £500 a person. What does all that mean for homeowners and for the vulnerable? The latter group includes some homeowners, but of course not by any means all of them.

According to the Council of Mortgage Lenders, a household with average earnings, average mortgage and average levels of unsecured debt now uses 34 per cent. of its income to service that debt. According to Capital Economics, a 1 per cent. rise in interest rates would take the gearing on that debt to just over 24 per cent.; a 2 per cent. rise would result in households paying just over a quarter of their income in servicing debt; and a 3 per cent. rise would raise that figure from a quarter to 28 per cent. Indeed, as we have heard from the Governor of the Bank of England, house prices are

"well above what most people would regard as sustainable in the longer term".

The trend of rising interest rates has the potential—I put it no more strongly than that—to damage the lives of millions of homeowners who would be hit if the Government won a third term, a prospect that is looking increasingly unlikely given the damaging combination of interest rate rises and Labour's third term tax rises, to which my hon. Friend the Member for Fareham alluded. Of course, there is always the risk of the transfer of debt to the next generation.

None the less, I want to assume, for the sake of argument, that the Council of Mortgage Lenders is right to say that

"current . . . levels of debt are clearly an issue, but they are not as dramatic in the secured sector as in the unsecured sector".

I want to assume that the council is right, because although most home owners may be able to endure the debt culture, there can be no doubt that the poor and the vulnerable—a group that includes some home owners—cannot endure the debt culture. That group of people is losing out, as the hon. Member for Glasgow, Catheart (Mr. Harris) reminded us in his interesting speech, so I shall turn to their plight.

The debt to income ratio is highest in the poorest households; it doubled between 1995 and 2000. Forty-two per cent. of families with a new baby are in arrears, as are 48 per cent. of lone parents and 53 per cent. of recently separated couples. Over the last five years, inquiries to citizens advice bureaux rose by 46 per cent.

The Council of Mortgage Lenders said:

"There are some signs of financial pressures building in the unsecured sector. Recent trends in consumer credit appear to suggest that the debt position of a significant minority of households leaves them vulnerable to default."

We believe that the Government's White Paper does nothing substantial to help that group. It does not address the growing failure of people to save. It does not address the growing problem of the debt culture and it contains no significant proposals on education, savings or alternative sources of finance. As my right hon.

Friend the Member for West Dorset said earlier, that is why the Conservative party has set up a commission to report on debt and savings. The debt commission will be independent of the party and will report later this year. It will be chaired by the distinguished figure of Lord Griffiths of Fforestfach, who was of course head of the Downing street policy unit when Baroness Thatcher was Prime Minister—*[Interruption.]* Before Labour Members work themselves into paroxysms of wrath, I remind them that Lord Griffiths is an adviser on third world debt to the Chancellor of the Exchequer, so they should not laugh too loudly, because the Chancellor, who is a very influential man these days, as the right hon. Member for Hartlepool (Mr. Mandelson) reminded us recently, might hear them. The members of the commission include the Right Reverend James Jones, the Bishop of Liverpool and Keith Tondeur, the national director of the money education charity, Credit Action.

The commission is charged with finding ways of relieving the debt burden and of reviving the savings culture and will examine ways of improving education and saving. However, we do not believe that the Government have to wait for Lord Griffiths before acting to slow the debt culture and to revive a savings culture, because one fact is clear: there will be no savings culture if three quarters of all pensioners end up on means-tested benefits, and that is exactly where we are heading. Half of all pensioners are already on means-tested benefits. By 2025, three quarters of them are expected to be on means-tested benefits. In short, 4 million pensioners will have to reveal all the details of their personal financial circumstances to a Government official so that he or she can determine the total income they should have.

Means testing not only increases dependency and decreases dignity but also destroys saving. The Government's mania for means testing is throwing their pensions strategy into chaos. Ministers have declared that they want to shift the pensions balance; they want 40 per cent. of pensioners' incomes to be funded by the public sector and 60 per cent. by the private sector. When they came to office, those figures were almost the reverse: 58 per cent. were funded by the public sector and 42 per cent. by the private sector. Since then, the shift has been not from public to private but from private to public.

The percentage of pensioners' incomes funded by the public sector has risen to 61 per cent. while the percentage funded by the private sector has fallen to 39 per cent. The pensions industry cannot plan while the Government say that they want to decrease state dependency yet act to increase it. People will not save if the shift to means-tested benefits penalises them for saving. The Government are unwittingly creating a vicious cycle, in which low saving boosts dependence on means-tested benefits, which in turn boosts low savings.

That cycle must be broken. The way to break it is evident: a lifetime savings account—a flexible way to reward saving—and a pension linked to earnings. That would float 1 million pensioners off means testing in just one Parliament and would allow them to save on top. However, I doubt that the Financial Secretary to the Treasury will announce either proposal tonight. The Opposition certainly would not expect that from a Government whose raid on pension funds has cost a scandalous £5 billion a year.

Slowly but surely—perhaps unwittingly—the Government are destroying our savings culture, which is why I urge the House to vote for our motion.

9.50 pm

The Financial Secretary to the Treasury (Ruth Kelly): We have heard some excellent contributions to the debate, particularly from my hon. Friend the Member for Glasgow, Cathcart (Mr. Harris) and my hon. and learned Friend the Member for Redcar (Vera Baird). I shall respond to some of the detailed points that the Opposition have raised in a few moments; but, first, I should like to put the debate into some sort of context.

The important achievements of this Labour Government—economic stability, continued economic growth and sound public finances—all provide the best possible environment for savings and ensuring that existing levels of household debt are sustainable. Opposition Members have lectured us on the economy—that from a party that, when in government, had inflation running at 10 per cent., interest rates at 15 per cent., and 3 million people unemployed twice. It ran up a huge deficit. Some 1.5 million people were in negative equity, and there were 250,000 home repossessions. The Conservatives had to break every promise that they made on tax.

Britain has grown in every year of this Labour Government, while under the Conservatives this country had two of the worst recessions in its history. Higher savings in the early 1990s, which Opposition Members are so fond of quoting at us, were a symptom of macro-economic instability. Households had to save more to make up for the loss of the value of their savings owing to inflation and to provide a cushion in the event of becoming unemployed.

I cannot resist drawing attention to some of the analysis carried out by the Bank of England, as Opposition Members are so fond of quoting the Governor of the Bank of England, and indeed pointing to the savings ratio performance under this Government. Of course, I treat all these statistics with a measure of caution, as hon. Members will appreciate, but I refer them to an analysis of the savings ratio carried out by the Bank of England, which concluded that, when inflation is taken into account, the savings ratio since 1998 is significantly higher than the average over the previous 40 years.

If hon. Members look at the facts, they will see that, under this Government, inflation has averaged just 2.4 per cent. compared with 6 per cent. under the Tories—the peak was 21 per cent. Interest rates have been averaging 5.2 per cent., whereas they were on average 10.5 per cent. under the Tories. Mortgage rates have averaged just over 6 per cent. under Labour, while they averaged 11 per cent. under the Tories.

Conservative Members opposed each of the decisions that we took to put the economy on a sound and stable footing. The decisions that they would have made had they been in government would have put Britain into recession, instead of which Britain is growing. Indeed, when we introduced tough fiscal rules, the Conservative party opposed them. When we introduced the symmetrical inflation target, the Conservative party

[Ruth Kelly]

opposed it. When we made the Bank of England independent, that was opposed by the right hon. Member for West Dorset (Mr. Letwin).

Mr. Letwin: I am sorry to intervene on the hon. Lady, and I am grateful to her for giving way. Is she really trying to tell the House that she thinks that the current level of savings is satisfactorily high?

Ruth Kelly: I would not claim that for one moment. My right hon. Friend the Chief Secretary to the Treasury has pointed to the fact that 3 million people seriously under-save and that 5 million to 10 million do not save enough, but I point to the Conservative party's flawed analysis, flawed facts and inability to grasp the reality. Instead of standing up to apologise, as the right hon. Gentleman should have done, he has proposed a policy that the hon. Member for Havant (Mr. Willetts) described a few years earlier as wild, uncosted and opportunistic. I have not got much time tonight. I would love to take hon. Members through each of the right hon. Gentleman's arguments, but let me look at just some of them.

First, let us turn to the housing market. The right hon. Gentleman will know that both the Treasury and the Bank of England have consistently forecast a slow-down in consumer spending and house-price inflation as the UK and global economic recoveries gather pace, and because UK interest rates have risen from last year's historic low levels. The recent speech made by the Governor of the Bank of England in Glasgow pointed out the surveys that show early signs of a slow-down in the housing market. The right hon. Gentleman cannot obscure that fact by citing annualised rates; surely he can see the evidence. As he knows, there are important reasons to believe that household overall balance sheets will remain consistent with macroeconomic stability.

As Mervyn King said in his speech, there are good reasons to think that the long-term level of house prices relative to earnings has risen. For a start, as the Barker review shows, house prices reflect the balance between the rising demand for, and restricted supply of, housing in the UK. Additionally, the success of the new economic policy framework in delivering economic stability with low interest rates and strong labour market outcomes has made people more confident about taking on new risks, which is likely to have contributed to a rise in the equilibrium of the house price to earnings ratio.

Quite unlike during the late 1980s, the low interest rates delivered by greater macroeconomic stability have ensured that household interest payments remain low by historical standards. The ratio of interest payments to household disposable income has remained close to 7 per cent. since 2002, compared with its peak of more than 15 per cent. in 1990, when consumers were hit simultaneously by rises in interest rates that were well into double figures and rapidly rising unemployment. The result of that is that the asset side of the household balance sheet is strong, with household net wealth, despite the recent fall in equity prices, still more than 50 per cent. higher than at the beginning of 1997. The right hon. Gentleman will doubtless appreciate that when developments on both sides of the household balance sheet are taken together, the ratio of household debt to total wealth remains stable around its long-term average.

Instead of looking at the facts, the right hon. Gentleman tried to make a rather tortuous argument about the impact of mortgage equity release on interest rates, arguing somehow that that is fuelling an increase in consumption that will thus hit interest rates. Given that he is so keen on the Bank of England, I shall cite an analysis in a recent inflation report that examined mortgage equity release and argued that that was largely driven by demographic factors and unlikely, therefore, to have had a significant impact on consumption.

I could back up that analysis with figures from the Office for National Statistics, which suggests that most of the mortgage equity release that has been withdrawn over the past few years has been saved, not spent. Three quarters of the increase in mortgage debt since early 2000 has been matched by a build-up of money and deposits, while the savings ratio has remained broadly stable. I urge the right hon. Gentleman to undertake more cautious analysis in the future before making great claims about the effect of mortgage equity release on consumption. I agree that there are real issues to address regarding the impact of debt.

Mr. Letwin: Before the hon. Lady continues, will she admit to the House that the Treasury has no accurate figures at all on the use of mortgage equity withdrawal?

Ruth Kelly: I have cited two sources for our estimates on mortgage equity withdrawal: the Office for National Statistics, which most people would say was at the cutting edge of international statistics; and the Bank of England, which the right hon. Gentleman has cited throughout the debate.

Hon. Members on both sides of the House would agree that we must take the impact of debt on vulnerable consumers extremely seriously. We want to have well-informed consumers who are able to take sensible and appropriate decisions about their long-term finances. I remind the right hon. Gentleman that from 31 October 2004, we will regulate mortgages for the first time. The Financial Services Authority will require a key facts illustration on all mortgage agreements, which will make clear to consumers the effect that a 1 per cent. rise in rates would have on repayments. We are also considering the proposals suggested by Professor Miles in his review.

The Government's vision is of a simpler, more transparent market in long-term savings in which trusted and trustworthy providers sell simple, good-value products to informed consumers. We have been working towards that for the past six years with measures—

Mr. Peter Luff (Mid-Worcestershire) (Con) *rose in his place and claimed to move,* That the Question be now put.

Question, That the Question be now put, *put and agreed to.*

Question put accordingly, That the original words stand part of the Question:—

The House divided: Ayes 165, Noes 269.

Division No. 213] **[9:59 pm**

AYES

Ainsworth, Peter *(E Surrey)*
Allan, Richard
Amess, David
Atkinson, David *(Bour'mth E)*
Atkinson, Peter *(Hexham)*
Bacon, Richard
Barker, Gregory
Baron, John *(Billericay)*
Barrett, John
Beith, rh A. J.
Bellingham, Henry
Beresford, Sir Paul
Boswell, Tim
Bottomley, Peter *(Worthing W)*
Bottomley, rh Virginia *(SW Surrey)*
Brazier, Julian
Brooke, Mrs Annette L.
Browning, Mrs Angela
Bruce, Malcolm
Burns, Simon
Burnside, David
Burstow, Paul
Butterfill, Sir John
Cable, Dr. Vincent
Cameron, David
Campbell, rh Sir Menzies *(NE Fife)*
Cash, William
Chapman, Sir Sydney *(Chipping Barnet)*
Chope, Christopher
Clappison, James
Clarke, rh Kenneth *(Rushcliffe)*
Collins, Tim
Cotter, Brian
Davies, Quentin *(Grantham & Stamford)*
Djanogly, Jonathan
Dorrell, rh Stephen
Doughty, Sue
Duncan, Peter *(Galloway)*
Duncan Smith, rh Iain
Evans, Nigel
Ewing, Annabelle
Fabricant, Michael
Fallon, Michael
Field, Mark *(Cities of London & Westminster)*
Flight, Howard
Flook, Adrian
Forth, rh Eric
Foster, Don *(Bath)*
Garnier, Edward
George, Andrew *(St. Ives)*
Gibb, Nick *(Bognor Regis)*
Gidley, Sandra
Goodman, Paul
Gray, James *(N Wilts)*
Grayling, Chris
Greenway, John
Grieve, Dominic
Gummer, rh John
Hammond, Philip
Hancock, Mike
Harris, Dr. Evan *(Oxford W & Abingdon)*
Harvey, Nick
Hayes, John *(S Holland)*
Heald, Oliver
Heathcoat-Amory, rh David
Hendry, Charles
Hermon, Lady
Hobah, Mark *(Fareham)*
Hogg, rh Douglas
Holmes, Paul
Horam, John *(Orpington)*
Howarth, Gerald *(Aldershot)*
Hughes, Simon *(Southwark N)*
Hunter, Andrew
Johnson, Boris *(Henley)*
Jones, Nigel *(Cheltenham)*
Key, Robert *(Salisbury)*
Kirkbride, Miss Julie
Kirkwood, Sir Archy
Knight, rh Greg *(E Yorkshire)*
Lait, Mrs Jacqui
Lamb, Norman
Lansley, Andrew
Leigh, Edward
Letwin, rh Oliver
Lewis, Dr. Julian *(New Forest E)*
Liddell-Grainger, Ian
Lidington, David
Lilley, rh Peter
Llwyd, Elfyn
Loughton, Tim
Luff, Peter *(M-Worcs)*
McIntosh, Miss Anne
Mackay, rh Andrew
McLoughlin, Patrick
Malins, Humfrey
Maples, John
Mates, Michael
Maude, rh Francis
Mawhinney, rh Sir Brian
Mercer, Patrick
Mitchell, Andrew *(Sutton Coldfield)*
Moore, Michael
Moss, Malcolm
Murrison, Dr. Andrew
Norman, Archie
Opik, Lembit
Osborne, George *(Tatton)*
Ottaway, Richard
Page, Richard
Paice, James
Paterson, Owen
Price, Adam *(E Carmarthen & Dinefwr)*
Prisk, Mark *(Hertford)*
Pugh, Dr. John
Randall, John
Redwood, rh John
Rendel, David
Robertson, Laurence *(Tewk'b'ry)*
Roe, Dame Marion
Rosindell, Andrew
Russell, Bob *(Colchester)*
Sanders, Adrian
Selous, Andrew
Shepherd, Richard
Simmonds, Mark
Simpson, Keith *(M-Norfolk)*
Smith, Sir Robert *(W Ab'd'ns & Kincardine)*
Smyth, Rev. Martin *(Belfast S)*
Soames, Nicholas
Spicer, Sir Michael
Spink, Bob *(Castle Point)*
Spring, Richard
Stanley, rh Sir John
Steen, Anthony
Stunell, Andrew
Swayne, Desmond
Swire, Hugo *(E Devon)*
Syms, Robert
Tapsell, Sir Peter
Taylor, Ian *(Esher)*
Taylor, Matthew *(Truro)*
Taylor, Sir Teddy
Teather, Sarah
Thomas, Simon *(Ceredigion)*
Thurso, John
Tonge, Dr. Jenny
Tredinnick, David
Trend, Michael
Tyler, Paul *(N Cornwall)*
Tyrie, Andrew
Walter, Robert
Waterson, Nigel
Watkinson, Angela
Webb, Steve *(Northavon)*
Whittingdale, John
Widdecombe, rh Miss Ann
Wiggin, Bill
Wilkinson, John
Willetts, David
Willis, Phil
Wilshire, David
Winterton, Sir Nicholas *(Macclesfield)*
Yeo, Tim *(S Suffolk)*
Young, rh Sir George

Tellers for the Ayes:
Hugh Robertson and Mr. Mark Francois

NOES

Abbott, Ms Diane
Adams, Irene *(Paisley N)*
Ainger, Nick
Ainsworth, Bob *(Cov'try NE)*
Alexander, Douglas
Allen, Graham
Anderson, rh Donald *(Swansea E)*
Armstrong, rh Ms Hilary
Atherton, Ms Candy
Austin, John
Bailey, Adrian
Baird, Vera
Banks, Tony
Barnes, Harry
Barron, rh Kevin
Beard, Nigel
Begg, Miss Anne
Bell, Sir Stuart
Benn, rh Hilary
Bennett, Andrew
Benton, Joe *(Bootle)*
Berry, Roger
Best, Harold
Betts, Clive
Blears, Ms Hazel
Blizzard, Bob
Boateng, rh Paul
Bradley, Peter *(The Wrekin)*
Brennan, Kevin
Brown, rh Nicholas *(Newcastle E Wallsend)*
Brown, Russell *(Dumfries)*
Browne, Desmond
Buck, Ms Karen
Burgon, Colin
Burnham, Andy
Byers, rh Stephen
Caborn, rh Richard
Cairns, David
Campbell, Alan *(Tynemouth)*
Campbell, Ronnie *(Blyth V)*
Casale, Roger
Caton, Martin
Cawsey, Ian *(Brigg)*
Challen, Colin
Chaytor, David
Clapham, Michael
Clark, Mrs Helen *(Peterborough)*
Clark, Dr. Lynda *(Edinburgh Pentlands)*
Clark, Paul *(Gillingham)*
Clarke, rh Tom *(Coatbridge & Chryston)*
Clarke, Tony *(Northampton S)*
Clelland, David
Clwyd, Ann *(Cynon V)*
Coaker, Vernon
Coffey, Ms Ann
Cohen, Harry
Colman, Tony
Cook, rh Robin *(Livingston)*
Corbyn, Jeremy
Corston, Jean
Cryer, Ann *(Keighley)*
Cryer, John *(Hornchurch)*
Cummings, John
Cunningham, rh Dr. Jack *(Copeland)*
Cunningham, Jim *(Coventry S)*
Cunningham, Tony *(Workington)*
Davey, Valerie *(Bristol W)*
David, Wayne
Davies, rh Denzil *(Llanelli)*
Davies, Geraint *(Croydon C)*
Dawson, Hilton
Dean, Mrs Janet
Denham, rh John
Dhanda, Parmjit
Dismore, Andrew
Dobbin, Jim *(Heywood)*
Dowd, Jim *(Lewisham W)*
Drew, David *(Stroud)*
Eagle, Angela *(Wallasey)*
Eagle, Maria *(L'pool Garston)*
Edwards, Huw
Ellman, Mrs Louise
Etherington, Bill
Farrelly, Paul
Fisher, Mark
Fitzpatrick, Jim
Fitzsimons, Mrs Lorna
Flynn, Paul *(Newport W)*
Follett, Barbara
Foster, rh Derek
Francis, Dr. Hywel
Gapes, Mike *(Ilford S)*
Gerrard, Neil
Gibson, Dr. Ian
Gilroy, Linda
Godsiff, Roger
Goggins, Paul
Griffiths, Jane *(Reading E)*
Griffiths, Nigel *(Edinburgh S)*

Griffiths, Win *(Bridgend)*
Grogan, John
Hain, rh Peter
Hall, Mike *(Weaver Vale)*
Hamilton, David *(Midlothian)*
Hanson, David
Harris, Tom *(Glasgow Cathcart)*
Havard, Dai *(Merthyr Tydfil & Rhymney)*
Healey, John
Hendrick, Mark
Hepburn, Stephen
Heppell, John
Hesford, Stephen
Heyes, David
Hill, Keith *(Streatham)*
Hinchliffe, David
Hoon, rh Geoffrey
Hope, Phil *(Corby)*
Hopkins, Kelvin
Howarth, rh Alan *(Newport E)*
Howarth, George *(Knowsley N & Sefton E)*
Howells, Dr. Kim
Hoyle, Lindsay
Hughes, Beverley *(Stretford & Urmston)*
Hughes, Kevin *(Doncaster N)*
Humble, Mrs Joan
Hurst, Alan *(Braintree)*
Hutton, rh John
Iddon, Dr. Brian
Illsley, Eric
Ingram, rh Adam
Irranca-Davies, Huw
Jackson, Helen *(Hillsborough)*
Jamieson, David
Jenkins, Brian
Johnson, Alan *(Hull W)*
Johnson, Miss Melanie *(Welwyn Hatfield)*
Jones, Helen *(Warrington N)*
Jones, Kevan *(N Durham)*
Jones, Lynne *(Selly Oak)*
Jones, Martyn *(Clwyd S)*
Jowell, rh Tessa
Keeble, Ms Sally
Keen, Ann *(Brentford)*
Kelly, Ruth *(Bolton W)*
Kennedy, Jane *(Wavertree)*
Khabra, Piara S.
Kidney, David
Kilfoyle, Peter
King, Ms Oona *(Bethnal Green & Bow)*
Knight, Jim *(S Dorset)*
Kumar, Dr. Ashok
Ladyman, Dr. Stephen
Lammy, David
Lawrence, Mrs Jackie
Leslie, Christopher
Levitt, Tom *(High Peak)*
Lewis, Terry *(Worsley)*
Linton, Martin
Lloyd, Tony *(Manchester C)*
Love, Andrew
Lucas, Ian *(Wrexham)*
Lyons, John *(Strathkelvin)*
McAvoy, Thomas
McCafferty, Chris
McCartney, rh Ian
McDonagh, Siobhain
McDonnell, John
MacDougall, John
McFall, rh John
McGuire, Mrs Anne
McIsaac, Shona
McKechin, Ann
McNamara, Kevin
McNulty, Tony
Mactaggart, Fiona
McWalter, Tony
McWilliam, John
Mahon, Mrs Alice
Marsden, Gordon *(Blackpool S)*
Martlew, Eric
Meacher, rh Michael
Meale, Alan *(Mansfield)*
Merron, Gillian
Michael, rh Alun
Miliband, David
Miller, Andrew
Mitchell, Austin *(Gt Grimsby)*
Moffatt, Laura
Mole, Chris
Morley, Elliot
Mountford, Kali
Mudie, George
Munn, Ms Meg
Murphy, Denis *(Wansbeck)*
Naysmith, Dr. Doug
O'Brien, Bill *(Normanton)*
O'Brien, Mike *(N Warks)*
O'Hara, Edward
Olner, Bill
O'Neill, Martin
Owen, Albert
Perham, Linda
Picking, Anne
Pickthall, Colin
Pike, Peter *(Burnley)*
Plaskitt, James
Pond, Chris *(Gravesham)*
Pope, Greg *(Hyndburn)*
Pound, Stephen
Prentice, Ms Bridget *(Lewisham E)*
Prentice, Gordon *(Pendle)*
Primarolo, rh Dawn
Prosser, Gwyn
Purchase, Ken
Quin, rh Joyce
Quinn, Lawrie
Rapson, Syd *(Portsmouth N)*
Raynsford, rh Nick
Reid, rh Dr. John *(Hamilton N & Bellshill)*
Robertson, John *(Glasgow Anniesland)*
Robinson, Geoffrey *(Coventry NW)*
Rooney, Terry
Roy, Frank *(Motherwell)*
Russell, Ms Christine *(City of Chester)*
Savidge, Malcolm
Sedgemore, Brian
Shaw, Jonathan
Sheerman, Barry
Sheridan, Jim
Short, rh Clare
Skinner, Dennis
Smith, rh Andrew *(Oxford E)*
Smith, Geraldine *(Morecambe & Lunesdale)*
Smith, Llew *(Blaenau Gwent)*
Soley, Clive
Southworth, Helen
Starkey, Dr. Phyllis
Stewart, David *(Inverness E & Lochaber)*
Stewart, Ian *(Eccles)*
Stinchcombe, Paul
Stoate, Dr. Howard
Stringer, Graham
Sutcliffe, Gerry
Taylor, Dan *(Stockton S)*
Thomas, Gareth *(Harrow W)*
Timms, Stephen
Touhig, Don *(Islwyn)*
Trickett, Jon
Truswell, Paul
Turner, Dennis *(Wolverh'ton SE)*
Turner, Dr. Desmond *(Brighton Kemptown)*
Turner, Neil *(Wigan)*
Twigg, Derek *(Halton)*
Tynan, Bill *(Hamilton S)*
Vaz, Keith *(Leicester E)*
Walley, Ms Joan
Ward, Claire
Wareing, Robert N.
Watts, David
Whitehead, Dr. Alan
Wicks, Malcolm
Williams, Betty *(Conwy)*
Wills, Michael
Winnick, David
Winterton, Ms Rosie *(Doncaster C)*
Worthington, Tony
Wright, Anthony D. *(Gt Yarmouth)*
Wright, David *(Telford)*
Wright, Tony *(Cannock)*

Tellers for the Noes:
Joan Ryan and
Margaret Moran

Question accordingly negatived.

Question, That the proposed words be there added, *put forthwith, pursuant to Standing Order No. 31 (Questions on amendments)*:

The House divided: Ayes 264, Noes 162.

Division No. 214] **[10:14 pm**

AYES

Abbott, Ms Diane
Adams, Irene *(Paisley N)*
Ainger, Nick
Ainsworth, Bob *(Cov'try NE)*
Alexander, Douglas
Allen, Graham
Anderson, rh Donald *(Swansea E)*
Armstrong, rh Ms Hilary
Atherton, Ms Candy
Austin, John
Bailey, Adrian
Baird, Vera
Banks, Tony
Barnes, Harry
Barron, rh Kevin
Beard, Nigel
Begg, Miss Anne
Bell, Sir Stuart
Benn, rh Hilary
Bennett, Andrew
Benton, Joe *(Bootle)*
Berry, Roger
Best, Harold
Betts, Clive
Blears, Ms Hazel
Blizzard, Bob
Boateng, rh Paul
Bradley, Peter *(The Wrekin)*
Brennan, Kevin
Brown, rh Nicholas *(Newcastle E Wallsend)*
Brown, Russell *(Dumfries)*
Browne, Desmond
Buck, Ms Karen
Burgon, Colin
Burnham, Andy
Byers, rh Stephen
Caborn, rh Richard
Cairns, David
Campbell, Alan *(Tynemouth)*
Campbell, Ronnie *(Blyth V)*
Casale, Roger
Caton, Martin
Cawsey, Ian *(Brigg)*
Challen, Colin
Chaytor, David
Clapham, Michael
Clark, Mrs Helen *(Peterborough)*
Clark, Dr. Lynda *(Edinburgh Pentlands)*
Clark, Paul *(Gillingham)*
Clarke, rh Tom *(Coatbridge & Chryston)*
Clarke, Tony *(Northampton S)*
Clelland, David
Coaker, Vernon
Coffey, Ms Ann
Cohen, Harry
Colman, Tony
Cook, rh Robin *(Livingston)*
Corbyn, Jeremy
Corston, Jean
Cryer, Ann *(Keighley)*
Cryer, John *(Hornchurch)*
Cummings, John
Cunningham, rh Dr. Jack *(Copeland)*
Cunningham, Jim *(Coventry S)*
Cunningham, Tony *(Workington)*
Davey, Valerie *(Bristol W)*
David, Wayne
Davies, rh Denzil *(Llanelli)*
Davies, Geraint *(Croydon C)*
Dawson, Hilton
Dean, Mrs Janet
Denham, rh John
Dhanda, Parmjit
Dismore, Andrew
Dobbin, Jim *(Heywood)*
Dowd, Jim *(Lewisham W)*
Drew, David *(Stroud)*
Eagle, Angela *(Wallasey)*
Eagle, Maria *(L'pool Garston)*
Edwards, Huw
Ellman, Mrs Louise
Etherington, Bill
Farrelly, Paul
Fisher, Mark
Fitzpatrick, Jim
Fitzsimons, Mrs Lorna
Follett, Barbara
Foster, rh Derek
Francis, Dr. Hywel
Gapes, Mike *(Ilford S)*

Gerrard, Neil
Gibson, Dr. Ian
Gilroy, Linda
Goggins, Paul
Griffiths, Jane *(Reading E)*
Griffiths, Nigel *(Edinburgh S)*
Griffiths, Win *(Bridgend)*
Grogan, John
Hain, rh Peter
Hall, Mike *(Weaver Vale)*
Hamilton, David *(Midlothian)*
Hanson, David
Harris, Tom *(Glasgow Cathcart)*
Havard, Dai *(Merthyr Tydfil & Rhymney)*
Healey, John
Hendrick, Mark
Hepburn, Stephen
Heppell, John
Hesford, Stephen
Heyes, David
Hill, Keith *(Streatham)*
Hinchliffe, David
Hoon, rh Geoffrey
Hope, Phil *(Corby)*
Hopkins, Kelvin
Howarth, rh Alan *(Newport E)*
Howarth, George *(Knowsley N & Sefton E)*
Howells, Dr. Kim
Hoyle, Lindsay
Hughes, Beverley *(Stretford & Urmston)*
Hughes, Kevin *(Doncaster N)*
Humble, Mrs Joan
Hurst, Alan *(Braintree)*
Hutton, rh John
Iddon, Dr. Brian
Illsley, Eric
Ingram, rh Adam
Iranca-Davies, Huw
Jackson, Helen *(Hillsborough)*
Jamieson, David
Jenkins, Brian
Johnson, Alan *(Hull W)*
Johnson, Miss Melanie *(Welwyn Hatfield)*
Jones, Helen *(Warrington N)*
Jones, Kevan *(N Durham)*
Jones, Lynne *(Selly Oak)*
Jones, Martyn *(Clwyd S)*
Keeble, Ms Sally
Keen, Ann *(Brentford)*
Kelly, Ruth *(Bolton W)*
Kennedy, Jane *(Wavertree)*
Khabra, Piara S.
Kidney, David
Kilfoyle, Peter
King, Ms Oona *(Bethnal Green & Bow)*
Knight, Jim *(S Dorset)*
Kumar, Dr. Ashok
Ladyman, Dr. Stephen
Lammy, David
Lawrence, Mrs Jackie
Leslie, Christopher
Levitt, Tom *(High Peak)*
Lewis, Terry *(Worsley)*
Linton, Martin
Lloyd, Tony *(Manchester C)*
Love, Andrew
Lucas, Ian *(Wrexham)*
Lyons, John *(Strathkelvin)*
McAvoy, Thomas
McCafferty, Chris
McCartney, rh Ian
McDonagh, Siobhain
McDonnell, John
MacDougall, John
McFall, rh John
McGuire, Mrs Anne
McIsaac, Shona
McKechin, Ann
McNamara, Kevin
McNulty, Tony
Mactaggart, Fiona
McWalter, Tony
McWilliam, John
Mahon, Mrs Alice
Marsden, Gordon *(Blackpool S)*
Martlew, Eric
Meacher, rh Michael
Meale, Alan *(Mansfield)*
Merron, Gillian
Michael, rh Alun
Miliband, David
Miller, Andrew
Moffatt, Laura
Mole, Chris
Morley, Elliot
Mountford, Kali
Mudie, George
Munn, Ms Meg
Murphy, Denis *(Wansbeck)*
Naysmith, Dr. Doug
O'Brien, Bill *(Normanton)*
O'Brien, Mike *(N Warks)*
O'Hara, Edward
Olner, Bill
O'Neill, Martin
Owen, Albert
Perham, Linda
Picking, Anne
Pickthall, Colin
Pike, Peter *(Burnley)*
Plaskitt, James
Pond, Chris *(Gravesham)*
Pope, Greg *(Hyndburn)*
Pound, Stephen
Prentice, Ms Bridget *(Lewisham E)*
Prentice, Gordon *(Pendle)*
Primarolo, rh Dawn
Prosser, Gwyn
Purchase, Ken
Quin, rh Joyce
Quinn, Lawrie
Rapson, Syd *(Portsmouth N)*
Raynsford, rh Nick
Reid, rh Dr. John *(Hamilton N & Bellshill)*
Robertson, John *(Glasgow Anniesland)*
Robinson, Geoffrey *(Coventry NW)*
Rooney, Terry
Roy, Frank *(Motherwell)*
Russell, Ms Christine *(City of Chester)*
Savidge, Malcolm
Sedgemore, Brian
Shaw, Jonathan
Sheerman, Barry
Sheridan, Jim
Short, rh Clare
Skinner, Dennis
Smith, rh Andrew *(Oxford E)*
Smith, Geraldine *(Morecambe & Lunesdale)*
Smith, Llew *(Blaenau Gwent)*
Soley, Clive
Southworth, Helen
Starkey, Dr. Phyllis
Stewart, David *(Inverness E & Lochaber)*
Stewart, Ian *(Eccles)*
Stinchcombe, Paul
Stoate, Dr. Howard
Stringer, Graham
Sutcliffe, Gerry
Taylor, Dan *(Stockton S)*
Thomas, Gareth *(Harrow W)*
Timms, Stephen
Touhig, Don *(Islwyn)*
Trickett, Jon
Truswell, Paul
Turner, Dennis *(Wolverhampton SE)*
Turner, Dr. Desmond *(Brighton Kemptown)*
Turner, Neil *(Wigan)*
Twigg, Derek *(Halton)*
Tynan, Bill *(Hamilton S)*
Vaz, Keith *(Leicester E)*
Walley, Ms Joan
Ward, Claire
Wareing, Robert N
Watts, David
Whitehead, Dr. Alan
Wicks, Malcolm
Williams, Betty *(Conwy)*
Wills, Michael
Winnick, David
Winterton, Ms Rosie *(Doncaster C)*
Worthington, Tony
Wright, Anthony D. *(Gt Yarmouth)*
Wright, David *(Telford)*
Wright, Tony *(Cannock)*

Tellers for the Ayes:
Joan Ryan and
Margaret Moran

NOES

Ainsworth, Peter *(E Surrey)*
Allan, Richard
Amess, David
Atkinson, David *(Bournemth E)*
Atkinson, Peter *(Hexham)*
Bacon, Richard
Barker, Gregory
Baron, John *(Billericay)*
Barrett, John
Beith, rh A. J.
Bellingham, Henry
Beresford, Sir Paul
Boswell, Tim
Bottomley, Peter *(Worthing W)*
Bottomley, rh Virginia *(SW Surrey)*
Brazier, Julian
Brooke, Mrs Annette L.
Browning, Mrs Angela
Bruce, Malcolm
Burns, Simon
Burnside, David
Burstow, Paul
Butterfill, Sir John
Cable, Dr. Vincent
Cameron, David
Campbell, rh Sir Menzies *(NE Fife)*
Cash, William
Chapman, Sir Sydney *(Chipping Barnet)*
Chope, Christopher
Clarke, rh Kenneth *(Rushcliffe)*
Collins, Tim
Cotter, Brian
Davies, Quentin *(Grantham & Stamford)*
Djanogly, Jonathan
Dorrell, rh Stephen
Doughty, Sue
Duncan, Peter *(Galloway)*
Evans, Nigel
Ewing, Annabelle
Fabricant, Michael
Fallon, Michael
Field, Mark *(Cities of London & Westminster)*
Flight, Howard
Flook, Adrian
Forth, rh Eric
Foster, Don *(Bath)*
Garnier, Edward
George, Andrew *(St. Ives)*
Gibb, Nick *(Bognor Regis)*
Gidley, Sandra
Goodman, Paul
Grayling, Chris
Greenway, John
Greve, Dominic
Gummer, rh John
Hammond, Philip
Hancock, Mike
Harris, Dr. Evan *(Oxford W & Abingdon)*
Harvey, Nick
Hayes, John *(S Holland)*
Heald, Oliver
Heathcoat-Amory, rh David
Hendry, Charles
Hermon, Lady
Hoban, Mark *(Fareham)*
Hogg, rh Douglas
Holmes, Paul
Horam, John *(Orpington)*
Howarth, Gerald *(Aldershot)*
Hughes, Simon *(Southwark N)*
Hunter, Andrew
Jackson, Robert *(Wantage)*
Johnson, Boris *(Henley)*
Jones, Nigel *(Cheltenham)*
Key, Robert *(Salisbury)*
Kirkbride, Miss Julie
Kirkwood, Sir Archy
Knight, rh Greg *(E Yorkshire)*
Lait, Mrs Jacqui
Lamb, Norman
Lansley, Andrew
Leigh, Edward
Letwin, rh Oliver
Lewis, Dr. Julian *(New Forest E)*
Liddell-Grainger, Ian
Lidington, David
Lilley, rh Peter
Llwyd, Elfyn
Loughton, Tim
Luff, Peter *(M-Worcs)*
McIntosh, Miss Anne
Mackay, rh Andrew
McLoughlin, Patrick
Malins, Humfrey
Maples, John
Mates, Michael
Maude, rh Francis
Mawhinney, rh Sir Brian
Mercer, Patrick

Mitchell, Andrew *(Sutton Coldfield)*
Moore, Michael
Moss, Malcolm
Murrison, Dr. Andrew
Norman, Archie
Opik, Lembit
Osborne, George *(Tatton)*
Ottaway, Richard
Page, Richard
Paice, James
Paterson, Owen
Price, Adam *(E Carmarthen & Dinefwr)*
Prisk, Mark *(Hertford)*
Randall, John
Redwood, rh John
Rendel, David
Robertson, Laurence *(Tewk'b'ry)*
Roe, Dame Marion
Rosindell, Andrew
Russell, Bob *(Colchester)*
Sanders, Adrian
Selous, Andrew
Shepherd, Richard
Simmonds, Mark
Simpson, Keith *(M Norfolk)*
Smith, Sir Robert *(W Ab'd'ns & Kincardine)*
Smyth, Rev. Martin *(Belfast S)*
Soames, Nicholas
Spicer, Sir Michael
Spink, Bob *(Castle Point)*
Spring, Richard
Stanley, rh Sir John
Steen, Anthony
Stunell, Andrew
Swayne, Desmond
Swire, Hugo *(E Devon)*
Syms, Robert
Tapsell, Sir Peter
Taylor, Ian *(Esher)*
Taylor, Matthew *(Truro)*
Taylor, Sir Teddy
Teather, Sarah
Thomas, Simon *(Ceredigion)*
Thurso, John
Tonge, Dr. Jenny
Tredinnick, David
Trend, Michael
Tyler, Paul *(N Cornwall)*
Tyrie, Andrew
Walter, Robert
Waterson, Nigel
Watkinson, Angela
Webb, Steve *(Northavon)*
Whittingdale, John
Widdecombe, rh Miss Ann
Wiggin, Bill
Wilkinson, John
Willetts, David
Willis, Phil
Wilshire, David
Winterton, Sir Nicholas *(Macclesfield)*
Yeo, Tim *(S Suffolk)*
Young, rh Sir George

Tellers for the Noes:
Hugh Robertson and Mr. Mark Francois

Question accordingly agreed to.

MR. DEPUTY SPEAKER *forthwith declared the main Question, as amended, to be agreed to.*

Resolved,

That this House believes that a strong and stable economy is the foundation of families' confidence in their own finances; notes that economic stability has delivered low and stable inflation, interest rates have been at their lowest since the 1950s, employment is at a record high and unemployment at its lowest since the 1970s; further notes that as a result households are better able to judge their long-term commitments as macroeconomic stability has reduced the risks to household finances of sudden and sharp rises in interest rates as seen in the past; believes that the Government has tackled the scandals it inherited and created a world leading system of financial regulation allowing people to save with confidence, simplified savings markets allowing people to make informed choices about what and how to save and taken action to tackle financial exclusion; recognises that most household debt remains affordable and that total interest payments are now 7.6 per cent. of disposal income compared with 15 per cent. in 1990; believes the biggest risk to household finances and consumer confidence would be a return to economic instability; and rejects the short-term boom and bust economic policies of the past that saw interest rates hit 15 per cent. and inflation hit 10 per cent. in which circumstances households had to save more to make up for the loss of value of their savings due to inflation and prepare in the event of becoming unemployed.

DELEGATED LEGISLATION

Motion made, and Question put forthwith, pursuant to Standing Order No. 118(6) (Standing Committees on Delegated Legislation).

LANDLORD AND TENANT

That the draft Rights of Re-entry and Forfeiture (Prescribed Sum and Period) (England) Regulations 2004, which was laid before this House on 7th June, be approved.—*[Mr. Ainger.]*

Question agreed to.

Motion made, and Question put forthwith, pursuant to Standing Order No. 118(6) (Standing Committees on Delegated Legislation).

CIVIL AVIATION

That the draft Stansted Airport Aircraft Movement Limit (Revocation) Order 2004, which was laid before this House on 8th June, be approved.—*[Mr. Ainger.]*

Mr. Deputy Speaker (Sir Alan Haselhurst): I think the Ayes have it.

Hon. Members: No.

Division deferred till Wednesday 7 July, pursuant to Orders [28 June 2001 and 6 November 2003 (Deferred divisions)].

Mr. Mark Prisk (Hertford and Stortford) (Con): On a point of order, Mr. Deputy Speaker. Can you confirm that the motion that was opposed will now be dealt with in a deferred Division? Should it be clearly put on the record that that has occurred only due to vigorous opposition by Conservative Members, while not a single word was heard from the Liberal Democrats?

Mr. Deputy Speaker: The hon. Gentleman knows that that is not a point of order for the Chair, but a means of trying to continue the debate.

Mr. Oliver Heald (North-East Hertfordshire) (Con): Further to that point of order, Mr. Deputy Speaker. Is it not the tradition in this place that if a matter is of great importance to a party, its spokesman should attend to deal with it? The Conservative spokesman on aviation is here, but there is no Liberal Democrat; is not that unusual?

Mr. Deputy Speaker: I think that the ruling that I gave to the hon. Member for Hertford and Stortford (Mr. Prisk) also applies to the hon. Member for North-East Hertfordshire (Mr. Heald).

DELEGATED LEGISLATION

Motion made, and Question put forthwith, pursuant to Standing Order No. 118(6) (Standing Committees on Delegated Legislation).

CRIMINAL LAW

That the draft Discharge of Fines by Unpaid Work (Prescribed Hourly Sum) Regulations 2004, which were laid before this House on 10th June, be approved.—*[Mr. Ainger.]*

Question agreed to.

EUROPEAN COMMUNITY DOCUMENTS

Motion made, and Question put forthwith, pursuant to Standing Order No. 119(9) (European Standing Committees).

PRELIMINARY DRAFT BUDGET 2005

That this House takes note of the unnumbered Explanatory Memorandum from HM Treasury dated 11th May 2004 relating to the Preliminary Draft General Budget of the European Communities for the financial year 2005; and supports the Government's efforts to maintain budget discipline in the Community.—*[Mr. Ainger.]*

Question agreed to.

PETITIONS

Finney Green Post Office

10.29 pm

Mr. George Osborne (Tatton) (Con): I wish to present a petition on behalf of Mrs. Barbara Watson and more than 800 residents of Wilmslow and the surrounding area.

The petition states:

The Petitioners declare

That they oppose plans made by Tesco to close the Finney Green post office in the Somerfields shopping centre at Dean row and that they are leading a campaign to keep the post office open.

The Petitioners therefore request that the House of Commons urge the Government to support the campaign to keep Finney Green post office open by doing all in its power to bring about a review of Tesco's proposals.

And the Petitioners remain, etc.

To lie upon the Table.

Romford Post Offices

10.30 pm

Mr. Andrew Rosindell (Romford) (Con): I rise on behalf of many constituents in Romford, especially members of the Roman Catholic parish of the church of St. Edward the Confessor, who are appalled by the recent closure, without notice, of the main post office in Romford town centre. Thousands of local people, especially elderly people who depend on the facilities, used the post office. They were shocked when, at the end of March, it suddenly closed without warning. The people of Romford are deeply concerned that, months later, there is no sign of a new post office.

They are also deeply worried about the potential simultaneous loss of many local sub-post offices. Both issues are the subject of many petitions that have been presented to me. I, in turn, intend to present them to the House. The first is the petition of St. Edward's Catholic church and it contains 145 signatures.

The petition states:

To the House of Commons,

The Petition of the congregation of St. Edward's Roman Catholic Church

Declares that Romford's post offices are under threat of closure and that Romford's main post office has already been closed.

The Petitioners therefore request that the House of Commons do all in its power to keep as many of the local post offices open in Romford as possible and to urge Post Office Ltd. to reopen Romford's main post office without delay.

And the Petitioners remain, etc.

To lie upon the Table.

Development Sciences Research Council

Motion made, and Question proposed, That this House do now adjourn. — *[Mr. Ainger.]*

10.32 pm

Mr. Tony McWalter (Hemel Hempstead) (Lab Co-op): The subject of the debate is the need for a development sciences research council. I shall speak rather quickly because I have a lot to get in.

I begin with a problem, which is somewhat indelicate to state. Human beings have a propensity to defecate in places that are clean and do not bear the signs and smells of others of their species. There are also advantages to performing that bodily function near a running stream. So far, so natural. A tribe of a few hundred souls, camped by a fast-flowing river, might suffer no great disadvantages from what one could describe as natural toilet arrangements. If their neighbours down-river are not too near, or if the river flows fast enough, they might suffer no ill effects. However, if the population increases and inordinate pressure is put on a community's natural infrastructure, there will come a time when the natural arrangements have terrible consequences.

For example, the tribe might need to access ground water. Water gets polluted and water tables can become not a source of life, but agents for blindness and early death. A society caught in transition, clinging to the old ways but under pressure from "progressives" to change, clinging to a set of customs and cleaning rituals that seem no longer effective, might find it difficult indeed to adjust its culture and ways to take account of new knowledge. That applies especially when the new knowledge is scientific in character and describes invisible organisms that have the propensity to threaten life itself.

When those who propound the new knowledge enjoin all the members of the tribe to defecate in the same place, when they then say that the products of the toilet must be collected together and either dried to make biofuel or treated to be spread on fields, and when they are asked to drink only water collected by evaporation on funnel-shaped plastic sheeting, strong cultural resistance is hardly surprising, yet that is the programme that Professor Silas Lwukumba at the Kigali institute of science and technology advocates. I should like much of his work at the institute to receive proper support.

There have been solutions to those problems. Sometimes, tribesmen of the kind that I have described have been commanded or compelled to adopt the ways of their conquerors, but we now live in times in which the abolition of a community's modus vivendi is rightly seen as neither the right nor the prerogative of those with a more scientifically advanced culture. Most of those involved in development issues have given up what might be called the push model. Unfortunately, the pendulum might have swung too far in favour of a pull culture, in which only a tribe that asks for something gets anything at all. In that new, liberal way of dealing with problems, many development workers now claim to work only on problems that the tribe itself specifies as a problem. That cannot be right either. Those who are familiar with western science are often good at knowing the vast variety of resources available to solve problems in the developing world. We acknowledge, of course, that many of those problems are themselves products of inappropriately applied western technology.

[Mr. Tony McWalter]

Scientists should not always wait for those in developing countries to specify their problems or to say which of their needs they want to be addressed. Sometimes, western scientists know that there is a problem even when, as with sanitation, the problem consists of certain invisible organisms. I shall give an example of this. I recently returned from Malawi, one of the poorest countries in the world. In one area, there is a major problem with ground water, with the chromium level at 16 times the World Health Organisation recommended level, and fluorine at eight times that level. That is a potential problem, in terms of water purification, and a potential opportunity.

For all I know—I am pursuing the matter—a mining engineer might feel that the levels that I have mentioned might be worth an assay. If it turned out that there were local rocks with high levels of chromium, there might lurk in that water impurity a resource that could help that community to move from extreme poverty and starvation towards having an industry and a worthwhile source of income. People who ask those who know no science to decide how their problems should be solved might condemn them never to escape the sentence of extreme poverty and an early death.

We need neither a push model, in which solutions are imposed on people who might not be ready for them, nor a pull model, in which western societies and engineers might decide not to vouchsafe an analysis or a solution until it is asked for. We need a push and pull model—a co-operative model—in which both the community and a helping agency are given a sense of ownership both of the problem and of its solution. Those who recognise that a culture has ways that are conducive to its own immiseration or destruction should work with such groups to evolve new cultural forms that respect the old culture but moderate it so that changes can be introduced that work with the grain of that culture but are more protective of the health and life chances of the members of the tribe.

I am arguing that, in a development context, we need what we might call a push and pull model for intervention. Such a model would bring together experts from very different disciplines to work to push appropriate technologies on to communities at a pace and in a style that identified and worked with the belief systems of the beneficiaries of such new arrangements. In the case that I have mentioned in Rwanda, for example, a push and pull model for development would bring together engineering, philosophy, anthropology, language study and chemistry, among many other disciplines.

How well equipped is the UK to help with push and pull development models? I submit that our own capacity in this regard is weakening, and I shall make some suggestions here about how it might be strengthened. I submit that, in strengthening our own system, we would also be protecting and enhancing our own capacity to retain a healthy economy, although that is not my central concern in this debate. Why is the UK not well positioned to translate our scientific expertise into programmes that will assist the development of poor countries? I have time here to address only two of many weaknesses. First, science in the UK has a bad image. Secondly, our structures are ill equipped to translate whatever scientific expertise we do have into projects that will benefit developing countries. My treatment of the bad image will lead to recommendations on our structures.

On that bad image, when the public hear "chemical" as a noun, they are more likely to associate it with "toxic" than with anything positive. Science has a poor profile with many citizens, and if people in the UK see in an article about pollution a picture of a man in a white coat standing beside a river, they are more likely to think of him as a cause of the problem than the person who has the power to solve it.

One key question that we need to address is to what extent scientists address the question of that bad image. In my view, they address it not well at all, yet if one visits a poor country one is struck forcefully by one key difference between such a country and ours: in our country, one is surrounded everywhere by science and the technology derived from it.

In the poor country, 80 per cent. of the population work on the land, but even with that huge effort they are barely able to feed themselves. A store half-full of maize in November will result in death by famine in February. I have seen such stores. Meanwhile, in our country only 3 per cent. of the population need work on the land. With chemical inputs, agricultural knowledge and high-tech machines, they produce enough to feed the rest of us. That leaves the remaining 97 per cent. of the work force to produce a huge range of goods and services for the betterment of quality of life for the population not just of this country, but of countries far beyond its borders.

It seems absurd on the face of it that science and technology should be held in low regard by the hundreds of millions of people who gain so much from them, but in many western countries they are rated so low as to be constantly vilified. Part of the negative picture of science is derived from what it has done to threaten the quality of life rather than improve it. Whether it is the nuclear bomb or the gases in the chambers of the holocaust, most people can think of an example of scientific knowledge turned to terrible, evil account. Whether it is a dam that floods a valley and destroys the livelihood of thousands, pesticides on fruit, experiments on animals or the premature release of genetically modified crops to the environment, most people can cite an example of a scientific technology that discomforts or alarms them.

Those examples stack up to a negative image. The result is that a large majority of young people switch off science—they have no ambition to do it—to the point that our capacity to develop new scientific ideas and technologies is eroded.

My suggestion for what might switch young people back on to science is as follows. Young people are often idealistic and, if they can, they want to help in particular those in the world who face premature death or avoidable painful diseases. Most young people do not consider science as having a positive connection with those goals, yet manifestly it has.

A high capacity to do science or engineering in the UK not only brings the potential security of our being able to make and pay our way in the world in a century that will undoubtedly be characterised by new discoveries, but ensures that we have the capacity to

help other countries, including some of the poorest in the world, to build their capacity to address the terrible problems that so many of them face.

One suggestion that I have is, in essence, simple: teach youngsters science and technology in the context of how the ideas, techniques, mechanisms and material studies can help radically to improve the quality of life in the poorest parts of the world. We should be making in education explicit connections between science, technology and development, but it is hard to make those connections at present. One major obstacle is the structure of our research councils. I want to suggest how that structure should be changed.

I shall focus the rest of this speech on engineering, because that is an area where, increasingly, our capacity in the UK is being compromised and because engineers have done very little to make any explicit connection between their subject and development issues. Engineering has a research council—the Engineering and Physical Sciences Research Council—but does it take much interest in development issues? No. Could it take much interest in such issues? Only with difficulty. After all, the job of the research councils is to push back the frontiers of knowledge, and in that cause they allocate grants for research on problems that are at the cutting edge.

An academic in an engineering faculty in a university will develop an interest in development issues at his peril, for the current wisdom is that those who do engineering in developing countries are not so much pushing back the frontiers of knowledge as applying what is known already in a new situation. Applied research is regarded as of lower grade in the university's research assessment exercise—RAE—on the understandable grounds that while many people can apply a known technology to a new situation, it is a rarer gift to be able to develop a new technology in its entirety. The research council, the EPSRC, funds the latter type of projects and not the former.

The matter does not end there. If a university department gets a low RAE score, it gets less money, and its continued activity, even its continued existence, is threatened. Its existence is especially threatened when in addition to a low RAE score, it finds it difficult to attract students, and engineering courses generally do so, not least because, in addition to engineering's image, which I mentioned, it is perceived as needing high mathematical skills, and students notoriously avoid such subjects. Engineering is expensive, because it needs equipment that costs a good deal of money, and often needs considerable space to be housed. If an engineering department did dedicate itself to working on the problems of developing countries, it would also need to conduct its operations both in the UK and in those countries. Once again, those operations would be expensive to the point that it would be difficult to generate the resources to ensure continuing funding.

I can summarise those factors as follows. A university engineering department—I speak with some passion, as my university's civil engineering department has just closed—which decided it wanted to use its expertise especially to address the problems in developing countries would be financially unviable. It would fail to attract EPSRC money, a high RAE score, a sufficient number of students, the space needed for its operations, or the necessary funding for travel. In short, such a decision would be suicidal. The wonder is that a few departments still try valiantly to do their best.

The result of these considerations is that engineering departments in universities are rational if they fight shy of being seen as a resource for capacity-building in developing countries. The effect of that, basically, is to connect them to rich countries, which in turn consolidates the perception of engineering as unresponsive to the greatest of human needs—those of the poorest in our globe.

Of course, the engineering profession lacks a voice that might proclaim that the subject does contain idealists who want to use their skills to make the world a better place for the poorest as well as the richest of their fellow human beings. To start with, engineers divide themselves into myriad respective constituencies, so that civil engineers do not talk in the same breath as electronic engineers. The body that one might expect would speak for all engineers, the Royal Academy of Engineering, seems to be dumb on most of these issues. Recently, it has even declined to give evidence to the Science and Technology Committee about development issues on the basis that it "lacks the expertise".

The Royal Academy of Engineering was not always dumb. Its chairman, Alec Broers, said to me today:

"Throughout the 1990s, on behalf of the British Government, we ran the UK secretariat for the UN's International Decade for Natural Disaster Reduction"

supported by the Royal Society—

"which ceased at the end of the decade once the funding from DFID had dried up. In its prime this was a very substantial activity."

DFID has much to answer for. There have been major vacillations in DFID about whether it wanted an infrastructure programme, and it has recently incorporated its engineering division into a policy area that now does not explicitly mention engineering at all. That is not surprising, as, increasingly, its main functions seem to be economic rather than technological.

Why should all this matter? What has been done? And what can be done? It matters because it is a matter of life and death. Only if money is translated into scientific and engineering skills in a push-and-pull model will the welcome, improved financial commitments made by this Government serve to improve life chances. Real material changes in infrastructure benefit the poor—let us consider my Rwandan example—and those changes are not easily translated into a Swiss bank account.

What has been done? It would appear that if anything there has been retrogression rather than progression, despite DIFD's increasing budgets. That is because it lacks a scientific culture. It cannot even decide to have a chief scientist. Its policy echoes that of Churchill, who wanted his scientists on tap but not on top. I want them nearer the top than DIFD's economists would like.

What we must do is ensure that if we can put development sciences on the same level as other studies to try and avoid the problems that come from having research councils that are specialised rather than at least one being explicitly interdepartmental—and there is no more interdepartmental subject than the future of the globe itself—we can give our system an incentive to put people into this area of work. That would mean that

[Mr. Tony McWalter]

excellent work in development sciences of any sort would receive the five-star rating that is so essential to continuing departmental funding in our universities. It would also rescue development studies from the clutches of departments of economics. I am not saying that economists do not do valuable work, but the emphasis in DIFD should shift. Scientists should not be constantly consigned to membership rather than leadership of a team.

If my Rwandan sanitation problems were taken seriously, that would bring together experts from every one of the existing research councils—except, perhaps, the particle physics one. What if a team were able to solve such a problem in a way that was eventually adopted so that it became standard, widespread practice in Rwanda? Does anyone seriously think that it would not be a first-rate problem, whose solution would require great intelligence and ingenuity of just the sort that distinguishes the most exceptional achievements in other sciences?

I do not argue for a development sciences research council as a sop, so that those who work in the area might be compared with those who work in particle physics. I make my case because the problems are just as demanding as the problems of particle physics, and those who apply themselves to such problems should achieve appropriate recognition. Co-ordination of knowledge from a number of different areas in the interests and service of mankind is itself a first-rate intellectual challenge.

Those who say in derogatory fashion that in development work we apply known knowledge to a new area are quite wrong. Whenever we bring a body of knowledge to bear on new problems, we are likely to find that the knowledge with which we started is radically deficient, and needs amendment and rethinking. That is just what the best research so often produces. The award of moneys for such a purpose by a development sciences research council would be a powerfully effective use of resources; and, at last, the full range of ethical concerns of scientists and engineers would be manifest.

10.53 pm

The Minister for Energy, E-Commerce and Postal Services (Mr. Stephen Timms): I congratulate my hon. Friend the Member for Hemel Hempstead (Mr. McWalter) on securing the debate. I listened with interest to his example about the provision of toilets in the developing world. Let me begin by drawing his attention to the work of Phoenix Developments, a company based at the University of East London's docklands campus in my constituency. It is dedicated to the development of a low-water-consumption toilet, specifically because the engineer who leads the company wants to contribute to well-being in the developing world and to achieving the millennium development goals, with the same passion that my hon. Friend showed in his advocacy of the engineering profession.

My hon. Friend made an effective case for the creation of a development sciences research council. I know there is a lively debate about the subject between different members of the Science and Technology Committee, and I look forward to seeing its conclusions in due course.

Let me begin by referring to a couple of speeches made recently by my right hon. Friend the Secretary of State for International Development—who I am delighted to see is present—reflecting the importance that he attaches to the subject. I was present last week when my right hon. Friend spoke at the annual dinner of the Institution of Civil Engineers. My hon. Friend the Member for Hemel Hempstead said that engineers have done very little to make an explicit connection between their subject and development issues. However, my right hon. Friend made a very clear connection in his speech between international development and engineering. Indeed, his speech was very well received by the ICE, and I certainly came away from that event with the strong impression that, in fact, there is a very deep commitment on the part of engineers that their skills be used in addressing the problems of poverty in the developing world. We took a collection at that event for a charity called "Engineers Against Poverty", which, if I understood correctly what was said that evening, my right hon. Friend's Department supports. That reflects the aspiration that my hon. Friend has been calling for.

My right hon. Friend the Secretary of State also spoke recently to the Foundation for Science and Technology. He echoed my hon. Friend's view that science and technology can indeed be critical to achieving long-term and sustainable development, and I know that he is looking forward to giving evidence this week to the Science and Technology Committee. I, too, would like to acknowledge the importance of the Committee's current work in looking into science and technology's role in international development policy.

In his speech, my right hon. Friend pointed out that his Department has a very clear mission—to help reduce world poverty—and that everything that his Department does has to be judged against that yardstick. He pointed to examples of science playing an extremely important role when he spoke about:

"Every day, 16,000 people contract HIV/AIDS, and a further 8,000 will die from it. Women are increasingly the most affected, and . . . science can help. The UK is a world leader in microbicides. Imperial College and the Medical Research Council are developing vaginal microbicides in the form of a cream, or gel, that reduce the chance of HIV/AIDS infection. DFID is putting £17 million into large-scale effectiveness trials of possible microbicides. With only moderate uptake, they could prevent 2.5 million deaths every three years".

In a changing world—climate change, conflict, population growth, killer diseases and the challenge of pulling Africa out of poverty—science and technology need to produce solutions for developing countries. Malaria kills 3,000 people a day. We do not yet have adequate, high yielding drought-resistant crops appropriate for the diverse and rapidly changing ecosystems of Africa. So it is right that increased attention be paid, not just in the UK but internationally, to how science and technology can contribute to international development.

Kofi Annan has commissioned 10 taskforces to review progress on the millennium development goals, one of which is concerned with science and innovation. The inter-academy council of sciences has just undertaken a study to develop a strategy for building worldwide capacities in science and technology. The New Partnership for Africa's Development, an African-led initiative, will discuss the role of science from an African perspective. Sir David King, the Government's

chief scientific adviser, made a presentation today at the Africa Commission's London School of Economics brainstorming event on capacity-building in science and technology. So this is a truly international effort, and the UK is very strongly represented.

Is a UK development sciences research council the best way to equip the UK in helping developing countries to evolve the new technology that will prove of lasting value? DFID is certainly looking into ways of developing a more coherent approach to the funding of development research. That is particularly important in the context of the two White Papers on international development that have been published since 1997, both of which highlight the importance of science and technology. On the one hand, a dedicated council would give development research a high profile and increase opportunities for a multidisciplinary approach. On the other, such a council might discourage existing research councils from working on development, as the Medical Research Council and the Engineering and Physical Sciences Research Council extensively do, for example.

It is not always easy to separate development issues, and it is better to consider the relevance to development of all research. My hon. Friend's suggestion is a valuable idea and one that will repay careful reflection on the part of the Government. I assure my hon. Friend that it will receive that.

I wish to respond to some of the specific points that my hon. Friend made about the research assessment exercise, and I note his concerns. He may know that the most recent UK research assessment exercise was carried out by the four UK higher education funding bodies and was completed in 2001. The purpose of the exercise was to provide authoritative and comprehensive quality ratings for research in all disciplines. The funding bodies recognised—as my hon. Friend pointed out—that the research assessment exercise does not deal well with interdisciplinary research. In preparing for the next exercise, the funding bodies have been consulting and exploring ways to improve performance.

It was announced in February 2004 that the next exercise, planned for 2008, will use quality profiles to provide a fuller and fairer assessment of research carried out in universities and colleges in the UK. The funding bodies believe that that new approach, which has been fully supported in the consultation, will provide a fairer and more accurate way of assessing and funding research quality.

To respond to my hon. Friend's point about education, my right hon. Friend's Department recognises that raising awareness of development issues among people in the UK is extremely important. My right hon. Friend is especially keen to reach out to young people. His Department allocates £6.5 million a year to development awareness, and part of that money has financed the production of a book for key stage 3 and 4 pupils. It has been very popular. DFID also funds a booklet on developing a global dimension in the English school curriculum, which is also very popular. It is published jointly with others and sent to every teacher in every subject at every stage in the school education system. His Department is about to publish a similar booklet for Scotland and is in discussion with the Welsh Assembly.

My right hon. Friend's Department, together with the Office of Science and Technology, is currently consulting on support for the Kigali research institute, which my hon. Friend mentioned. The Department has recently introduced a post of head of profession—

The motion having been made after Ten o'clock, and the debate having continued for half an hour, MR. DEPUTY SPEAKER *adjourned the House without Question put, pursuant to the Standing Order.*

Adjourned at two minutes past Eleven o'clock.

House of Commons

Tuesday 6 July 2004

The House met at half-past Eleven o'clock

PRAYERS

[MR. SPEAKER *in the Chair*]

PRIVATE BUSINESS

UNIVERSITY OF MANCHESTER BILL *[Lords]*

Order for Third Reading read.

Queen's Consent, on behalf of the Crown, signified.

Read the Third time and passed.

MEDWAY COUNCIL BILL

Read the Third time and passed

Oral Answers to Questions

HEALTH

The Secretary of State was asked—

Consultants (Early Retirement)

1. **Alistair Burt** (North-East Bedfordshire) (Con): What recent representations he has received concerning early retirement from the NHS by senior consultants. [182181]

The Minister of State, Department of Health (Mr. John Hutton): My right hon. Friend the Secretary of State has not received any recent representations on that issue.

Alistair Burt: Why does the Minister think that the *Health Service Journal* reported in the past two weeks that trusts were being offered money to massage the figures on the number of consultants still in place at the end of March 2004? Does he think that it was connected with an internal policy document from the Department of Health, that warned of the short-term nature of some measures designed to maximise the consultant count in March, such as delayed retirement? Does he appreciate the damage done to the health service through the constant manipulation of all sorts of figures, which means that no one can trust anything that the Government say any more on the health service?

Mr. Hutton: No, I do not accept any of the hon. Gentleman's points. It is a good thing, not a bad thing, to bring forward consultant appointments. It is a good thing, not a bad thing, to delay consultant retirements from the NHS, for one simple reason: it allows more patients to be treated more quickly in his constituency and in the constituencies of all his right hon. and hon. Friends.

There is one other thing that I should say to the hon. Gentleman: we will guarantee waiting times for NHS patients and his party would not.

Dr. Richard Taylor (Wyre Forest) (Ind): Difficulties with continuity of care appear to me to be one of the most difficult factors with which consultants must cope. What plans has the Minister to address those concerns?

Mr. Hutton: I agree with the hon. Gentleman, who speaks with some experience on these matters, that continuity of care for patients is an important issue. Equally, it is an important issue for NHS consultants and doctors. The best way to tackle those problems and others is to continue to expand the number of consultants and doctors working in the NHS, and that is precisely what we will do.

Norfolk and Norwich Hospital

2. **Norman Lamb** (North Norfolk) (LD): If he will make a statement on the impact of the cost of the private finance initiative contract for the Norfolk and Norwich hospital on the health service in Norfolk. [182182]

The Parliamentary Under-Secretary of State for Health (Dr. Stephen Ladyman): The Norfolk and Norwich university hospital private finance initiative scheme was the fourth major PFI scheme to reach financial close and sign contracts. The Norfolk and Norwich university hospital is a high-quality hospital and was recently named among the top 40 hospitals in the United Kingdom by an international company involved in measuring health care performance.

Norman Lamb: May I draw the Minister's attention to the fact that there appears to be a black hole of well over £20 million in the Norfolk health economy and that many people in the health service in Norfolk blame the extra cost of the PFI contract, compared with traditional means of financing public sector projects? Is not he concerned that Norfolk is paying the price for being a pioneer of this form of financing and that other services, such as cancer and learning disability services, are being put at risk? Will he do anything to help Norfolk, given that it was a pioneer of this PFI form of financing?

Dr. Ladyman: I am surprised that the hon. Gentleman is not celebrating the fact that he now has one of the best hospitals in Europe serving his constituency. When a new hospital is built, that is bound to put pressure on the local health economy. That pressure does not come about as a result of it being a PFI scheme; in fact, the PFI scheme is cheaper, if we also take into account the cost of risk, than a traditional building scheme would be.

Mr. Henry Bellingham (North-West Norfolk) (Con): Certainly, people in Norfolk do not begrudge this excellent hospital, but is the Minister aware that one of the big disappointments in relation to the project has

been the lack of public transport access from the A47? Has he been briefed on that point, and will he do anything about it?

Dr. Ladyman: The hon. Gentleman knows perfectly well that those issues must be addressed by the local health economy. This is a 1,000-bed hospital that has been built as a result of this Government's PFI initiative, and it provides services for the whole Norfolk health economy. I would have thought that he would have joined in the celebrations of that and made sure that people were addressing those issues, which are best addressed locally.

Mr. Paul Burstow (Sutton and Cheam) (LD): Given that PFI projects such as those in Norfolk and elsewhere often result in fewer beds in the new hospitals, and given the Government's commitment to introducing payments by results—which is about rewarding increased activity—how will the recommendation of the Health Protection Agency that bed occupancy rates should be reduced in order to reduce infection rates be implemented? Surely the two are incompatible. There is potential for more infections in our hospitals as a consequence of the Government's policies.

Dr. Ladyman: The hon. Gentleman should recognise that 45 hospitals have been completed and are being occupied as a result of the PFI. This is a major hospital rebuilding programme. Each hospital has been rebuilt following a thorough review of local health needs by local people to ensure that the right number of beds is there for those people. I should have thought that the hon. Gentleman would join in the celebrations of a magnificent hospital delivering magnificent services to the people of Norfolk.

Kidney Dialysis

3. **Mr. Peter Pike** (Burnley) (Lab): What facilities are available for renal patients on dialysis for treatment while they are away from home on business or on holiday. [182183]

The Minister of State, Department of Health (Ms Rosie Winterton): A £60 million capital investment programme to expand renal services began four years ago. There are now at least 700 extra dialysis stations and 28 more dialysis units, which will make it easier for renal patients to take holidays and travel on business.

Mr. Pike: I know that tremendous advances have been made in Preston and Burnley in the north-west, but does my hon. Friend accept that the scheme needs to be improved so that people can arrange to go away in the knowledge that they can get a dialysis slot wherever they go? They should not have to be confined to taking holidays in this country. In this day and age, should we not be doing something to enable people to have dialysis abroad?

Ms Winterton: There are a number of arrangements that enable people to travel abroad—mainly within the European Union, but we have reciprocal arrangements with other countries such as Australia. We made it clear in the national service framework for renal services, published in January, that it is important for patients to be able to dialyse away from home, whether they are on holiday or on business. A group of renal commissioners, chaired by Robert Dunn of the National Kidney Federation, is considering how we can support the implementation of the framework and guidance.

Chronic Diseases

4. **Dr. Phyllis Starkey** (Milton Keynes, South-West) (Lab): What plans he has to improve services for patients with chronic diseases. [182184]

The Secretary of State for Health (Dr. John Reid): The NHS improvement plan sets out the Government's plans for providing personalised support for the millions of people with long-term or chronic conditions. All that will of course be free: there will be no charges for anyone.

Dr. Starkey: I welcome the increased emphasis on managing patients with chronic diseases, but a significant number suffer from more than one chronic disease. One of my constituents who has Crohn's disease was recently in hospital for an unrelated operation and there was clearly a lack of communication between the different specialties involved in her care. What is being done to encourage clinicians to co-operate more across clinical specialties in the management of patients with chronic diseases?

Dr. Reid: That is an important and pertinent question. The plans that we outlined last week will ensure that, over the next four years, we provide more support for patients, especially those who suffer from a number of conditions and therefore have the most complex health and social care needs.

The focus will be on improving care in three main ways: by supporting all patients so that they can care for themselves and manage their conditions better whenever possible, by ensuring that all patients have access to the care that they need, and—this is particularly relevant to my hon. Friend's question—by providing personalised, co-ordinated care for the most vulnerable patients with the most complex conditions.

Angela Watkinson (Upminster) (Con): The Secretary of State will be aware of the importance of respite care for those who care for family members with long-term conditions, but is he aware that no such care is available to many parents of children on the autistic spectrum because of the very specific needs of those children? What plans has he made to ensure that it becomes available?

Dr. Reid: The hon. Lady makes yet another important point. It is true that, in addition to the extra resources that we are putting in and the extra people to provide chronic care in the localities, I announced that an additional 3,000 community matrons—specialised nurses—would be provided to help out. We try wherever possible to provide for respite care. She has drawn attention to a particular illness with particular problems in respect of respite care for the carers. I promise to look at that and perhaps to write to her on it.

Mr. Andrew Lansley (South Cambridgeshire) (Con): The Secretary of State just said that he is planning to provide additional community matrons. He might like to explain why, after seven years of a Government who have failed to deliver community nursing care, there are 800 fewer district nurses than there were seven years ago; why there are 15 per cent. fewer episodes of care from district nurses than there were seven years ago; and why there are 20 per cent. fewer episodes of care from health visitors than there were seven years ago.

The Government have only just discovered the needs of those with long-term diseases. Even now, the Government's approach is not to design services around the needs and choices of patients but to put in place some community nursing without necessarily understanding how that meshes together with the role of general practitioners. Perhaps the Secretary of State would like to explain where community nursing has gone over the past seven years.

Dr. Reid: I confess that I would like to have turned to this as a first priority seven years ago. Had we inherited something other than an impoverished and undernourished NHS in which there had been under-investment—[HON. MEMBERS: "Oh!"] The hon. Gentleman asked me what we did for seven years before we got the 3,000 community matrons. It is a fair question.

Mr. Simon Burns (West Chelmsford) (Con): Answer it then.

Dr. Reid: I will answer it, if the hon. Gentleman will be courteous enough to contain his excitement. We have been providing 67,500 more nurses, 18,000 of them, incidentally, in primary care, exactly the sector to which the hon. Member for South Cambridgeshire (Mr. Lansley) referred. We have more than 19,400 new doctors. Sixty-eight major new hospitals have been built, are under way or have been improved, and 2,200 GP premises have been improved. In the past three years alone, we have provided 1,600 more general and acute beds than we inherited. We have 265 one-stop services. We have slashed the waiting lists and improved the health care of millions. On top of that, we are providing yet more facilities, including 3,000 community matrons. I wish that we could have done more but we followed a Government who could not have done less for the health service.

NHS Dentists

5. **Mrs. Annette L. Brooke** (Mid Dorset and North Poole): If he will make a statement on progress in implementing the new contract for NHS dentists.

[182185]

The Minister of State, Department of Health (Ms Rosie Winterton): Since the Health and Social Care (Community Health and Standards) Act 2003 received Royal Assent in November, my officials have had several meetings with the British Dental Association about the new contract. Further meetings are scheduled in the next two months. We will shortly be making a further statement on the implementation of the new contract.

Mrs. Brooke: What guarantee does the Minister think she may be able to give that the new proposals will improve access to NHS dentists? That is an enormous concern for my constituents. Given the latest research from the British Dental Association, which found that nearly 60 per cent. of high street dentists are likely either to reduce their commitment or quit the NHS, I seek reassurances from her today.

Ms Winterton: Our evidence that the new contract will work is based on five years of work in pilot sites around the country. We already have about 1,500 dentists coming over to the new system of personal dental services. The hon. Lady will be aware that we worked up the proposals for the new contract with the British Dental Association because it told us that it did not like the current way of working—the treadmill effect. We are changing the system so that all the money that is currently held centrally will go to local level and primary care trusts can plan properly, in conjunction with local dentists, the NHS dentistry that is required in their area.

Mr. John Denham (Southampton, Itchen) (Lab): I thank my hon. Friend for agreeing to visit Southampton on Thursday to discuss dentistry, and may I encourage her to do two things when she does? First, will she do everything that she can to reassure NHS dentists about the nature of the new contract, because the misconceptions about it are one reason why some are considering reducing their commitment? Secondly, I urge her to press the primary care trust to monitor dentists' intentions much more closely, so that it can intervene quickly if there are any signs of dentists planning to leave the NHS for erroneous reasons and fears in particular.

Ms Winterton: My right hon. Friend is right: there are some misconceptions about the new contract. On PCTs ensuring that they are aware of what is happening locally, we have dental leads in every PCT and in the strategic health authorities. Earlier this year, we announced £59 million to improve access, and dental personnel working at PCT and strategic health authority level have access to that money. They can work with local dentists, so that if dentists indicate that they want to leave the NHS, money can be accessed and ways of improving services considered so that they remain NHS dentists.

Dr. Andrew Murrison (Westbury) (Con): These are not just misconceptions. The dental profession seems to be united in its opposition to the new dental contract. Why does the Minister think that that is so? Could it be that, with nine months to go until the start of the contract, we have yet to be given the details of it? Could it also be because nine out of 10 dentists believe that PCTs are not up to the job of managing that contract, as the National Audit Office also seems to think?

Ms Winterton: One problem is that dentists were completely united against the contract introduced by the previous Administration and we have had to pick up the pieces resulting from that. On dentists' attitude to the new approach, 1,500 dentists are moving over to the new system and they say that they like the new way of

working. The chairman of the British Dental Association said that there are many happy practitioners working under the new system—a fact that we should be celebrating. We have put together the dental work force review and worked with the BDA on the new contract—the new way of working—which, as we have demonstrated, is working after five years of piloting. I had hoped that the hon. Gentleman would support the action that we are taking, particularly given that we are putting right the problems created by his Administration.

Breast Cancer Screening

6. **Mr. Bill Tynan** (Hamilton, South) (Lab): How many women have benefited from the extension of the breast cancer screening programme to those aged between 65 and 70 years. [182186]

The Parliamentary Under-Secretary of State for Health (Miss Melanie Johnson): Over 250,000 more women have been invited for breast screening in England since the extension to women aged 65 to 70 began in April 2001.

Mr. Tynan: My hon. Friend will know that statistics show that currently, a third of all women aged over 70 suffer from breast cancer. Although I congratulate the Government on extending the programme to those aged 70, will she consider a further extension to take into account giving an automatic recall to those aged over 70?

Miss Johnson: We have looked at the evidence on screening for the over-70s and the Advisory Committee on Breast Cancer Screening is currently reviewing it. However, there is little evidence to suggest that screening would be effective for that age group; indeed, I understand that no major country offers routine screening for the over-70s. It is possible, however, for women aged over 70 to continue to be screened, and such screening is already freely available. Women who have participated in the programme will be informed of that right at the age of 70.

Gregory Barker (Bexhill and Battle) (Con): The expansion in screening is to be greatly welcomed and it is to the Government's credit, but for women suffering from breast cancer it is by no means the whole picture, particularly if follow-up care is not available. In my part of the world, we are extremely worried about the situation at the Maidstone and Tunbridge Wells NHS Trust, the chief executive of which wrote to all Members of Parliament in our area. He said that waiting times for breast cancer patients needing radiotherapy is now an urgent issue, and that

"waiting times have started to increase for all patients who require radiotherapy treatment, the longest waits now being for those with . . . breast cancer".

This is not a new problem; we experienced it two years ago, and the numbers started to come down. Will the Minister undertake to get in touch with the trust to see what can be done to help tackle this very important problem?

Miss Johnson: As the hon. Gentleman said, we have improved outcomes enormously through the screening programme. About a third of cancers are being detected in this way and we have detected 1,500 extra cancers through the programme in the last couple of years. I welcome his congratulations on the work of staff across the country, including, no doubt, his constituency. To a degree, we are the victims of our own success: as a lot more women are identified, a lot more women need treatment. There is a maximum waiting time for front-line treatment and, in terms of follow-up treatment, we have doubled the number of radiography training places and increased the number of clinical oncologists by a quarter since 1997. We recognise that there is still more to do to address the issues raised by the hon. Gentleman, which is why we have asked the national cancer director to undertake a stocktake on the issue.

Dr. Jenny Tonge (Richmond Park) (LD): "Celebrate" seems to be the in word this morning and I do celebrate, if modestly, the huge improvement in detection and treatment of breast cancer in this country; that should be recognised. However, the causes of heart disease are now well known and much has been done to prevent heart disease. What resources are we putting in to the causes of breast cancer so that we can prevent this terrible disease and not just treat it when it occurs?

Miss Johnson: I welcome the hon. Lady's congratulations on and support for the achievements so far. A number of research programmes are going on, but we already know that some things will reduce people's risk of getting cancer—including breast cancer—such as eating five pieces of fruit or vegetables a day. The hon. Lady screws up her face, but such things clearly improve outcomes across the board in relation to several cancers and coronary heart disease. There are a number of things that people can do already such as undertaking more physical activity, and we will come to those as part of the White Paper in the autumn. I am happy to undertake to write to the hon. Lady on the details of the research programmes.

Mr. John Baron (Billericay) (Con): We welcome any extension of the breast cancer screening programme, but the fact remains that three quarters of all breast cancer cases are still diagnosed through the GP referral system, with which there are a number of problems. For example, whereas the Government's two-week target for women urgently referred by their GP to see a specialist is being met, Breakthrough Breast Cancer, among others, has pointed out that something like 10,000 women each year are routinely referred by their GP and subsequently misdiagnosed with breast cancer. Those women have to wait, on average, six to eight weeks—and, in some cases, up to 17 weeks—to find out whether they have breast cancer. The Government's two-week target is not helping the large number of women who are, in effect, misdiagnosed because they have been routinely referred and who must wait much longer to see a specialist at a time when they may be suffering much anxiety and stress. That also puts GPs in a difficult position, as around half of them have expressed the view that they find it difficult to distinguish between urgent and routine referrals, upon which so much depends. What is the Minister going to do to correct this lottery in breast cancer care?

Mr. Speaker: Order. Before the Minister replies, I want to explain that when I call Front Benchers, it means that Back Benchers will not be called, because I have given Front Benchers that privilege. I therefore expect shorter questions—indeed, I demand them.

Miss Johnson: Obviously, women are hugely better off than they were under Conservative Governments. Presently, 98 per cent. or more of women with urgent referrals are being seen within two weeks. The hon. Member for Billericay (Mr. Baron) dismisses that out of hand, but those are people categorised by their doctors as the most important cases. They are now receiving speedy treatment, which could never have been guaranteed—and, indeed, people did not receive it—in the past, when only a comparatively small percentage were getting hospital referrals within two weeks.

As to the hon. Gentleman's point about non-urgent referrals, we are interested in improving the referral accuracy of GPs. Work is being done on the guidance given to GPs about whom they should and should not refer urgently. Overall, the effect of the Government's policies and investment is hugely positive for women with breast cancer. The outcomes demonstrate that, with more than a 10 per cent. overall cut in cancers reflecting similar cuts in breast cancer mortality across the piece.

Scanners

7. **Dr. Brian Iddon** (Bolton, South-East) (Lab): How many additional scanners have been provided in the NHS in the last year; and how many of these are in the north-west. [182187]

The Secretary of State for Health (Dr. John Reid): Forty-five scanners—29 CT and 16 MRI scanners—were delivered to the NHS through centrally funded programmes in 2003–04. Of those, six were delivered to NHS trusts in the north-west. In addition, we announced last week that NHS MRI scanning capacity will be increased by a further 15 per cent. as a result of procuring 12 state-of-the-art mobile units from the private sector. Three of those will be based in the north-west.

Dr. Iddon: I welcome that news. The New Opportunities Fund has provided the Royal Bolton hospital with a new £700,000 scanner, which will detect cancers. Unfortunately, it is being used only for six half-day sessions a week because the hospital cannot provide suitably trained staff who can interpret the images from the scanner. What account is my right hon. Friend taking of the budgets necessary to staff the new scanners? Can he please comment on the provision of adequately trained staff?

Dr. Reid: In terms of the budgets, even our most churlish critic would accept that an increase in the Bolton Hospitals NHS Trust budget from about £108 million to £130 million between 1999 and this year is a significant increase in revenue funding. As to the scanners themselves, my hon. Friend will be aware that one MRI scanner was delivered last year and I believe that two CT scanners are scheduled to be delivered in the next couple of years. In terms of staff, yes, it is difficult. We are expanding NHS staff and 84 per cent. of them are involved in direct patient care, despite the constant refrain from Conservative Members that everyone in the NHS is a useless unproductive bureaucrat. It is difficult to get radiologists, but I can tell my hon. Friend that there are more radiology staff than ever before. Since 1997, the number of clinical radiologists has increased by 26 per cent. and the number of diagnostic radiographers by 13 per cent. We will boost those figures further by an additional £3 million investment.

Mr. Nigel Evans (Ribble Valley) (Con): The Secretary of State for Health has mentioned mobile scanners. Will he ensure that they will be made available to rural areas around the north-west of England, including Clitheroe in Ribble Valley, whose needs are as great as in any other place? Will he also ensure that trained staff will be made available to local residents so that they secure the level of service that they are paying for?

Dr. Reid: We are certainly trying to do that. The point of having mobile scanners is not just to add to capacity, although the announcement last week by the Minister of State, Department of Health, my right hon. Friend the Member for Barrow and Furness (Mr. Hutton) spoke of adding some 500,000 to 600,000 scans to our capacity over the next few years, which is an enormous increase. The fact that they are mobile means that they can be taken to the places where the needs are greatest and also to rural areas. There will be two mobile units in London, two in north-east Yorkshire and Humber, three in the north-west and west midlands, two in the east midlands and the east and three in the south. That, to adopt the word of the morning, is cause to celebrate, not least in Leicester where two MRI scanners have already been delivered and Birmingham where three MRI scanners and nine CT scanners have been delivered.

General Practitioners

8. **Tony Lloyd** (Manchester Central) (Lab): What initiatives are in place to encourage the retention of general practitioners in inner-city areas. [182188]

The Minister of State, Department of Health (Mr. John Hutton): The Government are committed to increasing the number of GPs working in under-doctored areas, which include many inner-city practices. A range of measures have been put in place to achieve that, including the allocation of extra training places and payments of up to £12,000 for GPs beginning their careers in those areas.

Tony Lloyd: Obviously, my right hon. Friend's answer is very helpful, but may I draw his attention to the specific problem of population change in the inner cities? There has been a very rapid decline in some areas, and in others—such as the centre of my city of Manchester—the increase has been extremely rapid. A decline in population places a significant strain on GPs in financial terms, while a rise poses difficulties in terms of patient numbers. I hope that my right hon. Friend looks very seriously at the problem. The rapid population growth in the centre of Manchester is a major issue. We need more GP services to serve the new

population. The problem is not unique to Manchester but is apparent in other cities, such as Birmingham and Leicester, where the Government's many achievements are already celebrated. However, people are listening to the debate on this matter.

Mr. Hutton: I very strongly agree with my hon. Friend. Central Manchester's population is booming because of the significant success of local regeneration schemes. I agree too that there is a need to ensure that primary care trust funding allocations keep abreast of population changes. I accept his criticism that that may not always have happened in the past. That is why we are looking very carefully at the problem that he highlights as part of the next wave of allocations to PCTs, and I am sure that he will agree that it is a priority.

Mr. Jonathan Sayeed (Mid-Bedfordshire) (Con): The Minister will know that GP retirements are concentrated in inner-city practices run by a single doctor—and especially in practices where the retired doctor was Asian. The Government have promised some 2,000 more GPs, but have not specified that they will all work full-time. The British Medical Association says that we need an extra 10,000 GPs. How do the Government intend to square that circle?

Mr. Hutton: I hope that the hon. Gentleman at least will welcome the fact that 2,000 more GPs are working in the NHS—but perhaps he was coming to that. There has been a significant increase in the number of whole-time equivalents as well. We need to continue the investment and to support PCTs in using a variety of mechanisms to expand the GP work force. The hon. Gentleman's strictures today would have had more credibility if he and his party had any plans to increase the size of the primary care work force. Sadly, they do not.

Mr. Bill O'Brien (Normanton) (Lab): On the question of retaining GPs in inner-city areas, will my right hon. Friend take into consideration the problems that arise in urban areas? When two GPs left a practice in my constituency, the withdrawal of the satellite service caused much inconvenience for people. Is there any incentive to encourage doctors to work in urban areas? The PCT has done all it can to fill the vacancies, but more assistance is needed.

Mr. Hutton: Again, I agree with my hon. Friend that there remain parts of primary care in England that experience difficulties in recruiting more GPs, and he referred to problems in his area. In my earlier answer, I set out some of the incentives that we have put in place, but I can tell the House that we are looking at ways to increase them further. I hope to make an announcement on that very shortly.

9. **Miss Anne McIntosh** (Vale of York) (Con): If he will make a statement on the implementation of the new general practitioner contract. [182190]

The Minister of State, Department of Health (Mr. John Hutton): The new primary care contract was approved overwhelmingly by a ballot of general practitioners, and is being implemented successfully. All but five practices working under general medical services arrangements have signed the contract. Payments under the new contract have all been made on time.

Miss McIntosh: People can see a doctor within 48 hours only if they declare themselves to be an emergency, and in parts of the country it is impossible to see a doctor out of hours in the evenings or at weekends. Will the Minister apologise for that? Does he accept that the new GP contract is an abject failure, and that his Government have let this country down?

Mr. Hutton: No. In the light of recent exchanges in the House, I hope that the hon. Lady will understand why I will not take at face value any of the so-called facts that she has just brought to our attention. They are not the case. She might be better off having a word with the motley crew on the Opposition Front Bench about the new GP contract, because I understand that the hon. Member for South Cambridgeshire (Mr. Lansley) has said that he supports it.

Mr. Bob Blizzard (Waveney) (Lab): Lowestoft is not a city like Manchester, Birmingham or Leicester, but it contains some of the deprivation associated with those cities. In assessing the new GP contract, will my right hon. Friend take into account the difficulties of recruiting and retaining GPs in the poorer parts of Lowestoft, which do not benefit from the incentives that are offered elsewhere? Will my right hon. Friend look at that situation?

Mr. Hutton: Yes, I certainly will look at the point that my hon. Friend raises. The incentives for new GPs who are starting their careers are all targeted at under-doctored areas, and that will include the constituency that my hon. Friend so ably represents. The key is to continue the investment in primary care, which is set to increase by 33 per cent. over the next couple of years and to ensure that we seek to improve the health of the poorest communities in Britain at a faster rate than any other community. That is what this Labour Government are committed to doing.

Mr. Simon Burns (West Chelmsford) (Con): Does the Minister really think it is successful that last weekend in Norfolk half the GPs who provided the out-of-hours service had to be flown in from Germany? Is the Minister doing anything to prevent the inevitable chaos at weekends for the out-of-hours service as GPs cease to have surgeries on Saturday mornings, and the pressures on the service in the evenings during the week as patients cannot get appointments?

Mr. Hutton: I know that the hon. Gentleman has a vested interest in spreading doom and gloom about the national health service. In relation to the points that he raises, some 40 PCTs have now successfully negotiated opt-out arrangements in relation to the new contract with their local practices. The general view is that those opt-out arrangements are working effectively. The hon. Gentleman raised the issue of Norfolk and I understand that it is looking at finding some doctors from Germany to support the work of GPs.

It was important to make the changes to the contract, because the doctors themselves asked us to do it and agreed to the changes in the ballot. The new contract will help us in the wider sense of recruiting more GPs to work in primary care. However, we should nail one misunderstanding. The contract does not suggest that out-of-hours services will end: it will remain the case that people will have access to a GP out of hours. That is the legal responsibility of PCTs and it cannot be avoided. My understanding is that the Conservative party supports the changes to the contractual arrangements for the employment of GPs, but they come here and imply that they think that we should not make those changes. What a bunch of hypocrites they are. [HON. MEMBERS: "Oh!"]

Mr. Speaker: Order. The right hon. Gentleman will withdraw that remark.

Mr. Hutton: Of course, Mr. Speaker—

Mr. Speaker: Order. He should say nothing else; just withdraw the remark.

Mr. Hutton: I am happy to withdraw that remark.

Ms Gisela Stuart (Birmingham, Edgbaston) (Lab): GP services in Birmingham have improved tremendously and the contracts are working. It is a fact that 98 per cent. of people in Birmingham can see a GP within 48 hours. However, GPs do not operate in isolation. We must continue to drive down the waiting lists for referrals to see a consultant. Will my right hon. Friend remind the people of Birmingham—especially those in Hodge Hill, who will be voting soon—which party represents their interests, is driving the NHS forward and will continue those improvements, not jeopardise them?

Mr. Hutton: I am very happy to do that. People face a clear choice between a party that is committed to investment and giving patients guarantees about when they will be treated and by whom, and the Opposition, who would do none of those things.

Single Sex Wards

10. **Dame Marion Roe** (Broxbourne) (Con): What progress has been made with making wards in child and adolescent mental health services units single-sex. [182191]

The Parliamentary Under-Secretary of State for Health (Dr. Stephen Ladyman): The data are not collected centrally, but the Royal College of Psychiatrists' quality network for in-patient child and adolescent mental health services conducts annual reviews of services. Of the units reviewed in 2002–03, 89 per cent. fully or partly met its standards for single-sex privacy, and for units reviewed so far in 2003–04, that has increased to 98 per cent.

Dame Marion Roe: I am grateful to the Minister for that reply, but can he tell the House what action is being taken to stop young and adolescent mental health patients being placed in adult mental health wards, and what measures the Government propose to take to ease the crisis in resources for such patients?

Dr. Ladyman: I congratulate the hon. Lady on her recently bestowed honour.

The hon. Lady is right: there is a real problem when it becomes necessary to place adolescents in adult wards and we are working very hard to avoid it, not only by giving guidance to the services but also by making major investments in those services. I bring to her attention the fact that later this year we shall be publishing the national service framework for children, which will include further extensive guidance on the subject.

Tim Loughton (East Worthing and Shoreham) (Con): If we are "motley", I dread to think what unparliamentary language would be required accurately to describe the shower on the Treasury Bench—

Mr. Speaker: Order. I dealt with the remark that was made. I want temperate language at all times.

Tim Loughton: Why did a recent *British Medical Journal* survey of psychiatrists and paediatricians reveal that nearly two thirds of under-18-year-olds with mental health problems were admitted to inappropriate wards, many to adult wards? They were the lucky ones, given that the mean number of adolescent in-patient beds is only 7.1 beds per 100,000 of the population, leading to the conclusion that there is an absolute lack of capacity in child and adolescent in-patient psychiatrist units. Given all the Government's bluster about eradicating mixed-sex wards for adults with physical illness—unsuccessfully—why have they done nothing to end mixed-sex wards for adolescents with mental illness, potentially the most vulnerable of all?

Dr. Ladyman: I would not have thought child and adolescent mental services an obvious subject for levity, but perhaps my sense of humour is not quite as refined as the hon. Gentleman's.

We are making a major investment in child and adolescent mental health services, including an investment in new wards and in providing single rooms and separate-sex facilities. We are making the investment that will improve a service with which we are not happy. The hon. Gentleman is pledged to taking that investment out.

Patient Capacity

11. **Mrs. Janet Dean** (Burton) (Lab): What plans he has to increase patient capacity within the NHS. [182192]

The Secretary of State for Health (Dr. John Reid): The NHS is expanding capacity as never before, with 19,400 more doctors and 67,000 more nurses since 1997, and the largest hospital building programme in its history. That will allow us to offer faster, more responsive services and more patient choice, all free with no charges for anyone for operations or treatment.

Mrs. Dean: I thank my right hon. Friend for that answer and—to use the word of the morning—celebrate the fact that there has been a 35 per cent. increase in overall staffing at Queen's hospital in Burton, and a 68 per cent. increase in the number of doctors there. A new GP surgery at Winshill in my constituency is serving a local population that has not had one for between 20 and 30 years. May I also tell my right hon. Friend—

Mr. Simon Burns (West Chelmsford) (Con): Question!

Mr. Speaker: Order. I chair the proceedings in the House.

Mrs. Dean: There are concerns about the number of GPs, especially in the inner wards of Burton, and about the shortage of dentists in east Staffordshire. Will my right hon. Friend give the primary care trust guidance on how to address those issues?

Dr. Reid: We always stand ready to give whatever assistance and guidance we can, although as we drive forward reforms in the national health service and increase capacity we are trying simultaneously to pass down to local level as much of the power for decision making as possible. My hon. Friend has given a balanced picture of where we are. We have made huge and significant progress on capacity over the past seven years, although we still have a long way to go, as she pointed out. However, the choice before people is plain: what we offer, in increased capacity, extended choice, more personal care, all delivered free at the point of need; or the alternative, which is to reduce NHS capacity, to scrap all targets so that there will be unlimited waiting lists, to introduce charges and give preferential treatment to the better-off, and to return to the jungle of the free market where health policy benefits only the financially fittest in this country.

Mr. Mark Francois (Rayleigh) (Con): May I ask the Secretary of State about capacity as regards dental patients in the NHS? In large parts of my constituency, it is now practically impossible to register with an NHS dentist. People must go to a practice well outside the constituency to do so. In Hockley, in my constituency, there is a particular problem. The residents association has come up with some innovative proposals to address it, but those in the local health economy appear to be pooh-poohing them at present. Will the Secretary of State allow me to write to him specifically about that very difficult situation to find out whether he can do something to address the black hole in NHS dentistry in my constituency?

Dr. Reid: Of course I look forward to receiving any representation on that from any Member on either side of the House. I have not hidden—nor has the Minister of State, Department of Health, my hon. Friend the Member for Doncaster, Central (Ms Winterton)—from the huge challenges that we face with dentistry. Again, let us try to get a balanced picture. There are more dentists in this country than ever before. There has been a 15 per cent. increase in the number of dentists in this country. There are more dentists in training than ever before, but there are problems that relate to the contract. I make no party political point, but that is not merely a problem under this Government. There is a problem with getting in extra dentists in the short term, as well as with training them for the long term. I will address all those points in the coming week, because this issue should not separate us on party political grounds, but I certainly look forward to receiving any ideas and representations. One idea that I will not accept is to reduce the capacity that we are putting into the NHS—an idea that could only make the situation worse.

Mr. Gordon Prentice (Pendle) (Lab): We need more home-grown doctors because, very often, doctors will stay in the area where they were trained. May I ask my right hon. Friend whether there is any plan to establish a new medical school in the north-west, based on the university of Central Lancashire?

Dr. Reid: It is not always that I can start with the words, "I agree entirely with my hon. Friend," but I can today. That is why we have got 60 per cent. more home-grown doctors, and more medical students and a higher number of applications to medical colleges than ever before. We have opened four more medical colleges as well.

All that is a massive advance, but it is short of where we would want to be in an ideal world. However, I hope that people will recognise that, if we want to build on the advances of the past few years, we need increased capacity and more personal control for patients, and all that must be delivered free at the point of need. We should be celebrating this morning the fact that, as shown in a BBC poll, 70 to 80 per cent. of the people of this country agree with us on that and are entirely opposed to any plan to charge people for health care.

Enbrel

12. **Rev. Martin Smyth** (Belfast, South) (UUP): When he expects Enbrel to be available for general prescription throughout the NHS. [182193]

The Minister of State, Department of Health (Ms Rosie Winterton): Enbrel is already available on NHS prescription.

Rev. Martin Smyth: It may be in England, but I understand that it is not yet available in Northern Ireland, where patients are crying out for it. Will the Minister have a chat with her colleagues in the Northern Ireland Office to find out whether Enbrel may become free on prescription not in three years' time, but to meet patients' needs at the moment?

Ms Winterton: As I said, Enbrel is available on prescription. The hon. Gentleman may be referring to the National Institute for Clinical Excellence guidelines, which are implemented in England and Wales, but the implementation of NICE guidelines is, in fact, a devolved decision. However, I can assure him that officials in the Northern Ireland Office are considering more formal ways of working with the relevant national standard-setting bodies, including NICE, which will address the problem that he raises.

Waiting Times (Hendon)

13. **Mr. Andrew Dismore** (Hendon) (Lab): What steps he plans to take to reduce hospital waiting times for residents in Hendon. [182194]

The Minister of State, Department of Health (Mr. John Hutton): Maximum waiting times for hospital treatment in my hon. Friend's constituency have halved since 1997. On 24 June, the Government set out our plans to reduce further waiting times for treatment, which will bring further benefits to my hon. Friend's constituents.

Mr. Dismore: May I celebrate my right hon. Friend's answer and the fact that he, rather than the Conservative party, is running the health service in London? There is still some spare capacity at Edgware hospital. Will he work with Barnet and Chase Farm trust and others to find out whether that extra capacity can be brought into use by some of the consultants there, who seem a little reluctant to travel the short distance involved?

Mr. Hutton: I will certainly look into the matter my hon. Friend has raised.

Patient Choice

14. **Andrew George** (St. Ives) (LD): What assessment he has made of the potential for patient choice in remote rural areas. [182195]

The Parliamentary Under-Secretary of State for Health (Dr. Stephen Ladyman): Increasing patient choice offers all patients, including those in rural areas, the opportunity to have more control over their health care. Choice should also lead to better quality services as health care providers respond to the choices that patients make.

Andrew George: I am grateful for that reply, but does the Minister accept that the reality in rural areas is a choice between whether people have a hospital or not, and a consideration of whether there are enough acute and primary care beds and front-line staff, and sufficient diagnostic capacity in the NHS in such areas, rather than a synthetic argument about the choice to join some elective queue or other somewhere else?

Dr. Ladyman: So in the hon. Gentleman's opinion, Cornish mothers do not want to choose between midwife-led units and obstetrician-led units for their births, and the 3,000 people from the health economy in his area who have already chosen under existing plans to travel to shorten their waiting time for coronary heart disease operations do not want that choice. It is absolutely true that part of what we must do is to drive up capacity and ensure that that is available everywhere. However, one of the great drivers for that—it is also a driver for increasing quality—is giving people choice, and that is just as relevant, and perhaps even more relevant, in rural areas as it is anywhere else.

Mr. Desmond Swayne (New Forest, West) (Con): May I join a modest celebration and congratulate Ministers on the way in which they have expanded the choice available to my rural constituents by making use of the availability and capacity of the private sector? Does the Minister, in accepting the success of that scheme, believe that it is time to expand it further to alleviate the suffering of people who have had to dip into their savings to afford life-changing, or life-saving, treatments?

Dr. Ladyman: The hon. Gentleman's party's policy is to force people to pay from their own pockets if they want choice, while our policy is to give people choice without their having to spend extra money. He would unleash inefficiency on the health service by allowing people to buy from the private sector one at a time. When we choose to use the private sector, we negotiate and buy in bulk, and get cost effectiveness as a result.

Life Expectancy

16. **Sir Teddy Taylor** (Rochford and Southend, East) (Con): What estimate he has made of the impact on health service spending of the increase in life expectancy. [182197]

The Minister of State, Department of Health (Mr. John Hutton): The Wanless review reported that the impact of ageing on future health expenditure is likely to be small compared with other cost drivers.

Sir Teddy Taylor: Does the Minister agree that bed blocking by elderly patients remains a major difficulty in the health service that causes many problems for the medical services? Does he agree that the problem should be faced up to seriously because it will obviously get worse if we have more elderly patients? Does he think that the matter should be examined independently and carefully to determine whether we can find a real solution to bed blocking?

Mr. Hutton: I do agree that we need to examine such issues carefully. I am glad to be able to tell the hon. Gentleman and the House that bed blocking in the national health service has reduced hugely, largely as a result of the new legislation and extra investment that we have put in place, both of which he and his hon. Friends opposed in the House.

Children's Hospices

17. **Jeff Ennis** (Barnsley, East and Mexborough) (Lab): If he will increase the amount of NHS funding being channelled towards children's hospices. [182198]

The Parliamentary Under-Secretary of State for Health (Dr. Stephen Ladyman): Children's hospice services are funded from a number of sources, including services commissioned by national health service primary care trusts on the basis of their assessment of children's needs and their priorities. There are no limits to the amount of funding that may be provided—that is for local decision.

Jeff Ennis: I am sure that the Minister is aware of my early-day motion 667, entitled "Review of NHS Funding for Children's Hospices", which highlights a differential that exists whereby children's hospices receive only 5 per cent. of their funding through the NHS while adult's hospices receive up to 38 per cent. of their funding in such a way. There is genuine concern throughout South Yorkshire about the disparity, so will the Minister meet me to discuss the matter in greater detail?

Dr. Ladyman: I would be happy to meet my hon. Friend, but I must stress again that services for children's hospices need to be based on the needs of individual children, not on the basis of a blanket figure that he or I might think appropriate.

Nutrition (Young People)

18. **Bob Russell** (Colchester) (LD): If he will make a statement on the nutritional content of meals for young people. [182199]

The Parliamentary Under-Secretary of State for Health (Miss Melanie Johnson): The latest national diet and nutrition survey of young people aged 14 to 18 in 2000 showed that they consumed too much saturated fat, sugar and salt and too few fruit and vegetables.

Bob Russell: I thank the Minister for her answer as far as it went, but will she have discussions with her colleagues in the Department for Education and Skills, as successive attacks on the school meal service by this Government and the previous one have seriously affected the health and well-being of children? Will she also ask her colleagues in the national health service why they are promoting unhealthy products through the NHS "Popzone", as it is not acceptable for the NHS to promote such products?

Miss Johnson: I am happy for the hon. Gentleman to send me anything about which he is discontented so that I can have a further look at it, but we are in regular discussions with the DFES about initiatives to encourage and enable children and their families to make healthier food choices, including national healthy school standards, the food in schools programme, the school fruit and vegetable scheme, the healthy living blueprint and healthy start. A range of initiatives is therefore under way to improve children's health as well as the food that they eat during and outside the school day.

Roads Policy

12.31 pm

The Secretary of State for Transport (Mr. Alistair Darling): With permission, Mr. Speaker, I should like to make a short statement on new measures to encourage better use of our roads and on the M6 between Birmingham and Manchester.

Decades of under-investment and a growing economy have put our roads under severe pressure. Two steps are necessary if we are to reduce congestion, especially at peak times. First, we need to make better use of our existing roads and, secondly, we must provide additional capacity on key strategic routes. I have two proposals to tackle congestion and provide more reliable journey times, including a scheme to make better use of the existing capacity on the road network by encouraging people to share vehicles at peak times.

Car pool lanes have been used to great effect, both in America and Australia, and if it works in other parts of the world there is no reason in principle why it should not work here. Car pool lanes could play an important role in reducing congestion on key commuter routes. I have therefore asked the Highways Agency to carry out a feasibility study of four sites on the motorway network for trialling high occupancy vehicle or car pool lanes, which could be created by widening the road to create an additional lane or in some cases by using the hard shoulder as a running lane. They would be reserved for the use of vehicles carrying two or more people, and would offer faster, more reliable journey times.

The Highways Agency will consider a 6-mile stretch of the M62 between junctions 25 and 27 from Brighouse to Leeds; a 7-mile stretch of the M3 between junctions 3 and 2 from Bagshot to Thorpe; a 20-mile stretch of the M1 between junctions 13 and 7 from south Milton Keynes to St. Albans; and a 7-mile stretch of the M61 between junctions 6 to 3 north-west of Manchester. In general, the Government favour the provision of extra capacity for car pool lanes, but in the case of the M61 it may be possible to use one of the existing lanes, so I have asked the Highways Agency to consider that. An assessment of each site will be carried out over the coming months that will consider operational suitability as well as safety and environmental implications. The proposal extends the measures that we are already putting in place to make better use of our existing roads, including piloting hard-shoulder running on the M42 and, since April this year, introducing traffic officers on motorways to help clear up incidents and get traffic flowing as quickly as possible.

I come to the need for additional capacity on one of the most heavily used road arteries in the country—the M6. We need more capacity on road and rail, which is why, for example, we are investing over £7 billion in the west coast main line. When the first stage of work is complete in September it will cut half an hour from Manchester to London train times. We also need more road capacity, however, on that key route. The House will be aware that the new M6 toll motorway opened in December last year. Today, the Highways Agency has published an analysis of the first three months of traffic on the M6 toll and the existing M6. Copies of that report have been placed in the Library.

The report shows that the M6 toll regularly carries about one fifth of all traffic flowing through the west midlands conurbation every day, with vehicles saving up to half an hour on a journey that can take more than an hour during peak times on the existing M6. Drivers who choose not to pay the toll are benefiting from reduced congestion. Since the M6 toll opened, traffic on the existing non-tolled M6 has decreased by 10 per cent. Friday afternoons have seen a significant improvement in journey times, and there have also been improvements on roads as far afield as Stoke-on-Trent. All this has been widely welcomed by businesses, in particular across the west midlands, and by the AA and RAC.

The M6 links two of the country's most important economic centres, Birmingham and Manchester. It is one of the busiest roads in the country, and drivers regularly suffer heavy congestion. That is why on 10 December 2002 I told the House that I would support the widening of a number of key strategic roads, including widening the M6 between junction 11A near Cannock and junction 19 near Knutsford to four lanes in each direction.

Given the success of the M6 toll in alleviating congestion, it is now right to consider extending the tolled motorway and building a new expressway to run parallel with the M6 between Birmingham and Manchester, as an alternative to widening the existing road. This 51-mile stretch of the M6 between junctions 11A and 19 is being considered as a tolled expressway because of its importance to business and its link to the M6 toll, and because a significant percentage of its traffic travels 20 miles or more.

There are a number of advantages to an expressway. First, it would provide motorists and businesses with a choice of using the existing M6 or paying for a faster, more reliable journey on the new road. An expressway could be designed to suit long- distance journeys with fewer junctions, and could also improve conditions on the original road, freeing up space there. Secondly, an expressway would provide double the extra capacity at a lower cost than widening the existing road by one lane. Thirdly, construction of an expressway would not cause disruption to road-users while it was being built. In comparison, widening the existing M6, which obviously would need to be done in a phased way, would cause disruption for five to six years.

We have also to consider carefully the wider social and environmental impacts, including the effect on landscape, biodiversity and heritage, as well as air quality and climate change. We will need to assess what impact an expressway would have on traffic levels generally and the scope for high quality measures to combat any adverse effects. Sometimes new roads can have a positive impact on the environment. A new route, with good environmental mitigation plus environmental improvements to the existing M6, might overall be better in environmental terms than simply widening the existing M6. That will need to be looked at carefully.

I am therefore publishing today a consultation on a proposal for an expressway to run parallel with the M6 between Birmingham and Manchester, as an alternative to widening the existing road, so that all these issues can be looked at thoroughly. Our approach is to tackle congestion through a range of measures, both road and rail. The proposals that I am announcing today are

[Mr. Alistair Darling]

intended to give motorists more choice and allow far more reliable journeys. I commend this statement to the House.

Mr. Tim Yeo (South Suffolk) (Con): I am grateful to the Secretary of State for an advance copy of the statement, the context for which is an increase in the burden of taxes paid by motorists from £31 billion a year in 1997 to £44 billion a year now, a smaller proportion of which is spent on roads in Britain than in most other countries.

Despite such a huge burden of tax, congestion on our road network has got so bad that not only do millions of drivers face frustration and delay every day, but the congestion crisis is damaging Britain's economic prospects by weakening our competitive position compared with that of other countries. Our motorway network is poorer than that of all our main international competitors. If only it were expanding as fast as the staff of the Highways Agency, which is set to increase by three quarters, motorists could look forward to a better future.

For years to come, Britain will suffer the consequences of Labour's war on the motorist declared by the Deputy Prime Minister in 1997, and the consequences of the Government's refusal to acknowledge what we, the CBI, the British Chambers of Commerce, the Freight Transport Association, the AA, the RAC Foundation and many others have all agreed is needed an increase in our motorway capacity. Nevertheless, not for the first time the hype that preceded the statement enormously exceeds its substance.

The statement is another attempt to con the media and the public into believing that decisions have been taken. It does not contain a commitment to build new roads, widen the M6 or introduce car pool lanes—all it contains is a commitment to start more consultations. The Secretary of State's reputation for indecision is the only thing enhanced by today's statement. The question that is on everyone's lips remains the same: when will car pool lanes be introduced, and when will the four new lanes on the M6 actually be built?

I shall deal with the issues in the order in which the Secretary of State mentioned them. We have already expressed our support for the principle of car pool lanes, which can contribute to reducing congestion, although they will never be the complete answer. Car pool lanes should be introduced only where capacity is increased, and existing road capacity should not be closed to motorists who have paid for it many times over—for example, some motorists cannot find other travellers with whom to share vehicles because of their patterns of shift work. I also hope that the Secretary of State will publish his assessment of the safety implications of using hard shoulders on motorways as soon as possible.

Turning to the possible new lanes on the M6, a proposal that Conservative Members strongly support in principle, I remind the Secretary of State that the contract for the existing midlands expressway was signed under the previous Government in 1992, more than a decade before vehicles travelled on the route. Given that today's statement concerns starting a consultation process, will the Secretary of State confirm that it is extremely unlikely that any vehicle will travel on any new lanes on the M6 before 2020?

Given that the environmental impact of the new lanes will be felt all the way along the route, does the Secretary of State's statement mean that access to the new lanes will not be available at all the same points as access to the existing M6, in which case the communities affected by the environmental impact will not have the chance to share the benefits? What implications does today's statement carry for other improvements to the motorway network, which are desperately needed on motorways such as the M1 and M62? Have those proposals been postponed indefinitely?

The statement is an admission that the Government's 10-year plan has completely failed, and that the targets for road building and cutting congestion will not be met. Will the Secretary of State admit that failure and say whether he will publish new and more realistic estimates of how bad congestion will get on Britain's roads? Are we to deduce from the timing of today's statement, less than one week before the announcement of the comprehensive spending review, that the Secretary of State hoped to persuade the Chancellor of the Exchequer to allow him to pay for the M6 improvements from his departmental budget, and that he failed in that endeavour?

Since motorists may now be asked to finance road improvements, will the Government cut the tax burden currently borne by motorists? Although it is right to finance some new roads through private sector investment and acceptable to ask motorists to contribute to costs through tolls, the extra costs should be directly related to new capacity, and should not be accompanied by further increases to the tax burden—the threatened 2p duty increase in the autumn is wholly unjustified at a time of high and volatile oil prices.

I welcome the Government's partial and belated adoption of more Conservative transport policies, although it is sad that it has taken them so long to realise what is needed and to start alleviating the substantial damage that they—in particular, the Deputy Prime Minister—have done to our transport system and our economy. It is a very long time since an incoming Government inherited such a strong economy as that inherited by this Government. One of the Government's first actions was to axe the Conservative road building programme. For the first time since the invention of tarmac, not a single foot of new road was built in 2001, and it has taken more than seven years for them to begin to acknowledge the scale of the problem.

Today's statement is a press release masquerading as a policy. Even after the announcement, Britain's motorists will continue to rue Labour's seven wasted years, during which congestion has increased, delays have lengthened, business costs have risen and pollution has worsened. When the needs of the nation demanded decisions and action, characteristically, all the Secretary of State could produce was more dither and delay, which we will pay for in years to come.

Mr. Darling: The hon. Gentleman is sounding more and more like a Liberal Democrat by giving the impression that he is both for and against the proposals. The hon. Member for Caithness, Sutherland and Easter

Ross (John Thurso) must be wondering what he should say to distinguish his position from that of the Conservative party.

In relation to the M6, we have, as the hon. Gentleman acknowledged, already announced that in principle we support its widening: it is not as though we suddenly decided that its capacity was insufficient—*[Interruption.]* I will come on to the Tory position in a moment. That is why I agreed to its widening two years ago. In answer to the hon. Gentleman's specific question, today's announcement does not at all affect the position in relation to the M1, the M25 or any other road schemes that have been announced. They are in the process of being developed and taken forward.

On spending on roads, I think that there is common ground. The problem that we have on our road and rail networks is that successive Governments, both Labour and Conservative, did not spend as much money as they should have. The hon. Gentleman talks about the roads programme that we inherited, but he must remember, because he was a Minister at the time, that the Conservatives' road programme had virtually dried up by 1997 because of the mess that they had got the economy into. In contrast, we are due over the 10-year period to spend some £59 billion on roads. The Conservatives' present policy is to cut £600 million from the transport budget, and unless that changes nothing that he says will have any credibility whatever.

I am glad that the hon. Gentleman supports car pool lanes in principle. I, too, believe that where possible they should be built on new capacity. All the experience from other parts of the world shows that motorists accept that where new capacity is provided, priority should be given to motorists carrying passengers. Earlier this year, I visited the United States, where some 3 million people use car pool lanes; there is an entire network in the north-east and over in California. As they work there, there is no reason why they cannot work here. The best approach is to provide new capacity, but, as I said, in the case of one particular road north-west of Manchester existing carriageway could be involved if we decide that that is right.

The hon. Gentleman mentioned consultation. If we are to build an expressway of any sort, it is inconceivable that consultation will not take place. That is obvious, if for no other reason than that such projects take up time in the planning process.

The hon. Gentleman is right to recognise that the Government are determined to ensure that we improve capacity on our transport system, both road and rail. I believe that these measures represent a significant step forward and that in time people will recognise the advances that are being made in such provision.

John Thurso (Caithness, Sutherland and Easter Ross) (LD): I thank the Secretary of State for his courtesy in sending me a copy of the statement. I congratulate him on his new tactic of damning Conservative Front Benchers with faint praise; if they wish to behave like Liberal Democrats, that is entirely up to them.

On car pool lanes, I welcome the principle of encouraging shared use of cars. Some 61 per cent. of car journeys are made by single occupancy cars, and figures show that a 10 per cent. increase in occupancy would result in a 9 per cent. reduction in traffic. I, too, have seen the schemes that operate in America, although I did so courtesy of a visit with the Select Committee on Culture, Media and Sport. In light of the American experience, how does the Secretary of State expect that the policy will be enforced? As he will know, enforcement has caused considerable problems in America, in Australia and in the pilot scheme in Leeds. Has he given any thought to permitting single occupants to use such lanes on payment of an additional fee, as happens in the United States?

The Secretary of State mentioned that the current proposal is to use car pool lanes only where it is possible to build additional capacity. What studies, if any, have been carried out to see whether car sharing might work on some of the less congested roads where extra capacity would not necessarily be required? Will he tell us what the Government will do to deliver any other measures to support car sharing? Will he also tell us how the Government intend to finance the new M6 toll road? Will it be undertaken on a private finance initiative, as was the existing toll road, or will it be funded by Government finance? What assessment has been made of the financial implications of the current scheme?

What environmental assessment has been made of the existing scheme? Have emissions increased or decreased? It is important to know, when considering the overall policy, whether schemes such as these play a positive or negative role in that regard. Given that the Secretary of State has previously recorded his opposition to such schemes, are the Government considering any others? Last year, in *The Scotsman*, the Secretary of State was quoted as saying:

> "We can't build our way out of congestion . . . The idea that you can build lane after lane after lane is just bonkers."

So, while this scheme may be welcome, is it not now the time to consider a proper national road-user charging scheme, rather than some form of piecemeal privatisation of the motorway network?

Mr. Darling: The hon. Gentleman asked about enforcement in regard to car pool lanes. The use of such lanes is enforced in the United States—and, I think, in Australia—by the police. I have travelled quite extensively in some of these car pool lanes, and it is remarkable how many people do not abuse the system. It seems to work, and I would envisage the police enforcing those rules. In relation to car sharing elsewhere, yes, of course that would be possible. It is always possible for the local authorities that control local roads to consider these options if they want to do so. That is not a matter for the Government.

The hon. Gentleman asked a number of questions about the M6 toll road. In relation to the environmental assessment, research is being carried out at the moment, but it obviously takes time. The M6 toll road opened only in December. In regard to the new road, the Government hope that it will be privately financed, as the existing toll road is.

On the hon. Gentleman's last point, yes, it is the case that we cannot build our way out of all the problems that we face. That is perfectly true, and I have said so time and again ever since I became Secretary of State. Three things are necessary. The first is to provide additional limited capacity where a problem exists, and

[Mr. Darling]

the M6 is a classic example of that. It was anticipated that that road would carry about 75,000 cars a day, but it now regularly carries 150,000 a day. The capacity there needs to be increased. Secondly, we need to make better use of the infrastructure that we have, and car pool lanes would be among a number of measures introduced to achieve that. Thirdly, as the hon. Gentleman says, we need to plan ahead. Over the next 20 to 30 years, new technology will be available. That is why I commissioned a study last year to examine the technical feasibility of a national road pricing scheme. However, I have to tell the hon. Gentleman that, on any view, that is 10 to 15 years away.

Mr. Andrew Miller (Ellesmere Port and Neston) (Lab): I am conscious of the number of colleagues from Staffordshire around me here. I strongly support my right hon. Friend's comments about the need for the M6 expressway. The existing toll road has undoubtedly proved a great success. Will he ensure, however, that businesses in the north-west, particularly manufacturing companies in constituencies such as mine, are consulted as part of the process, so that it is not just a geographical consultation in the immediate surrounding areas?

Mr. Darling: I shall be brief, so as to allow as many other hon. Members as possible to speak. Yes, I can give my hon. Friend that assurance. This will be a national consultation; it will not be confined to the route of the M6.

Sir Patrick Cormack (South Staffordshire) (Con): In deploring the fact that the first part of this statement was leaked yesterday and the rest this morning, may I ask the Secretary of State whether he would please bear it in mind that my constituents, and those of many of my neighbours, have been devastated and blighted by the building of successive motorways over the past 30 years, including the M6, the M54, the toll road, the threatened link road from the toll road, and now this? What will the Secretary of State do to reassure those people? Can we have a detailed timetable and, above all, an assurance that the compensation claims of people suffering from such blight will be considered very quickly?

Mr. Darling: When specific proposals are made, such claims are looked at fairly quickly, but I appreciate the point that the hon. Gentleman makes. Indeed, he came to see me a few months ago to discuss some of his concerns, and he was very frank about his position. There are always two sides to these arguments, and he recognises that additional road capacity is required. I appreciate, however, that people living alongside the route might be affected. Two years ago, I said that I thought that the road needed to be extended. That would involve five to six years of construction work, when it started. This is an alternative. In the light of what we now know about the M6 toll road, it would be daft not to ask ourselves whether this would not be a better way of providing the additional capacity up that corridor.

On the hon. Gentleman's first point, it is unfortunate that the more people we have to involve in making a decision, the greater the risk becomes that somebody will talk. I can assure the hon. Gentleman that, when these things were broadcast on the radio this morning, I would have liked to have been there to argue my corner, rather than having to wait five hours to put my case, but that is life. Yes, of course the Government sometimes tell people what is going on and sometimes they do not; I appreciate the hon. Gentleman's point.

Tony Lloyd (Manchester, Central) (Lab): I welcome my right hon. Friend's statement on the new capacity for the M6. There is no doubt that the present situation is unacceptable, in regard to both congestion and the environment. One of the problems involved in road building programmes is that the process of construction can often be as damaging, in congestion terms, as the existing problem, if the project is not handled well. That means that we must put a premium on speed in this process, and also on the project being extremely well managed. People want to know that this scheme will relieve congestion and not simply cause problems in the medium term. Will my right hon. Friend also give me a guarantee that this programme is sufficiently robust, so that, if it took some time to complete, the kind of cuts that a future Conservative Government might bring in would not put it in jeopardy?

Mr. Darling: My hon. Friend is right. A future Conservative Government who had pledged to cut spending would have to cut the roads programme along with just about everything else. He is also right to say that the construction can cause a lot of disruption. One of the attractions of building an expressway of the kind that I have proposed is that it can be built parallel to the existing road. It would not therefore cause five or six years' worth of additional congestion on the M6. I am sure that my hon. Friend would not look forward to the prospect of driving up and down the M6 for five or six years while it was being widened. Another general point is that the maintenance of roads—we are doing a lot at the moment—can be disruptive. I understand people's frustration in that regard, but—as with the railways, where there has been a lot of disruption on the west coast main line—once the work has been satisfactorily completed, journey time reliability will improve. That is something that we should all aspire to.

Mr. John Redwood (Wokingham) (Con): I welcome the Secretary of State's statement and his commitment to more capacity. One easy thing that he could do would be to put a statutory instrument before the House to allow cars carrying more than one person to use the bus lane on the M4, a much under-used lane that is already demarked for special purposes. Such a proposal would make his statement even more popular.

Mr. Darling: I have considered that, because it seemed an obvious thing to do. However, the advice that I received was that, if we did that, that road would no longer have the capacity that it needs, because the bus lane is not an extra lane, as the right hon. Gentleman knows. It was taken from the existing third lane. There would therefore be a risk of adding to the congestion. I have looked at that proposal, however, and I would be happy to discuss it with the right hon. Gentleman or anyone else. I have also asked my officials to continue to look at it, because it was a very obvious candidate to me.

I am told, however, that if we did it, there would be a serious risk of the road becoming completely gummed up. Obviously, we need to work through those issues.

Ms Joan Walley (Stoke-on-Trent, North) (Lab): I was very pleased to hear my right hon. Friend say that he accepted that we could not build our way out of congestion. I also welcome his proposals on car sharing. On the M6 proposals, I am disappointed that we are not really considering the full opportunities offered by the multi-modal studies that were carried out. On the timing of the proposals, will he give me an assurance that there will be full consultation with Advantage West Midlands on both sustainable development and economic regeneration? We already have consultants going ahead with surveys on transport, and we need to know now how this longer time scale will affect all that.

Mr. Darling: This consultation will run until the end of September, and there will be ample time for all interested parties to put their views. The multi-modal studies suggested that there is an economic case for widening the existing M6 to five lanes. Two years ago, I agreed to widen it to four lanes. The point that I made a few moments ago bears repetition: we are talking about either widening the road to four lanes or, as an alternative, having an expressway. There are arguments for and against, but I believe that the arguments for an expressway are pretty persuasive.

We are spending £7.5 billion on the west coast main line precisely because we want to ensure that there are good public transport alternatives. The M6 was designed to carry 75,000 cars a day; it is now carrying perhaps 150,000 at peak periods. That is unsustainable: it is not good for the environment, for business or for anybody, and that is why I want to sort it out.

Dr. John Pugh (Southport) (LD): What studies have been conducted into the effect of the expressway parallel to the M6 on rail patronage, given that £7 billion has gone into the west coast main line?

Mr. Darling: The hon. Gentleman will be aware that the number of people using our railways is increasing, with more than 1 billion passengers being carried by the railways last year. Indeed, when the first phase of the west coast main line is completed in September, it will become a more attractive proposition. I cannot agree with what is implicit in his comments, which is that the way to get more people to use trains is to make it increasingly difficult to go up and down the M6—*[Interruption.]* The Liberal Democrats always give the distinct impression that that is what they are saying. We need to invest in road and rail capacity to give people a proper choice.

Mr. Colin Challen (Morley and Rothwell) (Lab): If I understood correctly my right hon. Friend's answer to the right hon. Member for Wokingham (Mr. Redwood), he suggested that, were car sharing allowed on the M4 bus lane, it would lead to more congestion. Will extra capacity for such lanes elsewhere in the country be reserved for public transport, so that we can avoid the possibility that he mentioned in relation to the M4?

Mr. Darling: I do not want to over-complicate the proposal before it is too old. I propose additional capacity for cars containing two or more people: adding more and more people before the hour is out will lead to disaster. However, as my hon. Friend knows, there are many examples of bus lanes and other measures that give priority to public transport. This proposal is specifically about car pool lanes, however, and is very much modelled on what happens in parts of the United States. As I said, it works there, and I do not see why, in principle, it cannot work here.

Mrs. Angela Browning (Tiverton and Honiton) (Con): What are the safety implications of turning existing hard shoulders into running lanes?

Mr. Darling: The hon. Lady is right that there are safety implications, which is why we are considering them carefully. She may recall that, a couple of years ago, I announced that we were going to consider the use of the hard shoulder on the M42 at peak times, to try to relieve congestion. Obviously, a lot of new technology is required to make sure that traffic speeds reduce and cars can run safely. Again, that works in continental Europe—for example, in Holland—and it is one way of making better use of existing capacity. The alternative is to build more lanes on the M42, which would have an environmental effect.

My strategy is clear: let us have additional capacity where it is required, but let us get the most out of the assets that we already have. I think that I heard the current Conservative spokesman say such a thing on a Sunday television programme a few weeks ago—*[Interruption.]* Perhaps I was listening to the wrong programme; it was someone who looked like the hon. Gentleman and who claimed to be the Conservative transport spokesman, but they are changing so fast now that we can never be sure. The hon. Lady's point in relation to safety is important, and we shall certainly consider it.

Tony Wright (Cannock Chase) (Lab): The M6 toll road is a considerable achievement. There was quite a stir last year, however, when a director of one of the companies involved said that the terms of the contract, with the absence of Government regulation, meant that it was the best opportunity for monopoly pricing anywhere in the world. He was quoted in *The Daily Telegraph* as saying, "We won't see anything like this ever again." Will my right hon. Friend assure us that, in contract terms, we will not see anything like this ever again?

Mr. Darling: If I recall rightly, the gentleman in question was taken out and shot—metaphorically, at least. I was never sure whether he was shot because he said the wrong thing, or whether he was being remarkably candid about what his company thought. One of the features of the midland express contract, which was signed in 1992, is that the company has the absolute right to charge whatever it wants—within some constraints, but it has fairly free rein. Obviously, we need to examine that, because there is an issue of public policy. Hauliers are deeply unhappy about the £11 charge that they face at the moment.

Mr. Patrick McLoughlin (West Derbyshire) (Con): The Secretary of State said that the benefits of the toll road had been spread as far as Stoke-on-Trent. I ask him to consider whether that might be partly due to the completion of the A50 link road. When will that concrete road be resurfaced with a better, less noisy surface? Will the scheme that the Secretary of State has announced fall under schemes of national importance as far as the Transport and Works Act 1992 is concerned?

Mr. Darling: I need to consider the latter point—it is certainly a pretty major scheme. In relation to concreting, I had better write to the hon. Gentleman and see what point the programme has reached. I am glad, however, that he recognises that the improvements to roads are beginning to bear fruit. He might want to reflect on the fact that if that programme were to be cut drastically, it would have an adverse effect.

Paul Farrelly (Newcastle-under-Lyme) (Lab): The Secretary of State will be aware that my constituency is in the enviable position of stretching exactly between junctions 15 and 16 of the M6. There has already been much uncertainty about the impact of M6 widening, especially how we would fit just one lane on each side on the stretches between Seabridge, Keele, Audley and Betley in my constituency, and between Butterton and Madeley in the Stone constituency. He will be aware that there will be immense concern about how a four or six-lane expressway will run parallel with the M6. Will he therefore say a little more about how the national consultation will work, and what undertakings he can give to me and my constituents in the borough of Newcastle-under-Lyme that their voices will be heard and not drowned out?

Mr. Darling: Of course all voices will be heard. As I said earlier, the in-principle consultation will allow my hon. Friend and all his constituents ample opportunity to say what they think. In relation to the planning process, when a route is proposed, whether it is a widening or a new scheme, it is also subject to consultation, which is why I was at a loss to understand the criticism that was made earlier. People have every right to be consulted. I hope that we can avoid the situation that we had with the existing M6 toll: the contract was signed in 1992 and given the go-ahead in the mid-1980s, but I am told that it was first discussed when Harold Wilson was Prime Minister. That gives the House some idea of how long it takes to build anything in this country.

Bob Russell (Colchester) (LD): Will the Secretary of State confirm that hard shoulders have been provided on motorways because highway engineers, road safety experts and the emergency services believe that they are a vital road safety measure that enable broken-down vehicles to avoid fast-moving traffic. In his calculations, how many crashes, injuries and deaths is he prepared to accept?

Mr. Darling: Not for the first time, the hon. Gentleman goes a little bit over the top. In relation to the M42, we are going to see whether hard shoulder running at peak times works, and considerable discussion, not just with highway operators but with the police, fire and ambulance services and others, has taken place. This has worked successfully in the Netherlands, for example, which has very heavy road usage, and it is worth considering. He is right that safety is important, and we take it very seriously.

Mr. David Kidney (Stafford) (Lab): In the 1990s, the Conservative Government published and then withdrew proposals to widen the M6 motorway by what was called the parallel widening method. Is it intended that the expressway would fill the route of those proposed parallel works?

Does my right hon. Friend accept that Stafford contains the greatest concentration of houses and environmentally sensitive sites on the entire route? Does the plan give Stafford a wide berth? If not, has he dusted off the part of the multi-modal study that suggested a brand-new road rather than a monster motorway through Staffordshire?

Mr. Darling: My hon. Friend is right to raise environmental concerns, and concerns for those whom he represents. The consultation is about whether, in principle, we should build a tolled expressway rather than widen the road. No specific route is included in the consultation; when we reach that stage we shall have to consult people, because they will want to know exactly where the road would be built, but that is the second stage rather than the first.

Mr. George Osborne (Tatton) (Con): The Secretary of State said that the M6 linked Birmingham to Manchester, but in fact, as he knows, it bypasses Manchester and pushes Manchester-bound traffic on to the wholly unsuitable A556 at junction 19. When he looked at the proposal for a new toll road, did he consider extending it to junction 20 so that the traffic could go on to the M56? That would be much more sensible. If we were given that in return for the concreting of thousands of acres of my constituency, we would not just be shifting the traffic jam to the end of the toll road.

Mr. Darling: My recollection is that the hon. Gentleman and I have already discussed the A556. He will recall that when we last discussed it on the Floor of the House I said that I was greatly troubled by the proposal to build a motorway along it. We are now considering whether there are better ways of directing the traffic. Once we have reached a conclusion, it will influence where the expressway will end.

The hon. Gentleman is right: major environmental sensitivities are involved along the A556. As I have said in the House before, I am concerned about that, which is why I have asked the Highways Agency to consider alternatives.

Mr. Bob Blizzard (Waveney) (Lab): I know it is on the other side of the country, but I used the north Birmingham toll road earlier in the year and thought it excellent. I look forward to another 50 miles of it stretching north to Manchester.

When considering wider roads policy, will my right hon. Friend take account of parts of the country such as mine, which have no decent roads at all? Will he give

thought to that, in the interests of equity and inclusion—not just in the context of trunk roads, because there are none in my constituency—when he evaluates proposals for major capital schemes in local transport plans?

Bob Russell: Involving Lowestoft.

Mr. Darling: I am well aware of my hon. Friend's concerns about transport not just to Lowestoft but in East Anglia. Again, there are sensitive issues, such as the need to ensure that people can get about on the roads and the fact that it happens to be a very nice part of the country. My colleagues and I consider such issues every time proposals such as this come before us.

Michael Fabricant (Lichfield) (Con): The existing M6 toll road is regarded as a great success and very useful to my constituency, which is now close to a motorway; it certainly was not before. The Secretary of State will know, however, that it is not used very much by heavy trucks or commercial vehicles, which seems to be a deliberate policy. Does he not understand the frustration felt by many of us—particularly me—about the fact that heavy trucks from the continent, which pay no British taxes, can fill up with diesel in France and travel all the way up to Scotland and back without refuelling in the United Kingdom? If they, too, refuse to use the new M6 toll road, once again foreign trucks will be using British roads and paying nothing. Can the Secretary of State envisage any possibility that overseas transporters will put their share into the British road system?

Mr. Darling: Yes, I can. That is why the Government are introducing a lorry road user charging scheme, with the widespread support of the haulage industry, whereby lorries will be charged on the basis of the distance they travel rather than money being raised from the purchase of petrol or diesel. We want all lorry drivers who use our roads to pay their fair share. The scheme is well advanced, and it will make a big difference. It also has much wider implications for the future of our cars, but that is for another day.

Buses (Concessionary Fares)

1.14 pm

Mr. Michael Foster (Worcester) (Lab): I beg to move,

That leave be given to bring in a Bill to make provision about concessionary fares on buses for elderly persons.

I believe that the Bill tackles several issues that are important not just to my constituents but to more than 7 million other people throughout England. Concessionary bus fares have been a contentious issue across the country for some time because of the patchwork of different schemes that has developed over the years.

The Transport Act 2000 amended the legislation covering concessionary fares in England and Wales from 1 June 2001 outside London and from 1 April in inner London. Local authorities must now provide elderly and disabled people with at least half-fare concessions on local bus travel. Since April 2003, men have been eligible for travel concessions from the age of 60. Local authorities also have discretion to offer further concessions on buses and other public transport services if they wish, under the Transport Act 1985. Concessionary fare schemes for local public transport are the responsibility of local government and are funded and administered by it. That is the nub of the problem.

As a result, the nature and extent of concessions have varied from region to region in Worcestershire, even from parish to parish. It is that inconsistent patchwork approach that rightly causes resentment among pensioners. The Bill's purpose is to create a uniform approach, ending the postcode lottery for free bus travel.

Pensioners in Scotland, Wales and Northern Ireland already enjoy free bus travel, as do those in London, Merseyside and the west midlands conurbation. The Government estimate that that covers some 20 per cent. of pensioners. There are other isolated areas with free bus travel for pensioners, such as Redditch in Worcestershire, but they are all too few.

The national concessionary scheme was needed in the late 1990s and was welcomed, but it does not go far enough. Back in 1998, 10 local authorities in England had no concessionary fare schemes. One was Malvern Hills in Worcestershire. The Government have started to make progress, but more is now needed. It cannot be right for a pensioner in one part of the United Kingdom to have a free bus pass and free bus travel while others still have to pay. Let me give a personal example. Both my grandmothers are still alive, and both are 90. One lives in Birmingham and has had free bus travel for 30 years; the other lives in south Staffordshire and has not. The best way of avoiding a postcode lottery is to introduce a scheme providing universal entitlement to free bus travel for pensioners.

There is no doubt about the benefit to pensioners of free bus travel, apart from the obvious economic gains. The aims of reducing the sense of isolation, supporting independence in old age and giving some of the most socially excluded people a chance to travel should be uppermost in our decision making. There are also wider public benefits, including reduced traffic congestion as fewer car journeys are made, and consequent reductions in pollution.

[Mr. Michael Foster]

It has been said that free bus travel is of no use in some of the more rural and sparsely populated parts of England, as there are no buses on which to travel. With universally free bus travel, demand would obviously increase. Bus operators would respond by providing services that could be used not just by pensioners but by other members of the public. The lack of public transport is still one of the major concerns of young and old alike in rural areas.

Under current legislation, making the concession universal would force local authorities to grant the concession. I accept that in areas with two-tier local government that would create more challenges, with districts having a smaller tax resource base to fund the subsidies. One solution is to get rid of the two tiers of local government in England as soon as possible, giving unitary authorities a bigger tax base on which to fund the concession. That would also allow greater purchasing power in dealings with bus operators. Rather than six Worcestershire districts dealing with one bus operator, there would be a united voice that would almost certainly generate a better deal for the taxpayer, making free bus travel more affordable to the authority.

Such a move would also get rid of another lottery that blights the travel concession scheme—namely, who benefits, as it is up to local councils to co-operate with each other for mutually advantageous concessions. For example, someone living in Malvern in the Malvern Hills district can get a half-fare return to Worcester, crossing local council boundaries to go to Worcester's historic cathedral, but someone living in Worcester gets a half-fare only as far as the city boundary and has to pay full fare to Malvern to take in the water or walk on the hills.

The other anomaly is that a pensioner who lived in Worcestershire up until retirement would not have contributed to free bus travel for pensioners, but, upon retirement, if they moved to Birmingham or Dudley, they would immediately benefit from it, and, importantly, vice versa. Indeed, changes in local government boundaries, not unusual in themselves, can lead to changes in entitlement to free bus travel. Universal free bus travel would avoid those problems.

I know that some in local government believe that the subsidy to pay for pensioner bus fare concessions is not the most effective use of scarce resources. Indeed, the Commission for Integrated Transport shares that view. However, I reject the idea that developing quality partnerships with bus companies and new park and ride sites alone will increase use of public transport by some of the neediest in our society. What use is a park and ride site for a pensioner in Worcester who does not own or drive a car?

It is no use subsidising bus companies to operate extra services that have no customers. Therein lies nothing but false delivery—more buses but not more bus users. I support quality partnerships as a concept and park and ride at the appropriate site, but not at the expense of what should be a real passport to freedom for pensioners—free bus travel.

If I were to look at free bus travel purely as a benefit to pensioners, I would compare it with other benefits that the Government give such as the winter fuel allowance. A pensioner in the north of Scotland has considerably more justification for receiving the winter fuel allowance than one living in Cornwall. Climatic differences account for different needs, but we universalise the benefit because it is fair to do so. How can we accept universal winter fuel allowances, yet allow a postcode lottery for free bus travel? We should not do so. My Bill would put an end to that unfair treatment of pensioners in Worcester and other areas alike.

Question put and agreed to.

Bill ordered to be brought in by Mr. Michael Foster, Peter Bradley, Mr. Alan Campbell, Mrs. Janet Dean, Mr. Parmjit Dhanda, Mr. David Drew and Mr. James Plaskitt.

Buses (Concessionary Fares)

Mr. Michael Foster accordingly presented a Bill to make provision about concessionary fares on buses for elderly person: And the same was read the First time; and ordered to be read a Second time on Friday 15 October, and to be printed [Bill 133].

Business of the House

Motion made, and Question proposed,

That, notwithstanding the practice of the House as to the intervals between stages of Bills brought in upon Ways and Means Resolutions, more than one stage of the Finance Bill may be taken at any sitting of the House.—*[Dawn Primarolo.]*

1.24 pm

Mr. Eric Forth (Bromley and Chislehurst) (Con): Here we have a piece of business that, I am very happy to see from the Order Paper, can take us through until 7 o'clock this evening. Given the importance of the matter, we may want to take up most of that time, although sadly—not untypically but sadly—the Minister has not seen fit to share with us her view of why the motion is necessary. When we have a motion such as this, which the Order Paper rightly allows us until 7 o'clock to debate, rather too frequently the Minister does not even do the House the courtesy of explaining why it is before us. That puts us at something of a disadvantage. We may have to spend some time speculating as to why the motion is on the Order Paper, because the Minister has not seen fit to tell us. At some stage—who knows?—Ministers may learn that, if they were to do us the simple courtesy of explaining what such motions meant and what their intentions were, the subsequent debate could be correspondingly briefer, but sadly, since the Minister has not sought to catch your eye, Mr. Deputy Speaker, we will have to spend a bit of time speculating as to what it is all about.

I was able to do a modest bit of research on the motion, with, as usual, the help of the Table Office. It was pointed out that the matter is referred to in page 855 of the brand spanking new 23rd edition of "Erskine May", which I strongly recommend to the House. Page 855 refers to

"Intervals between stages of taxation legislation."

May I quote briefly from that part of "Erskine May", which sets the context for the debate that will follow and that can run until 7 o'clock? It states that

"it is a rule of the House that not more than one stage of a bill brought in on a Ways and Means resolution (ie a taxation bill) should be taken on the same day."

That is on the face of it an explanation of why we have the motion before us. "Erskine May" goes on to say, in its ever helpful way:

"This is the last remaining expression in the House's practice of what was once a general principle—that the House's agreement to expenditure or to the imposition of taxation should be conditional upon a number of distinct opportunities for discussion."

In a nutshell, there has been a sad decline in both the ability and, one has to say, the willingness of the House to take these matters as seriously as it should. Ways and Means resolutions have a long history and they usually indicate, or should indicate, that some serious matters are being dealt with. We only have to glance at the Order Paper to see that, following this business, we have three Ways and Means motions—items four, five and six, to which I shall refer in more detail in a moment.

I assume—the Minister may give us some guidance on this, if she bothers at any stage in the debate to reveal her thinking—that, if we were not to pass the business of the House motion, either none or only one of the following Ways and Means motions could be taken today. I assume that the Government have speculatively, in their usual pushy and presumptive way, put three Ways and Means motions on today's Order Paper, truncated as the debates on them are to 45 minutes—I will refer to that in a moment, too—and that that is contingent on our approving item three.

One is left to speculate. Were we not to pass the business of the House motion—I ask the House seriously to consider not approving it—could only the first Ways and Means motion be taken today? Would one of the three be taken? Could the Minister pick and choose and suggest which one should be taken before we get on to the Finance Bill itself, about which I will also say a word in a moment? That is the first point at issue.

I have been guided by "Erskine May" as to the context of the motion. It indicates that, historically, the House of Commons has always wished to be able to dwell on these financial matters at proper length and in proper detail, which is entirely appropriate because, as we know, historically, one of the main roles of the House has been to represent the taxpayer vis-à-vis the Government of the day and to give proper and serious consideration to matters arising from both taxation and expenditure, which is the whole point of Ways and Means.

Of course, we have before us three Ways and Means motions, although speculatively so, because until we determine the business motion under discussion, we will not know which of those motions we will discuss, or whether we will be able do so. The first is headed, "Rent factoring of leases of plant or machinery", and states:

"That provision may be made in the Finance Bill for the purposes of income tax and corporation tax in relation to arrangements for the transfer of a person's right to receive rentals under a lease of plant or machinery."

That strikes me as a matter of some substance and importance, which the House might want to dwell on. Sadly, however, we are constrained to a mere 45 minutes in which to debate it in its totality. That fact alone ought to concern the House considerably.

It appears that the Government want us then to move on rapidly, and to consider motion 5, on "Manufactured dividends and interest". It states:

"That provision may be made in the Finance Bill in relation to payments, and deemed payments, by companies of... manufactured dividends... manufactured interest, or... manufactured overseas dividends".

I assume that my hon. Friends on the Front Bench are champing at the bit to get stuck into these very important matters, and they doubtless have a lot to say about them. But sadly, the House—never mind my hon. Friends—will be allowed only 45 minutes in which to debate them, before it will then perforce be asked by the Government to move on to yet another Ways and Means motion, which is headed, "Gifts etc. of shares, securities or real property to charities". It states:

"That provision may be made in the Finance Bill amending section 587B of the Income and Corporation Taxes Act 1988."

I do not want to attempt at this stage to go into the detail of these Ways and Means motions, and you would not want me to do so, Mr. Deputy Speaker. Such a discussion awaits a later point in the day—perhaps after 7 o'clock this evening. Bearing it in mind that this debate, quite properly, can take us through until 7 o'clock, my hon. Friends might be able to go off and have lunch, afternoon tea and perhaps an early supper

[Mr. Eric Forth]

before they even have a chance to debate the three motions—or perhaps only one of them, should we fail to agree to the motion before us.

I wanted to mention that point to give the House some idea of the way in which we are being asked to consider these important Ways and Means motions. We are being given only 45 minutes to discuss each of them, which is a sad reflection on the extent to which the Government now say to the House of Commons, "Never mind your historic role in protecting the taxpayer, and in overseeing expenditure through Ways and Means resolutions; we are giving you only 45 minutes in which to debate each of these very important financial matters." That is to say nothing of what follows.

We should remember the context as indicated in "Erskine May", which states

"that the House's agreement to expenditure or to the imposition of taxation should be conditional upon a number of distinct opportunities for discussion."

That statement is made a nonsense of when we come to the Finance Bill proper, following these Ways and Means motions. On glancing at today's selection list, I see that there are no fewer than 21 groups of amendments and new clauses, of which 14 contain Government amendments and new clauses. They cover matters as vital as anti-avoidance, gifts to charities, overseas pension schemes, stamp duty land tax, disabled persons, individual savings accounts and personal equity plans, and fuel duty, to mention but a few.

The House is faced with the potential for debating a very wide variety of matters, contingent on the motion that we are considering. So we have to ask ourselves whether we are content with the motion before us, which contains the phrase,

"notwithstanding the practice of the House as to the intervals between stages of Bills brought in upon Ways and Means Resolutions".

In the good old days, the House was able properly to pause between considering such very important matters, to take time for reflection and perhaps for consultation with legitimate outside interests, and to give an opportunity for amendments to be considered. Now, of course, the Government—who are contemptuous, as ever, sadly, of the role of the House of Commons in these matters—want simply to steamroller us through all these motions in very quick succession if, and only if, we agree to the business motion.

It surely would have helped us in considering this motion if the Minister had done us the courtesy of first explaining why we have to compress these matters in the way suggested in the motion. Given that our business here is conducted in the full gaze of the public, I doubt whether I am giving away a great secret by pointing out that a mere glance at the Order Papers of the past few weeks reveals that we are not exactly being hard pressed in terms of the business before us; indeed, the same is true of Order Papers for the weeks to come. The Government's legislative programme seems almost to have dried up, and we have a succession of Adjournment debates. Very welcome such debates may be, but that does not suggest to me that there is enormous pressure on the House's time or on legislative time—quite the opposite.

It was surely incumbent on Ministers at the very least to explain to us why, under the terms of the motion before us, they want to compress the business in this way. There is surely ample time and opportunity, given the totality of the Order Papers for this and succeeding weeks, to consider these matters in the traditional way—

Mr. Deputy Speaker (Sir Alan Haselhurst): Order. The right hon. Gentleman may be anticipating my intervention. I hate to suggest this, but it is just possible that he is misinterpreting the motion. It deals with the difference in stages of the Bill, so what he has been saying about the Ways and Means motions is not relevant to the motion before us. The only point that the motion deals with is the question of the separation between Third Reading and the consideration stage.

Mr. Forth: I am m[illegible] grateful to you, Mr. Deputy Speaker. You have, in your inimitable way, performed the task that I had hoped the Minister would perform. I initiated this debate—which can of course run until 7 o'clock, as you well know—for the sole reason that the Minister had not done us the courtesy of offering any explanation as to the point of, or reason for, the motion. I was therefore left to speculate, as I explained at the beginning of my speech, and you have rightly pointed out that I am speculating now. But I hope that you will understand that I was forced to do so, simply because the Minister had not done us the courtesy of saying even a few words, as you yourself have done so elegantly, to explain the point of the motion.

If you are telling me, Mr. Deputy Speaker, that the motion has no relevance to the Ways and Means motions, I of course accept that. I should point out, however, that I am not sure whether you were in the Chair when I quoted from page 855 of the 23rd edition of "Erskine May", which you have doubtless already committed to memory. I shall re-read it into the record, because doing so will help you and the Clerks who keep an eye on us, and it will explain why I was speculating as I did. It states that

"it is a rule of the House that not more than one stage of a bill brought in on a Ways and Means resolution (ie a taxation bill) should be taken on the same day."

That is what led me—erroneously, as it turns out—to refer to the Ways and Means motions on the Order Paper. Indeed, that was the very point on which I sought guidance in "Erskine May", to which I was guided by no less than the Clerks in the Table Office. I am not suggesting for a minute that that guidance is in any way at odds with your guidance to me, Mr. Deputy Speaker, but you can see how I might have misinterpreted such guidance, in the absence of any help from the Minister. However, you have been very helpful in that regard.

We are then left to speculate further as to why this motion had to be included on the Order Paper. If it has no bearing on, or relevance to, the Ways and Means motions and relates only to the Finance Bill itself—and given that we have several days in which to deal with the Bill, on consideration of which, happily, no time limit has been imposed—one is left even more in the dark as to why we need this business motion at all. Given the leisurely nature of the way in which we can tackle these matters, and given the 21 groups of amendments—no fewer than 14 of which contain Government amendments and new clauses—I should

have thought that there was ample opportunity for debate on today's business before Third Reading, which will not come until a subsequent day. Therefore, I am still in the dark.

If this little episode illustrates nothing else, I hope that it illustrates again to Ministers that if they had the respect for the House that I still hope they will develop one of these days, however belatedly, they would find it easier to come to the House and give a brief explanation of a motion, which then might not have to be debated. It might be that the Minister's eloquence is sufficient to persuade us that a motion is straightforward and reasonable and that we need not concern ourselves with it. Ministers have not done that, so innocent souls such as myself are obliged to seek to catch your eye, Mr. Deputy Speaker, to speculate, as I have done today. I still think that that is a healthy expression of the interests of the House in the matter. Would that the House, frankly, were full of people who share my concerns, but that is not the fashion of the moment, I regret to say; perhaps it will come back one day.

I hope that, given the questions I have raised, notwithstanding your helpful advice, Mr. Deputy Speaker, the Minister might see fit, even as a courtesy—maybe to me; certainly to the House—to get to her feet and give us an explanation of the motion. That would be my simple request and I hope that I will be satisfied by what she says.

1.42 pm

The Paymaster General (Dawn Primarolo): I am surprised, to put it mildly, by the comments of the right hon. Member for Bromley and Chislehurst (Mr. Forth). I understand that he entered the House in 1983; I did so in 1987. I do not recall a Minister ever speaking at the Dispatch Box on a motion to allow Committee, Report and Third Reading to take place over two days, as agreed through the usual channels. This is a procedural motion that has always gone through in this fashion. I was advised that, procedurally, this is what I should do. The motion allows us to spend today and tomorrow on Committee and Report, completing Third Reading tomorrow. If that offends the right hon. Gentleman I apologise, but his memory is clearly shorter than mine.

Question put and agreed to.

FINANCE BILL [WAYS AND MEANS]

Rent factoring of leases of plant and machinery

1.44 pm

The Paymaster General (Dawn Primarolo): I beg to move,

That provision may be made in the Finance Bill for the purposes of income tax and corporation tax in relation to arrangements for the transfer of a person's right to receive rentals under a lease of plant or machinery.

The resolution paves the way for a new anti-avoidance provision relating to a newly devised arrangement for the sale of rental streams from leased plant or machinery. The new avoidance schemes have emerged since the Budget, hence the need for the resolution, and depend on selling taxable lease-rental streams for sums on which tax will not be payable.

The new provision, which will have effect where arrangements to sell the right to the income stream are entered into on or after 2 July, will ensure that the sums received from the sale of such rental streams are brought into account when computing income for tax purposes.

Question put and agreed to.

FINANCE BILL [WAYS AND MEANS]

Manufactured dividends and interest

1.45 pm

The Paymaster General (Dawn Primarolo): I beg to move,

That provision may be made in the Finance Bill in relation to payments, and deemed payments, by companies of—

(a) manufactured dividends,

(b) manufactured interest, or

(c) manufactured overseas dividends,

within the meaning of Schedule 23A to the Income and Corporation Taxes Act 1988.

The resolution covers provisions in the Finance Bill that prevent companies from avoiding corporation tax by entering into a range of artificial arrangements that involve manufactured payments.

The arrangements vary in detail, but usually involve claiming tax relief for a manufactured payment while arranging for any counterbalancing income or gains to escape taxation in some way.The clause works by introducing an unallowable purpose rule for manufactured payments. The rule denies tax relief for the manufactured payment to the extent that payment is attributable to the unallowable purpose.

Where tax avoidance is the main, or one of the main, motives behind a company entering into these arrangements, it will be denied a tax deduction, thereby defeating the avoidance. The measure will apply to manufactured payments made on or after 2 July 2004, subject to transitional provisions for payments made under arrangements already in place.

Question put and agreed to.

FINANCE BILL [WAYS AND MEANS]

Gifts etc. of shares, securities or real property to charities

1.47 pm

The Economic Secretary to the Treasury (John Healey): I beg to move,

That provision may be made in the Finance Bill amending section 587B of the Income and Corporation Taxes Act 1988.

The resolution paves the way for an amendment to section 587B of the Income and Corporation Taxes Act 1988 to restrict the value of income tax relief available in relation to a gift of shares or securities to charity to the net amount by which the charity benefits, rather than the market value. We will debate this as new clause 11.

[John Healey]

The amendment has become necessary because we have recently uncovered evidence of a scheme using a complex arrangement of trusts and options to manipulate the value of gilts donated to charities. The scheme aims to achieve tax relief for the individual making a donation at negligible cost and negligible benefit to the charity, and it has the potential of returning virtually the whole value of the gift to the control of the individual. There is potentially no limit on the amount of tax relief at stake. This is an unacceptable abuse of legislation designed to provide additional giving to charity.

Question put and agreed to.

Orders of the Day

Finance Bill

[1ST ALLOTTED DAY]

As amended in the Committee and in the Standing Committee, considered.

1.48 pm

The Paymaster General (Dawn Primarolo): I beg to move,

That the Finance Bill, as amended, be considered in the following order, namely, new Clauses, amendments relating to Clauses 1 to 4, Schedule 1, Clauses 5 to 19, Schedule 2, Clauses 20 to 28, Schedule 3, Clause 29, Schedule 4, Clause 30, Schedule 5, Clauses 31 to 41, Schedule 6, Clauses 42 to 47, Schedule 7, Clause 48, Schedule 8, Clause 49, Schedule 9, Clauses 50 to 52, Schedule 10, Clauses 53 to 64, Schedule 11, Clauses 65 to 76, Schedule 12, Clauses 77 and 78, Schedule 13, Clauses 79 and 80, Schedule 14, Clauses 81 to 84, Schedule 15, Clause 85, Schedule 16, Clauses 86 to 92, Schedule 17, Clause 93, Schedule 18, Clause 94, Schedule 19, Clause 95, Schedule 20, Clauses 96 to 116, Schedule 21, Clause 117, Schedule 22, Clauses 118 to 134, Schedule 23, Clause 135, Schedule 24, Clauses 136 to 141, Schedule 25, Clause 142, Schedule 26, Clause 143, Schedule 27, Clauses 144 to 162 and 164, Schedule 28, Clauses 163 and 165, Schedule 29, Clauses 166 to 175, Schedule 30, Clauses 176 to 200, Schedule 31, Clauses 201 to 212, Schedule 32, Clauses 213 to 275, Schedule 33, Clauses 276 and 277, Schedule 34, Clauses 278 and 279, Schedule 35, Clause 280, Schedule 36, Clauses 281 to 290, Schedule 37, Clauses 291 and 292, Schedule 38, Clauses 293 to 296, Schedule 39, Clauses 297 to 317, new Schedules, amendments relating to Clause 318, Schedule 40 and Clauses 319 and 320.

The motion allows us to progress through the Bill in the normal way, starting at clause 1. I hope that that is clear to the right hon. Member for Bromley and Chislehurst (Mr. Forth).

Question put and agreed to.

New Clause 9

RENT FACTORING OF LEASES OF PLANT OR MACHINERY

'(1) After section 785 of the Taxes Act 1988 insert—

"785A Rent factoring of leases of plant or machinery

(1) This section applies in any case where the following conditions are satisfied—

(a) a person (call him "P") is entitled to receive rentals under a lease of plant or machinery,

(b) the rentals, so far as receivable by him, fall to be brought into account as income for the purpose of calculating his tax liability,

(c) P enters into arrangements for the transfer of his right to receive some or all of the rentals to another person,

(d) apart from this section, some or all of the amount or value of the consideration for the transfer ("the relevant portion of the consideration") would fall to be brought into account neither—

(i) as income, nor

(ii) as a capital allowances disposal receipt,

for the purpose of calculating P's tax liability.

(2) In any such case, the relevant portion of the consideration—

(a) shall be treated for tax purposes as income of P,

(b) shall be taxable as rentals receivable by P under the lease (apart from any transfer of his right to receive some or all of the rentals), and

(c) shall be brought into account in a period of account to the extent that it is receivable in that period of account.

(3) Any reference to the transfer from P to another person of a right to receive rentals includes a reference to any arrangement under which rental ceases to form part of the receipts taken into account as income for the purposes of calculating P's tax liability.

(4) Where P is a partnership, any reference in this section to calculating P's tax liability includes a reference to calculating the tax liability of the partners, notwithstanding that the partnership has legal personality.

(5) A partnership has legal personality for the purposes of subsection (4) above if it is regarded as a legal person, or as a body corporate, under the law of the country or territory under which it is formed.

(6) In this section—

"capital allowances disposal receipt" means a disposal receipt within the meaning of Part 2 of the Capital Allowances Act 2001 (see section 60 of that Act);

"lease" includes an underlease, sublease, tenancy or licence and an agreement for any of those things;

"tax liability" means liability to income tax or corporation tax.".

(2) The amendment made by this section has effect where arrangements for the transfer from one person to another of a right to receive rentals are entered into on or after 2nd July 2004.'.
—*[Dawn Primarolo.]*

Brought up, and read the First time.

Dawn Primarolo: I beg to move, That the clause be read a Second time.

Mr. Deputy Speaker (Sir Alan Haselhurst): With this it will be convenient to discuss Government new clause 10—*Manufactured payments under arrangements having an unallowable purpose.*

Dawn Primarolo: As I explained briefly with regard to the ways and means motions, the new clauses introduce anti-avoidance measures to prevent a loss of tax through arrangements involving leasing and manufactured payments.

New clause 9 prevents the new avoidance using arrangements that are being marketed in an attempt to get around the impact of clause 134 of the Bill, which was introduced to prevent tax avoidance through sale and finance lease-back and lease and finance lease-back generating double benefits. Aggressive new schemes are now being marketed, which aim to achieve a similar result by generating a tax-free sum from the sale of rental income streams from the leasing of plant and machinery. The measure will ensure that the proceeds from the sale of such income streams are taxable as rental income, making the new arrangements ineffective.

New clause 10 will prevent companies from avoiding corporation tax by entering into a range of artificial arrangements involving manufactured payments. The arrangements vary in detail, but usually involve claiming tax relief for a manufactured payment while arranging for any counterbalancing income or gains to escape taxation in some way. The new clause works by introducing an unallowable purpose rule for manufactured payments. The rule denies tax relief for the manufactured payment to the extent that the payment is attributable to the unallowable purpose. To the extent that tax avoidance is a main motive, or one of the main motives, behind a company entering into those arrangements, it will be denied a tax deduction for the manufactured payment, thereby defeating the avoidance.

As was noted in 1996, when the original loan relationships unallowable purpose rule was introduced, companies entering into the arrangement with the primary aim of avoiding tax will inevitably be aware of the fact. The transactions against which the rule is aimed are not the sort that companies stumble into inadvertently. Provided that companies enter into arrangements involving manufactured payments for genuine commercial reasons, they should have nothing to fear from this unallowable purpose rule. That will be confirmed in guidance issued by the Inland Revenue today. If, however, companies go in for artificial tax-driven arrangements, they may and should find themselves caught.

As I said when the new measures were introduced, we will not allow the efforts of the tax-avoidance industry to undermine the will of Parliament or allow a small minority of businesses and individuals to get round the tax system at the expense of the vast majority who pay their fair share. We are determined to stamp out this type of tax avoidance and create a level playing field for all. The new clauses will assist in achieving that objective, and I commend them to the House.

Mr. Howard Flight (Arundel and South Downs) (Con): On the face of it, these two anti-avoidance clauses are perfectly reasonable and, indeed, a fair cop. I would, however, make the point that we have had 180 and more new clauses and amendments tabled for Report, which has left quite insufficient time for the various professionals to pore over them in detail to ensure that there are no unintended effects. I note that the Paymaster General mentioned that the guidance notes would only be published today, so there is clearly no chance to review those guidance notes ahead of reviewing the two new clauses. It also struck me that the measures being blocked by new clause 9 are, to some extent, a reaction to what have been seen as retrospective changes in the tax position relating to sales and lease-backs.

As to the territory of new clause 10, the key issue is how the unallowable purpose rules will work. The Paymaster General is quite right to say that people will know when they are doing things essentially to avoid taxation. There are many circumstances—the use of swaps, forward sells and various other financial instruments—where sound commercial purpose may go hand in hand with paying less rather than more tax. The unallowable purpose rule is yet to be tested either here or in loan relationship legislation.

We have not spotted anything in the two measures that would have unintended effects. There are many other avoidance measures in the Bill where unintended effects have not been adequately dealt with, but these new clauses appear to be perfectly practical measures. It is good to see the Revenue spotting these measures, which it might have done more diligently in other respects. If it had, we would not have needed the somewhat over-heavy reporting of anti-avoidance tax planning, which we will deal with later in the Bill.

Mr. David Laws (Yeovil) (LD): We support the two new clauses. The only question for the Paymaster

[Mr. David Laws]

General—I hope I did not miss the point in her earlier comments—is how the Treasury identified these abuses, particularly when she indicated in respect of new clause 9 that the abuses seem to have arisen very recently, even since the Finance Bill was first drafted. Will she say a little more about that?

Mr. Quentin Davies (Grantham and Stamford) (Con): I start by endorsing the hon. Gentleman's last suggestion. It would be helpful if, when the Government bring forward last-minute measures to deal with tax-avoidance schemes, they could describe in more concrete detail what the schemes actually consist of.

I have no problem in principle with new clause 9. I must say, however, that I am surprised. I have learned to my surprise this afternoon that, at the present time and until we change the position by passing the new clause, revenues that a company generates by selling its entitlement to lease rentals are not taken into account for the purpose of computing tax liabilities. In other words, those revenues do not feature in the computation of taxable profits. That seems very surprising. Usually, if a company discounts or factors its receivables, the amount of money that it receives from those receivables is a revenue and if the costs of generating those revenues mean less profit, the profit is taxable in the normal way. I am surprised that this particular anomaly should have arisen in the first place. It would all be less surprising if the Paymaster General were a little more explicit in telling the House about the type of scheme that she or her officials have identified and targeted.

I believe that we should not allow new clause 10 to slip by without any comment. Once again, we see the introduction of a general anti-avoidance rule—no, perhaps not a general anti-avoidance rule because that would be general, but an anti-avoidance rule. It is becoming an ever more frequent feature of our taxes legislation. There are similar examples in the current Finance Bill where the Government have had recourse to a specific anti-avoidance rule. In this instance, the anti-avoidance rule is in new clause 10(5).

At some point, we need the Government to make a clear statement of their views on anti-avoidance rules. Otherwise, we will find that, through adopting the anti-avoidance rule approach in a large number of individual cases, we have introduced a general anti-avoidance rule by the back door. At the end of the day, we will have an anomalous tax system in which anti-avoidance rules apply to certain activities, but not others. It will be unclear to the public and to Parliament—it is certainly unclear to me—on what principles it has been decided that certain types of transactions, trades, professions or businesses encounter anti-avoidance rules, but not others. It is a major philosophical point, and it must be dealt with—if not now, at some other stage—by the Government. There is an increasing lack of clarity on the matter, as the Government have recourse to more and more of these rules in specific cases.

The second issue raised by the anti-avoidance rule approach is the classic one of unfairness. Great unfairness can arise in individual cases precisely because of the subjectivity of a tax inspector saying that someone acted not for commercial but for anti-avoidance purposes. The taxpayer might respond by denying that. It may be clear and a fair cop in some cases, but not in others. A tax inspector may decide to apply the rule in good faith, but perhaps the taxpayer resists with equal good faith on the basis of the facts. Those matters will have to be resolved by jurisprudence, by the commissioners or the courts. Will the Paymaster General say what guidance is being given to tax inspectors on the application of the rule? That is an extremely important matter. Information about the guidance should be in the public domain, as there is no point in cluttering up the commissioners or the courts with disputes that could be avoided. I am sure that, like everyone else, the Paymaster General would not want unfairness to arise as a result of the application of the rules.

2 pm

The third point is another classic problem raised by anti-avoidance rules. What provision has been made for pre-transaction rulings? If a company feels that it might fall foul of the anti-avoidance rule, equity demands that it have the opportunity to clear a transaction with the Revenue in advance. That company might want to adopt a certain course of action, with a perfectly honest commercial purpose in mind. It would not want to be hit, retrospectively, with an anti-avoidance rule. It would be neither satisfactory nor fair for the Revenue to say subsequently that the company should have done X rather than Y, and then clobber it accordingly. That is not a transparent tax system.

When the Government introduce anti-avoidance rules, they should make it clear that a pre-transaction ruling facility will be available. I hope that the Paymaster General, when she replies to the debate, will confirm that that will be the case. Such a facility must be available to taxpayers in a reasonable time, so that businesses that might fall foul of the rule can clear the position, in anticipation, with the Revenue.

Dawn Primarolo: I shall begin by dealing with the series of questions posed by the hon. Member for Grantham and Stamford (Mr. Davies), who wanted to know whether these proposals amounted to the introduction of a general anti-avoidance rule. I assure him that they do not. The rule is targeted at a narrow area of tax in which abuse, unfortunately, is rife. I shall then move to the question, raised by the hon. Member for Yeovil (Mr. Laws), of when and how the Revenue became aware of two specific schemes.

Mr. Davies: I hope that the Paymaster General does not proceed on a false premise. I said in my remarks that this is not a general anti-avoidance rule, as such a rule would apply, by definition, to all transactions. However, with this new clause—and the same thing happens elsewhere in the Bill—the Government seem to want have recourse to individual anti-avoidance rules. As a result, a series of anti-avoidance rules is being built up in the tax system in a pretty haphazard fashion.

There seems to be no rhyme, reason or principle to determine which transactions qualify under the rule. I said that that raises philosophical problems and policy issues, and that practical difficulties would arise. I would be grateful for a statement about the Government's

attitude to a general anti-avoidance rule before we get halfway there by the back door as a result of a build-up of specific anti-avoidance rules.

Dawn Primarolo: I remind the hon. Gentleman that the Government consulted in 1998 or 1999 about whether a general anti-avoidance rule should be introduced, with the pre-clearance mechanism that he rightly says would be necessary. The consultation was generated by the frustration—also experienced by the previous Government—that ever more complex avoidance schemes give rise to ever more complex legislation to counter them. The clauses under discussion are examples of our approach.

Extensive consultation was held on whether a general anti-avoidance rule was needed or whether what is called a "mini-GAR" would be sufficient. Another question was whether the Government should deal with avoidance by measures that were specifically targeted, as the previous Conservative Government did.

The result of the consultation showed that businesses did not want the general anti-avoidance rule, although respondents were divided on the matter. Businesses did not want a mini-GAR either. At that time, the Government were dealing with an anti-avoidance method in respect of value-added tax. We decided not to go with a general anti-avoidance rule in that case, but we said that we would keep the matter under review.

The hon. Member for Grantham and Stamford will be aware that the Bill contains clauses on the disclosure of information. The Government are still valiantly trying to achieve a principled position in the matter, and I hope that the hon. Gentleman will agree with our approach. He was right to say that this is a grey area. Our aim is to target avoidance, without affecting reasonable commercial transactions. A general anti-avoidance rule can be a very blunt instrument.

New clause 10 deals with manufactured dividends, a point raised by the hon. Member for Yeovil. Officials made it clear to me in May that such dividends were a possibility. I regret that I cannot be more specific about the date. I agree that we need an arrangement to deal with the matter, and that we need to allow enough time for proper consideration.

On further investigation, it became clear that a great deal of revenue was at stake. A number of schemes, in various stages of development, were identified. They are very complex, and I am sure that the hon. Member for Yeovil will excuse me if I do not read them into the record. However, I should be happy to send him two examples of the main form that those schemes take.

As always, my officials and I looked to achieve consistency across the tax system. Our approach was to establish how the previous Government had responded to the problems that they encountered. That Government introduced the unallowable purpose rule—even though they said in 1996 that no such rule would be brought in—and it has worked. It is part of the system now, and it deals with specific problems that arise in connection with manufactured dividends. Although I cannot predict what tax planners will do in the future, the unallowable purpose rule also seeks to preserve transactions that are not undertaken for the purposes of tax avoidance.

In Standing Committee, the Government's view was made clear that the disclosure methods contained in the Bill would put the Inland Revenue in a better position to be aware of schemes as they are being developed, rather than only when they have been used. The Inland Revenue guidance in respect of the unallowable purpose provision is well used and understood. It is used by tax inspectors, and it is also published for the benefit of companies and their advisers.

I turn to new clause 9. Clause 134 seeks to prevent avoidance, and the need for the clause was generally accepted in Committee. Subsequently, schemes have been designed to negate clause 134. That is the bind we are in: the Government consult and publish a Bill, and while it is making progress through the various stages, other people are planning how to negate it. Therefore, clause 134 would not protect the revenue that it was designed to protect. New clause 9 would ensure that the scheme designed to negate clause 134—which has not even been used yet, because clause 134 has not come into force—would not be effective.

I feel the same frustration as other Members at the need for Treasury Ministers to act in that way, but such is the problem of the creativity of a small number of accountants, tax planners, legal professionals and companies. If they are not held in check, they are capable of ensuring that the Treasury loses vast amounts of revenue. That is why we needed the ways and means resolutions earlier and that is why I was unable to introduce the new clauses in Committee as I should have preferred. A responsible Minister must protect the Treasury and all honest taxpayers, and that is what new clauses 9 and 10 seek to do.

Question put and agreed to.

Clause read a Second time, and added to the Bill.

New Clause 10

MANUFACTURED PAYMENTS UNDER ARRANGEMENTS HAVING AN UNALLOWABLE PURPOSE

'(1) In Schedule 23A to the Taxes Act 1988 (manufactured dividends and interest) after paragraph 7 (irregular manufactured payments) insert—

"Manufactured payments under arrangements having an unallowable purpose

7A (1) This paragraph applies in any case where—

(a) a manufactured payment falls to be made by a company in an accounting period in pursuance of any arrangements (see sub-paragraphs (9) and (10) for definitions), and

(b) the arrangements have an unallowable purpose at any time (see sub-paragraphs (3) to (5)).

But this is subject to sub-paragraph (8) below (cases where tax relief is denied apart from this paragraph).

(2) The company is not entitled, by virtue of anything in this Schedule or any provision of regulations under it, or otherwise, to any relevant tax relief (see sub-paragraph (10)), to the extent that the relief is in respect of, or referable to, the whole or any part of so much of the manufactured payment as, on a just and reasonable apportionment, is attributable to the unallowable purpose.

[Dawn Primarolo]

(3) Arrangements have an unallowable purpose at any time if at that time the purposes for which the company is a party to—

(a) the arrangements,

(b) any related transaction (see sub-paragraphs (6) and (7)), or

(c) any transaction in pursuance of the arrangements,

include a purpose ("the unallowable purpose") which is not among the business or other commercial purposes of the company.

(4) The business and other commercial purposes of a company do not include the purposes of any part of its activities in respect of which it is not within the charge to corporation tax.

(5) Where one of the purposes for which a company is at any time a party to—

(a) any arrangements,

(b) any related transaction in the case of any arrangements, or

(c) any transaction in pursuance of any arrangements,

is a tax avoidance purpose, that purpose shall be taken to be a business or other commercial purpose of the company only where it is not the main purpose, or one of the main purposes, for which the company is party to the arrangements or transaction at that time.

(6) One or more transactions are to be regarded as related transactions, in the case of any arrangements, if it would be reasonable to assume, from either or both of—

(a) the likely effect of the transactions, and

(b) the circumstances in which the transactions are entered into or effected,

that none of the transactions would have been entered into or effected independently of the arrangements.

(7) Transactions are not prevented from being related transactions, in the case of any arrangements, just because the transactions—

(a) are not between the same parties, or

(b) are not between the parties to the arrangements.

(8) This paragraph does not apply if, as a result of any of the following provisions—

(a) section 75(4)(b) (expenses of management of companies with investment business: unallowable purposes),

(b) section 76(4)(d) (expenses of insurance companies: unallowable purposes),

(c) paragraph 13 of Schedule 9 to the Finance Act 1996 (loan relationships with unallowable purposes),

the company in question is not entitled to a relevant tax relief in respect of, or referable to, the whole or any part of the manufactured payment.

The references to sections 75 and 76 are references to those provisions as they have effect in relation to accounting periods beginning on or after 1st April 2004.

(9) Any reference in this paragraph to a manufactured payment falling to be made by a company includes a reference to a manufactured payment which is deemed by or under any provision of the Tax Acts to be made by a company (and references to a transaction, or to a company being party to a transaction, are to be construed accordingly).

(10) In this paragraph—

"arrangements" includes schemes, arrangements and understandings of any kind, whether or not legally enforceable, and shall be taken to include any related transactions;

"manufactured payment" means any of the following—

(a) any manufactured dividend;

(b) any manufactured interest;

(c) any manufactured overseas dividend;

"related transaction" shall be construed in accordance with sub-paragraphs (6) and (7) above;

"relevant tax relief" means any of the following—

(a) any deduction in computing profits or gains for the purposes of corporation tax;

(b) any deduction against total profits;

(c) the bringing into account of any debit for the purposes of Chapter 2 of Part 4 of the Finance Act 1996 (loan relationships);

(d) the surrender of an amount by way of group relief;

"tax advantage" has the same meaning as in Chapter1 of Part 17 (tax avoidance);

"tax avoidance purpose" means any purpose that consists in securing a tax advantage (whether for the company in question or any other person);

and sub-paragraphs (3) to (7) above have effect for the purposes of this paragraph.".

(2) In section 95 of the Taxes Act 1988 (taxation of dealers in respect of distributions etc) before subsection (2) insert—

"(1C) The application of subsection (1) above in relation to a payment made by a dealer is subject to paragraph 7A of Schedule 23A (manufactured payments under arrangements having an unallowable purpose).".

This amendment has effect on and after the commencement date.

(3) The amendment made by subsection (1) has effect—

(a) in the case of new arrangements, in relation to manufactured payments made, or deemed by or under any provision of the Tax Acts to be made, on or after the commencement date, and

(b) in the case of old arrangements, in relation to manufactured payments made, or deemed by or under any provision of the Tax Acts to be made, on or after the day on which this Act is passed.

(4) But where—

(a) as a result of old arrangements, any income arose or accrued, or any gain accrued, to a company before the commencement date,

(b) the income or gain is or was within the charge to corporation tax, and

(c) a manufactured payment in pursuance of the arrangements is made, or deemed by or under any provision of the Tax Acts to be made, by the company on or after the day on which this Act is passed,

the amendment made by subsection (1) does not have effect in relation to so much of the manufactured payment as (on such just and reasonable apportionments as may be necessary) represents the income or gain.

(5) For the purposes of subsection (4)—

(a) "income" includes any income deemed by or under any provision of the Tax Acts to arise or accrue,

(b) "gain" includes any gain deemed by or under any provision of the Tax Acts to accrue.

(6) In this section—

"the commencement date" means 2nd July 2004;

"new arrangements" means any arrangements other than old arrangements;

"old arrangements" means arrangements which were, or some part of which was, entered into or acted upon before the commencement date.

(7) For the purposes of subsection (6), the cases where arrangements were, or some part of any arrangements was, acted upon before the commencement date are those cases where a transaction in pursuance of the arrangements, or of any part of the arrangements, has taken place before that date.'.—*[Dawn Primarolo.]*

Brought up, read the First and Second time, and added to the Bill.

New Clause 11

GIFTS OF SHARES, SECURITIES AND REAL PROPERTY TO CHARITIES ETC

'(1) Section 587B of the Taxes Act 1988 (gifts of shares, securities and real property to charities etc) is amended as follows.

(2) For subsection (4) (the relevant amount) substitute—

"(4) Subject to subsections (5) to (7) below, the relevant amount is an amount equal to—

(a) where the disposal is a gift, the value of the net benefit to the charity at, or immediately after, the time when the disposal is made (whichever time gives the lower value);

(b) where the disposal is at an undervalue, the amount by which—

(i) the value described in paragraph (a) above, exceeds

(ii) the amount or value of the consideration for the disposal,

or, if there is no such excess, nil.

(3) After subsection (8) insert—

"(8A) The value of the net benefit to the charity is—

(a) the market value of the qualifying investment, unless subsection (8B) below applies;

(b) where that subsection applies, that market value reduced by the aggregate amount of the related liabilities of the charity (see subsections (8E) to (8G)).

(8B) This subsection applies in any case where—

(a) the charity is, or becomes, subject to an obligation to any person (whether or not the person making the disposal or a person connected with him), and

(b) one or more of the conditions in subsection (8C) below is satisfied.

(8C) For the purposes of subsection (8B) above—

(a) condition 1 is that, taking into account all the circumstances (including, in particular, the difference in the value of the net benefit to the charity if subsection (8B) applies and if it does not) it is reasonable to suppose that the disposal of the qualifying investment to the charity would not have been made in the absence of the obligation;

(b) condition 2 is that the obligation (whether in whole or in part) relates to, is framed by reference to, or is conditional on the charity receiving, the qualifying investment or a related investment (see subsection (8D)).

(8D) In subsection (8C) "related investment" means any of the following—

(a) any asset of the same class or description as the qualifying investment (irrespective of size, quantity or amount);

(b) any asset derived from, or representing, the qualifying investment whether in whole or in part and whether directly or indirectly;

(c) any asset from which the qualifying investment is derived, or which the qualifying investment represents, whether in whole or in part and whether directly or indirectly.

(8E) For the purposes of this section, the liabilities which are related liabilities in the case of any qualifying investment are the liabilities of the charity under each of the obligations that fall within subsection (8B) above (as read with subsection (8C) above) in relation to that investment.

(8F) Where an obligation is contingent and the contingency occurs, the amount to be brought into account for the purposes of this section at any time in respect of the liability, so far as contingent, under the obligation is the amount or value of the liability actually incurred in consequence of the occurrence of the contingency.

(8G) Where an obligation is contingent and the contingency does not occur, the amount to be brought into account for the purposes of this section at any time in respect of the liability, so far as contingent, is nil.".

(4) In subsection (9) (definitions) insert each of the following definitions at the appropriate place—

" "obligation" includes a reference to each of the following—

(a) any scheme, arrangement or understanding of any kind, whether or not legally enforceable;

(b) a series of obligations (whether or not between the same parties);";

" "related liabilities" shall be construed in accordance with subsection (8E) above;";

" "value of the net benefit to the charity" shall be construed in accordance with subsection (8A) above;".

(5) After subsection (10) (market value) insert—

"(10A) Section 839 (connected persons) applies for the purposes of this section.".

(6) The amendments made by this section have effect in relation to any disposal to a charity on or after 2nd July 2004, except where the disposal is in performance of a contract entered into before that date and not varied on or after that date.'.—*[John Healey.]*

Brought up, and read the First time.

The Economic Secretary to the Treasury (John Healey): I beg to move, That the clause be read a Second time.

Mr. Deputy Speaker: With this it will be convenient to discuss the following: New clause 1—*Gift aid and non-taxpayers*—

'(1) Section 25 of the Finance Act 1990 (donations to charity by individuals) shall be amended in accordance with subsection (2) below.

(2) In subsection (8)—

(a) after "year of assessment" there shall be inserted "by more than £520"; and

(b) at the end there shall be added "over £520".

(3) This section shall be deemed to have effect for the year 2003–04 and subsequent years of assessment.'.

John Healey: New clause 11 amends legislation providing income tax relief to a donor making a gift, or disposal at under value, of shares or securities to charity. The legislation, introduced in the Finance Act 2002, which was welcomed at the time on both sides of the House, enables a donor to offset the market value of a gift of shares or securities to charity against their income for tax purposes. The market value is the value of the gift in the hands of the donor at the point of disposal to the charity. In the first two years that the relief has been available, £370 million has been donated to charity.

However, we have uncovered evidence of complex avoidance schemes that severely reduce the benefit of the gift in the hands of the charity, while leaving the market

[John Healey]

value of the gift for tax purposes unchanged. The schemes operate where an individual makes a "donation" to a charity and, as a result of an obligation on the charity, the value of that donation to the charity is less than the market value of the assets donated. In that context, an obligation on the charity commonly means that the charity will undertake to sell the shares or gilts back to a third party. The effect of such schemes, which use complex arrangements of trusts and options, is to give the donor tax relief that can far outweigh the benefit to the charity and has the scope to return the whole value of the gift to the control of the donor. The charity receiving such a gift is left with very little benefit and, because the gift or an amount of nearly equivalent value returns to the control of the donor, the gift costs the donor much less than the amount of tax relief they claim.

2.15 pm

The purpose of the new clause is to counter abuse not by charities, but by individuals seeking to take advantage of the generous income tax relief available to charity donors. The new clause ensures that the amount of income tax relief claimed by the donor cannot exceed the value of the net benefit to the charity. It will not affect genuine donors or charities. But when an obligation is placed on the charity—no matter by whom—that results in the value of the gift in the hands of the charity being less than the value of the gift in the hands of the donor, the income tax relief that can be claimed by the donor is restricted to the lower amount. That provision will operate either when the obligation can be linked to the assets given, or when it is probable that the gift would not have been made without the existence of the obligation.

The Government are committed to increasing donations to charity and the gifts of shares and securities legislation is an important part of that commitment. But schemes that seek to abuse charitable reliefs are unacceptable. We have shown with this new clause that when we identify such abuse, we will act quickly to prevent that abuse from continuing.

Mr. Flight *rose—*

John Healey: I hope that the hon. Member for Arundel and South Downs (Mr. Flight) will welcome the clause as he did the last, as a reasonable and fair cop.

Mr. Flight: As I recall, the income tax relief received when one gifts something to a charity is set against one's income for income tax purposes, so it is 40 per cent. for top-rate taxpayers. As I understand the Economic Secretary's description, it would still be worth practising the scheme because the gift to the charity might be two and a half times the effective benefit.

John Healey: We believe that the new clause will prevent such abuse. Our concern is that the amounts that can be donated—and therefore the tax relief that can be claimed—are virtually limitless. We are, however, keen to ensure that we do not introduce a measure that discourages genuine acts of philanthropy or removes the incentive to the donor to give in the first place.

Mr. Laws: In the spirit of the questions I put earlier to the Paymaster General, can the Economic Secretary tell us how long the abuse has been going on and how much it might have cost?

John Healey: As I said earlier, we uncovered evidence of the scheme relatively recently. It is not yet widespread, but it has the potential to become so. As my right hon. Friend the Paymaster General said, a responsible Government have the duty to act as soon as evidence of such schemes is uncovered, to prevent the loss of potentially very large sums. We have uncovered evidence of a potential donation of close to £100 million. If a single donation of such size were to be channelled through the sort of scheme that I have described, the extent of the abuse would be obvious, as would the potential exposure of the public purse.

The new clause has the support of the Charity Finance Directors Group and the Charities Tax Reform Group. Indeed, the latter says:

"We welcome this measure which defends the tax breaks designed to encourage giving to charities. Any abuse of charitable reliefs by donors rebounds on the whole charity sector by tarnishing its reputation; we support all initiatives that protect the integrity of the sector."

I hope that the new clause will receive support from both sides of the House.

I turn briefly to new clause 1. Opposition Members will recall that we debated this proposal in the Finance Bill Standing Committee in 2002, when I cautioned the hon. Member for Arundel and South Downs that the consequence of such a measure would be to change the nature of gift aid. To understand our objections to new clause 1 we must return briefly to the operating principles of gift aid.

Gift aid donations are treated as having been made after the deduction of income tax at the basic rate. As charities are exempt from tax on that income, they are entitled to reclaim from the Inland Revenue an amount equal to the basic rate of tax on the donation. If the donor has not paid sufficient income or capital gains tax to cover the amount reclaimed, they are liable to be assessed for the shortfall.

If the new clause were accepted, it would allow donors to make donations using gift aid on which the amount of income tax treated as deducted from the gift can exceed the amount of income tax or capital gains tax paid by the donor in that year. It would allow an excess of up to £520 before further amounts became recoverable.

At present, where the tax reclaimed by the charity receiving a gift aid donation does not exceed the amount of income tax and capital gains tax paid by the donor, the repayment is treated as negative taxation. If the tax reclaimed by the charity exceeds the amount paid by the donor, we deal with the situation by making an assessment on the donor, as I said earlier. If, as the new clause proposes, we did not have that option, amounts repaid to charity could exceed tax paid by donors and the whole gift aid scheme would be reclassified as public expenditure. Since our debate in 2002, we have checked

that point with the Office for National Statistics, which confirmed that such an extension would indeed represent public expenditure.

As gift aid acts as an incentive to encourage taxpayers to give to charity, it enables the donor, in effect, to direct some or all of the income and capital gains tax they have paid to causes that they support. New clause 1 would breach the central principle of gift aid if the scheme allowed non-taxpayers to direct where the taxes of others are used. On that basis, I hope that Opposition Members will not press the new clause to a vote.

Mr. Richard Bacon (South Norfolk) (Con): I shall comment briefly on new clause 11. On the face of it, the new clause causes us no great difficulty, although it was tabled rather late and we would have liked longer to consider it. I was at the Vote Office not two hours ago, yet I was unable to obtain any guidance notes on the new clause.

New clause 11 appears to be a targeted anti-avoidance measure designed to prevent donors from obtaining income tax relief in excess of the benefits received by the charity from the donation of shares or securities. Normally, one would expect the market value of a gift to reflect the value of the gift in the hands of the charity. There is potential for serious abuse; for example, by using offshore trusts and options to manipulate the value of gilts or other securities donated to charities so that the value of the gift in the hands of the charity could bear no, or little, relation to the market value of the underlying asset. Such manipulation could be used to write off entirely an individual's tax liability while conferring only limited benefits, if any, on the charity.

As genuine gifts of shares and other securities will continue to receive tax relief under new clause 11, we have no objection to it in principle. It appears to be a measure that will protect the Revenue while ensuring that charities continue to benefit from genuine gifts of shares and other securities. We shall, however, be keeping an eye out for unintended consequences.

The purpose of our new clause 1 is to probe the Government's thinking in the important field of gift aid relief, and the Economic Secretary gave us a hint of his thinking in his remarks earlier. The new clause would ensure that people on incomes too low to tax, who are often the most generous of givers, are able to benefit from the gift aid scheme, and it would remove the charge they unwittingly incur when they mistakenly sign a gift aid form.

The gift aid relief scheme is a great boon for charities, and it may also be convenient for those who donate to charities, if they pay tax; but for those of the poor who give generously to charity, the gift aid scheme can be a costly and significant trap.Gift aid relief can be claimed only by those who have paid enough tax in the year to cover the amount of tax on the gift, so, for example, if a person gives a gross amount of £100 in a year to a charity using the gift aid scheme, he or she will pay the charity a net sum of £78 and the charity will reclaim from the Inland Revenue basic-rate tax of £22; but the donor must have paid at least £22 tax in the year for that to work. A donor who has not paid enough tax to cover the gift, and still uses the gift aid scheme, remains legally liable to the Inland Revenue for that amount of tax. If the donor were a non-taxpayer, the Revenue would be entitled to pursue them—and sometimes does—for the £22, notwithstanding the fact that the donor was not liable to pay tax for any other reason.

Non-taxpaying donors might use the gift aid scheme for all sorts of reasons. They might not appreciate the technicalities, and the charity concerned might fail to warn them. Their incomes might decline unexpectedly—for example, if they lose their job, or if interest rates fall, taking them out of tax—and they may forget that they still have a gift aid declaration in place.

The low incomes tax reform group—the LITRG—which is part of the Chartered Institute of Taxation, has been campaigning since the introduction of the gift aid scheme to enable non-taxpayers to participate in it. Those on low incomes are often among the most generous givers in proportion to their means and, as the LITRG points out, it is not clear why low-income donors should not be encouraged to give to charity in the same way as wealthier donors.

Indeed, the group had originally thought that that was the Government's intention. When the Chancellor of the Exchequer announced the introduction of "Getting Britain Giving", he said that for every pound a citizen gave, the Government would contribute a further 28p. It is worth noting that the Chancellor said "citizen" not "taxpayer". In the event, however, as the measures have unfolded, we see that higher-rate taxpayers can get relief on their giving—indeed, if they give shares to a charity the relief can approach 80 per cent. in certain circumstances—whereas a charity can get no relief on a gift from a non-taxpayer. That seems a curious inversion of the idea of a progressive tax system. The exclusion of some citizens from the gift aid scheme can hardly be said to contribute to the building of an inclusive or a civic society.

When the matter was last debated, in the Finance Bill Standing Committee to which the Economic Secretary alluded, the hon. Gentleman gave two welcome assurances. First, he said that in practice, where the Inland Revenue finds that a non-taxpayer's donation has been included in a gift aid claim from a charity, it invites the charity to make good the shortfall rather than pursuing the individual taxpayer. No doubt most charities would respond positively to such an invitation.

Secondly, the hon. Gentleman undertook to keep the matter under constant review. New clause 1 would enable non-taxpaying donors to use the gift aid scheme when donating, but it would set a limit. It provides that they will not have a legal liability to pay the Revenue any tax reclaimed by the charity, provided that tax on any gifts they make under the scheme during a tax year does not exceed £520, or £10 a week. That restriction is intended primarily to meet the possible objection that fraud might be encouraged if non-taxpayers were able to donate to charity under gift aid without limit. New clause 1 would take effect from the last tax year—2003–04—since tax returns for that year are largely still to be made.

2.30 pm

In the debate to which I referred a moment ago, the Economic Secretary objected—he reiterated his objection this afternoon—because the tax reclaimed by a charity in respect of a gift by a non-taxpaying donor

[Mr. Richard Bacon]

would be effectively public expenditure, not a tax relief. That raises the question of whether the gift aid scheme could be classified in two ways for public accounting purposes: as tax relief to the extent that it is used by taxpayers and as public expenditure to the extent that it might be opened up to non-taxpayers.

On 9 June 2003, Lord Freeman wrote on behalf of LITRG to the Financial Secretary to ask whether the ONS could consider that question at one of its review meetings, and on 19 June last year, the Economic Secretary replied to that letter, saying that he had arranged for the ONS to give definitive advice. He referred to that advice in his opening remarks, and I ask him to consider publishing it, as I am not aware of seeing it in the public domain.

It is hard to understand why a split classification should present a problem, given the proliferation of the various tax credit schemes that we have seen under the Government. Those schemes raise very much the same issues as those we are discussing and their total cost is divided between tax relief, on one hand, and public expenditure, on the other, in so far as the credits reduce tax liabilities or lead to payments to claimants.

In summary, we urge the Government to think again about extending the gift aid scheme to non-taxpayers, to give those on low incomes the opportunity to give to charity as they would wish, to prevent them from falling into what for them could be a costly and unlooked-for trap, particularly where they are ill-advised by the bodies to which they donate, and to simplify generally the administration of the scheme for charities.

John Healey: May I welcome the hon. Member for South Norfolk (Mr. Bacon) to the Dispatch Box? He offers distinguished service to the House on the Public Accounts Committee. I understand that he is making only a temporary appearance at the Dispatch Box, but I fear that his permanent presence cannot be far off, and I look forward to that.

The hon. Gentleman asks first about guidance. He said that he had looked for guidance published by the Inland Revenue alongside new clause 11. He will appreciate that it is important that the House considers the clause first, but the Inland Revenue will publish guidance to support the new clause. That guidance will give charities some certainty in respect of how the new clause will operate and where they stand. Let me repeat very clearly that this measure is carefully constructed not to discourage genuine philanthropy. It is designed to counter abuse not by charities, but by those individuals who seek to take advantage of what is a generous income tax relief scheme for charitable donors.

The hon. Gentleman made a number of other points. He took up the cause and case of the non-taxpayer, particularly the non-taxpayer or low taxpayer who may not fully appreciate the principles and operation of the gift aid scheme. I am sure that he will know, as do many hon. Members because many of them are strong supporters and give in this way, that any person who makes a donation under gift aid must complete a declaration to confirm that he or she has paid sufficient tax to cover the amount that the charity will reclaim. The requirement that charities must obtain such a declaration from the donor reduces the risk that the donor will accidentally use gift aid when it is not appropriate.

Where it is established, however, that a donor has not paid enough tax to cover the value of the gift aid, the Inland Revenue can, as I said, assess the donor to recover that overpayment. However, as the hon. Gentleman said, I gave an undertaking during the proceedings on the Finance Bill in 2002 that, in many cases, the Inland Revenue will explain the situation first to the charity, which will then decide voluntarily to repay the amount of the tax reclaimed.

The hon. Gentleman spoke about citizenship and asked why non-taxpayers should be barred from donating to charity. Non-taxpayers can give to charity in other ways, but it is not appropriate for them to do so under gift aid. He will be aware that, even for those who pay a small amount of tax, gift aid can apply to any amount no matter how small, so long as some tax is paid, gift aid is a scheme of which the charity can take advantage.

Finally, the hon. Gentleman urged the Government to think again and referred back to the debates on the Finance Bill in 2002, where I gave an undertaking that, as with all taxes, the Government would keep gift aid under review. We will do so. We are always open to fresh argument and to the case for further reform, particularly with such issues, where we believe that any further measure may boost the amount that people can give to charity, thus encouraging charitable giving more widely. However, as I tried to explain in my opening remarks, the basic objection to new clause 1 is that it contravenes the principles that lie at the heart of the operation of gift aid and that, at present, we simply do not think that that problem has been overcome by the case made by its proponents.

Mr. Flight: May I ask the Economic Secretary how new clause 11 will work? He said that the income tax rebate cannot exceed the net value of the benefit to the charity. I am not sure whether or not the net value includes the tax rebate. However, if it does not include the tax rebate, for example, someone could give £100 and take back £80. The charity would get £20. The individual would get back £18 on his £100, so he would be out of pocket by only £2. In effect, that could be used to make all giving to charities tax deductible. If the net value includes the tax rebate to the charity, someone could give £100 and take back £100. The charity could still have £22, and the individual has benefited by £18. I just want to understand whether the new clause will be an effective deterrent to the abuse that the hon. Gentleman describes.

Mr. Deputy Speaker: Order. We are in danger of getting ourselves into disorder. I was assuming that the hon. Gentleman's remarks were by way of a long intervention, to which the Minister may reply in concluding his speech, but if he does not wish to respond that is in order.

Question put and agreed to.

Clause read a Second time, and added to the Bill.

New Clause 12

OVERSEAS PENSION SCHEMES: MIGRANT MEMBER RELIEF

'Schedule (Overseas pension schemes: migrant member relief) contains provision about migrant member relief in respect of contributions under overseas pension schemes.'.—*[Ruth Kelly.]*

Brought up, and read the First time.

The Financial Secretary to the Treasury (Ruth Kelly): I beg to move, That the clause be read a Second time.

Mr. Deputy Speaker: With this it will be convenient to discuss the following: Government new clause 13—*Non-UK schemes: application of certain charges.*

Government new clause 14—*Appeal against decision to exclude recognised overseas pension scheme.*

Government amendments Nos. 111, 114 to 116, 118, 126 to 131, 133 to 137 and 149.

Government new schedule 1—*Overseas pension schemes: migrant member relief.*

Government new schedule 2—*Non-UK schemes: application of certain charges.*

Ruth Kelly: The new simplified regime for taxing pensions will provide a more flexible regime that is much less heavily regulated than the existing eight regimes. That should prove attractive to individual pension savers and reduce costs and increase flexibility for the industry. Our aim is to make saving within the new simplified regime as simple, fair and attractive as possible for all pension savers. However, there will be some groups—individuals who come to the UK from overseas—for whom it makes sense not to move into the UK's tax-favoured regime. For example, individuals may prefer to continue to contribute to their home state pension schemes, or might even be obliged to continue to be members of such schemes.

Under the current regimes, there is provision for individuals to get UK relief for contributions made to their home state schemes. Those provisions are important in maintaining the UK's competitiveness as an attractive place to come to work. Briefly, individuals may currently claim relief for contributions to overseas schemes that correspond to UK schemes either under a double taxation agreement, or the existing corresponding relief rules.

It is, of course, important to maintain the UK's competitiveness as an attractive place to work and do business. We will therefore be keeping these two routes to relief in the new regime. However, we will simplify and rationalise the conditions for getting relief under the new corresponding relief, which is to be known as migrant member relief in the future. The rights to relief under a double taxation agreement will, of course, remain as they are under the terms of existing agreements. The new rules will ensure that the relief under both routes will have an appropriate fit with the new regime. Government new clauses 12 and 13, which introduce new schedules 1 and 2, and amendments Nos. 111 and 115, provide for these two routes to relief and set out how certain tax charges will apply to overseas schemes.

New clause 12 and new schedule 1, which it introduces, make provision for individuals and their employers to claim tax relief on contributions to certain overseas schemes. The migrant member relief that they introduce will be available to relevant individuals and their employers. The new rules are more generous than the existing ones for corresponding relief and match the new rules for relief in respect of contributions made to registered pension schemes. We are extending the qualifying criteria, both in terms of the individuals who can qualify for relief, and what constitutes a qualifying overseas pension scheme.

Internationally mobile overseas individuals who come to the UK to work for a period of time and continue to be members of an overseas pension scheme will be able to claim migrant member relief on pension contributions up to the level of their UK chargeable earnings. Employers will be able to claim tax relief on contributions paid in respect of these employees, and employees will not be taxed on the benefit of an employer's provision of retirement benefits in an overseas scheme. Individuals will be entitled to claim migrant member relief against earnings chargeable to tax in the UK, providing that they come to the UK as a member of a qualifying overseas pension scheme and that they joined that scheme when they were not resident in the UK.

Additional conditions are that such persons must have been UK residents when they paid the contributions on which relief was claimed, and that they were eligible for tax relief on the contributions in the country in which they were resident immediately before coming to the UK. Finally, individuals must notify scheme managers that they intend to claim migrant member relief. That is important because obligations are placed on scheme managers of qualifying overseas schemes to notify the Inland Revenue that a scheme is such a qualifying scheme. The scheme manager must also notify the Inland Revenue if that stops being an overseas pension scheme, and provide it with information about benefit crystallisation events relating to the individual.

New clause 13 and new schedule 2, which it introduces, will ensure that certain tax charges will apply in respect of overseas schemes when UK tax relief has been given on amounts in the fund. That will occur when there has been migrant member relief or relief under the terms of a double taxation agreement, or where a transfer has been made from a UK registered scheme to an overseas pension scheme. It is right that if UK tax relief has been given on funds in an overseas scheme, either directly or because funds have been transferred from a UK registered scheme, the same tax charges that apply to relief for UK registered pension schemes should also apply. That meets our objective of maintaining the UK's competitiveness as an attractive place to work and do business while preserving the integrity of the new regime.

There are three types of charges that might apply to an overseas scheme. First, member payment charges will apply to payments that would give rise to a UK tax charge if they were made from a registered scheme in the UK, such as an unauthorised payments charge, a special lump sum death benefits charge or a charge in respect of trivial commutation. Those charges will apply if individuals are resident in the UK in the year in which the payment is made, or resident in the UK during any

[Ruth Kelly]

of the immediately preceding five years. They will apply only to the extent that the payments are made out of funds that have benefited from UK tax relief. We have provided against double taxation by allowing credit against UK tax for foreign taxes paid in respect of those payments.

Secondly, the annual allowance provisions will apply to an overseas scheme as if it were a registered scheme to the extent to which the annual increase in individuals' pension rights under the scheme had benefited from UK tax relief. Thirdly, lifetime allowance provisions will apply to funds in an overseas scheme that benefit from UK tax relief on or after 6 April 2006. Additionally, individuals may elect for a benefit crystallisation event to occur when tax relief is no longer claimed, thus allowing individuals who leave the UK permanently to be sure that all UK taxation issues in respect of their overseas schemes are completed.

2.45 pm

Amendments Nos. 114, 116, 118, 126 to 131 and 133 to 137 are merely consequential amendments to the new clauses and schedules. To provide continuity, transitional provisions introduced by amendment No. 149 will ensure that individuals who claim corresponding relief on 5 April 2006 may continue to claim that relief even if either individuals or the scheme would not qualify for relief if applying for the first time under the new rules. However, the scheme manager must comply with benefit crystallisation information requirements in respect of contributions paid after 5 April 2006.

The new rules are flexible and transparent, and will ensure that the UK remains a competitive place for internationally mobile companies and their employees to do their business and work. They will maintain the integrity of the new regime by creating a level playing field between UK and overseas pension schemes, so I commend the new clauses, new schedules and amendments to the House.

Mr. George Osborne (Tatton) (Con): The Financial Secretary said that the measures were simple, fair and attractive, but anyone who has tried to plough through new schedule 2 over the past couple of days would not agree that they were simple. It was not especially fair that the provisions were introduced at the last moment because that meant that the industry did not have the chance to comment on them at all. As for whether they are attractive or not, we will have to take the Financial Secretary's word that they are more generous than the current arrangements.

My colleagues have already made the point that it is unsatisfactory for new clauses and amendments to be introduced on Report, but it is especially unsatisfactory when they relate to the aspect of the Bill that deals with reform of pension taxation. As the Financial Secretary well knows, that matter has been subject to lengthy consultation over a couple of years, which I praised in Committee as a good example of the way in which to consult because the Government listened and changed their proposals on various occasions in the light of what the industry said. Unfortunately, she has blotted her copybook right at the end of the process by introducing a substantial change to the situation regarding overseas pension schemes without any consultation. The provisions were tabled on Friday and we are discussing them a couple of days after the weekend, so the industry has thus had no chance to have its say. The situation is especially unsatisfactory because we discussed the matter in Committee only a couple of weeks ago. Will the Financial Secretary tell us why the proposals have suddenly appeared on the doorstep so late in the day?

Will the Financial Secretary tell us something about the missing details? For example, amendment No. 111 is important because it defines an overseas pensions scheme as

"a pension scheme ... which ... is established in a country ... outside the United Kingdom"—

one might have guessed that about an overseas pension scheme—

"and ... satisfies any requirements prescribed for the purposes of this subsection by regulations made by the Board of Inland Revenue."

Are those regulations available so that we can look at and discuss them? Will the Financial Secretary tell us the requirements that will be imposed on those schemes, apart from the fact that they must be overseas pensions schemes?

Turning to the substance of the Government's proposal and the new concept of migrant member relief, the Financial Secretary implied when discussing new clause 12 and new schedule 1 that the measures were designed for non-UK citizens who came to work in this country. Does she anticipate that they will be used by UK citizens who go to overseas countries in which they enter into pension schemes before coming back to the United Kingdom? She seemed to be talking only in terms of non-UK nationals.

I accept what the Minister is trying to achieve in new clause 13. The schedule that it would introduce is complex, but explanatory notes have not been produced. When I was dealing with the Pensions Bill many new clauses were introduced on Report—indeed, parts of the Bill were virtually rewritten—but the Department for Work and Pensions produced explanatory notes to clarify what they were doing. There are no explanatory notes, however, for the Finance Bill or, if there are, I have not seen them.

Government new schedule 2, as the Financial Secretary made clear, is an attempt to ensure that a member of an overseas scheme eligible for UK tax relief cannot evade the rules on, for example, the annual allowance, short service refunds and trivial commutations, and is charged as if the scheme were a UK one. I accept what the Financial Secretary said about protecting the country's tax base, the Exchequer's interests and so on, but what would happen if the Inland Revenue's rules conflicted with the rules of the host country? That is unlikely to be the case with the annual allowance—presumably one would just look at the lower annual allowance in the other country—but the rules on trivial commutation or short service refunds may be substantially different elsewhere. There may be a requirement, for example, to provide a trivial commutation, which in the UK would push the member above the 1 per cent. limit on trivial commutation. How would conflicts between the rules or laws in this country and those in the host country be resolved?

What reporting requirements will be placed on overseas schemes? Government amendment No. 115 deals with that, but the Government are proposing to introduce a much lighter-touch regime for all pension schemes that will focus on registration rather than approval. There is concern that that is too light a touch for the UK, but there will be an even lighter-touch regime for overseas schemes. Is the Inland Revenue in a position to police the regime? Will it poke its nose into overseas schemes to make sure that they are providing accurate returns? How on earth will it know whether someone has received a trivial commutation or a short service refund? One hopes that operators of the scheme are honest about the requirement and that members are honest about their refunds, but there is no mechanism for the Inland Revenue to police the proposals. It may rely on the Exchequers of overseas Governments or on pensions regulators in other countries, but is the Financial Secretary satisfied that those safeguards will be adequate and that the Treasury will be on top of the situation?

The Financial Secretary and the Treasury are anxious to prevent the possibility of the new pensions taxation regime from being used as a tax avoidance mechanism. The annual allowance, she explained in Committee, was introduced for precisely that reason, as there was scope for people to come here, set up a scheme, put a lot of money in and then depart. I assume that she is satisfied with the measures that she has introduced to tackle that problem but, as we have not had an opportunity to question her about them, is she content that they will not be open to abuse? How do the proposals relate, if at all, to the EU pensions directive, or, to give it its proper name and get the snappy EU jargon on the record, the directive on the activities of institutions for occupational retirement provision?

The Opposition welcome attempts to create more of a single market in the financial services industry, and believe that the UK financial services industry is well placed to do extremely well and sell its products to other European countries. There are, however, great concerns about the directive. For example, it could cost UK schemes up to £300 billion—that is an extraordinary figure, but I have checked it, and the industry assures me that it is correct. Christine Farnish, the chief executive of the National Association of Pension Funds says that the directive

> "is very dangerous and very costly to UK schemes, and because the rules cannot be scheme-specific, will no doubt lead to endless battles in the courts. It is ridiculous; it is not in the real world."

The directive attempts to allow people to build up a pension as they move between member states. Many new clauses added to the Pensions Bill on Report were meant to ensure that we complied with the directive. Do the present proposals belong to the same category, and can the Financial Secretary clarify whether they are an attempt to make sure that we comply with the directive? As I said, on a first glance—the Government tabled them only on Friday—the amendments do not appear to be unreasonable. We do not want people to come and work here and build up pension provision—we want people in this country to be able to go and work abroad and build up their pension provision. We are not against the principle behind the proposals, but I should be grateful if the Financial Secretary would provide us with assurances about their practicality and the reporting requirements on overseas schemes and their policing. How will she deal with conflict, if it arises, between the rules in this country and the rules of host countries? Will she explain to the House why the proposals have been made at the last moment, and why we still do not have many important regulatory details?

Mr. Quentin Davies: I shall start with negative strictures and concerns before making some positive points.

It is unsatisfactory that the Government should introduce legislation at the last minute without consultation. There are only two acceptable excuses for introducing substantive new clauses on Report. First, the Government might have to respond to events that they could not have anticipated. The Paymaster General made that excuse—it sounded reasonable, given the background that she described—when she introduced Government new clauses 9 and 10, and the House accepted it. The second reason is if the Government for once take account of debate, discussion and consideration in Committee and have a genuine rethink in the light of Parliament's reaction to their original proposals. That is how Parliament should work, and how it did work for hundreds of years before 1997. I hope that it will work that way again as soon as possible.

Unfortunately, however, neither of those excuses is available to the Financial Secretary, but if she proves me wrong I shall be pleasantly surprised. It is unsatisfactory, as my hon. Friend the Member for Tatton (Mr. Osborne) said, that explanatory notes are not available—at least, they were not half an hour before our proceedings began this afternoon, when I went to the Vote Office in the hope of finding them. Of all the epithets that the hon. Lady could reasonably use of her new clauses—I shall use some nice ones in a moment—"simple" is not one of them, as they consist of seven or eight pages of complex measures, including equations and so on. Explanatory notes would have helped our debate, and Parliament has been treated with something less than courtesy. Indeed, insufficient consideration has been given to the importance of our role. I hope that we receive an apology, and that in future the Treasury will try to do a bit better on both those fronts.

I have a more technical concern that is linked to the points made by my hon. Friend the Member for Tatton about the annual limit and the way in which it will be monitored or enforced. What is the position of people who are in danger of exceeding their lifetime limit because they are highly paid and have substantial pension provisions? Would it not be sensible for them to go abroad to join a qualifying foreign scheme, and then return here? A multinational company will have work forces and pension schemes in different countries—certainly in the European Union and north America—so in principle it should not be too difficult for someone who is transferred to another country to join another scheme. The person could presumably return to the United Kingdom and accumulate any amount up to another lifetime limit and enjoy the benefit in retirement.

3 pm

How will the lifetime limit be monitored? Perhaps the answer is that a separate lifetime limit will be applied to contributions to overseas schemes while people are in this country. I am sure the Financial Secretary has thought about that. She did not deal with it in her introductory remarks, but perhaps she will do so.

Let me make some more positive comments, as I said I would. Despite my earlier remarks, it would be churlish not to praise the Government for having tried to move in the right direction. It is economically important that there should be no undue obstacles to people coming to work in the UK. In theory, the more highly paid they are, the greater the value they will add to our economy while they are here. It is important for high-tech industries, the City and so on that they should come to the UK to work. We all know that pensions can be a major obstacle to labour mobility. The Government are to be praised for trying to remove some of the obstacles.

The Financial Secretary, to give her her due, clearly set out the purpose of the new schedule. I thoroughly agree with that, but perhaps we could look at the other side. It is true that the British economy will benefit from the removal of obstacles, and individuals coming from abroad and supposedly returning abroad before they take their retirement pension will also benefit. There seems, therefore, to be a basis for reciprocity and for negotiation with countries, especially those in the EU, with which there is a reasonable exchange of labour, particularly highly paid professional labour. We should try to negotiate some reciprocal benefits for UK residents or citizens who go to other countries, especially in the EU, and wish to continue to contribute to a UK scheme on the basis that their contributions will be tax deductible, to allow them to enjoy the mirror-image benefits of those being introduced under the new schedule.

The Financial Secretary did not say anything about that dimension, but I should be interested to know whether an attempt has been made to generate some reciprocity and whether—this point was rightly made by my hon. Friend the Member for Tatton—the measure contributes to the emergence of a European pensions directive, which would be highly desirable. It is a major obstacle to labour mobility within the EU—a cause to which we all strongly subscribe—that differential pension regimes exist. In some countries, contributions are tax deductible, but in others they are not. In some countries, there are limits to tax deductibility, whereas in other countries there are not. In some countries, pensions in payment are relieved of tax, but in other countries, such as the UK, they are not. The situation is immensely confusing.

No doubt there are many opportunities for clever arbitrage—building up one's pension in a country where tax deductibility is high, and taking the pension in a country where the tax regime for pensions in payment is the most favourable—but there are also ample opportunities for getting it wrong in both directions. People who are in danger of doing that will not move, so our labour resources are not used as efficiently as they could be if the obstacles were removed.

It is important to achieve a European directive on pensions. It has been under consideration for an enormously long time. I do not remember when the idea was first mooted, and it is a major failure of the EU's efforts to build up an effective single market that a pensions directive still has not been agreed. I do not want to attribute blame—I would not know how to do so. I have not studied the matter sufficiently in respect of the Council of Ministers, the Commission and so on, but I am happy to allocate blame in general and say that the present position is not good enough and that progress ought to be made.

My question to the Financial Secretary, which is germane to the new clause, is to what extent the new clause has been considered in that context, as a basis for negotiating bilateral reciprocal arrangements with relevant other countries, and as a contribution to solving the enormous difficulties in finally getting agreement and launching the European pensions directive. If the hon. Lady has made a contribution to that, she will have done a very good day's work indeed for the economy.

Ruth Kelly: There has been an extremely interesting exchange covering all sorts of issues. I can only apologise to the House for the fact that the new clauses were introduced at such a late stage. Clearly, it would have been desirable to introduce them in Committee. The new rules for migrant member relief are based on proposals that were set out in the December 2003 consultation paper, so they should not come as a complete surprise to hon. Members.

It was clear that the main rules for the new simplified regime were of most concern to employers, scheme providers and scheme members in the UK, but the migrant member rules are important to admittedly smaller numbers of people, and we wanted to introduce them during the current year, albeit at a late stage, to make sure that the people affected by the rules would have certainty in the run-up to the introduction of the measures in 2006.

I believe that the explanatory notes are available on the Treasury and Inland Revenue websites, and they were placed in the Library in the standard way. I have not checked personally, but I am assured that that happened. I apologise if there was any difficulty in getting access to them.

The draft regulations will be published over the summer and, as with the other pensions regulations, interested parties will be able to comment on them at that stage. Again, it is unfortunate that it was not possible to finalise the draft regulations in time for the debate, but the industry and others affected by the proposals will have ample opportunity to contribute to their formulation in due course. I am happy to summarise what the regulations made under the two new overseas schedules will do.

There will be four aspects to the overseas pensions regulations. First, the regulations will set out the detail of the conditions that must be met for an overseas scheme to be a scheme in respect of which an individual may claim migrant member relief, or a scheme to which funds from a UK-registered scheme may be transferred. Secondly, the regulations will set out the information reporting requirements that an overseas scheme must comply with in order for its members to be eligible for migrant member relief, or in order to receive funds transferred from a UK-registered scheme.

Thirdly, the regulations will set out the way in which the tax rules for registered schemes will be modified for application to overseas schemes. Finally, the regulations will provide detailed rules for identifying which part of the funds in an overseas scheme has benefited from UK tax relief. That is important for identifying, for example, which part of an overseas fund an authorised payments charge may apply to. Some of the questions raised by the hon. Member for Tatton (Mr. Osborne) touched on issues that will be covered in the draft regulations.

Mr. George Osborne: Will there be a restriction on the countries in which an overseas scheme could be registered?

Ruth Kelly: As I understand it, the regulations will cover all overseas schemes. To get it absolutely right for the record, I will write to the hon. Gentleman specifying the countries to which they apply.

On the hon. Gentleman's point about whether the provisions could be used by UK nationals, there would be no bar to UK nationals claiming migrant member relief, provided they met the relevant conditions in the way set out in the Bill—for example, that they were not resident in the UK and were a member of an overseas scheme and eligible for tax relief in their country of residence immediately before coming to the UK. UK nationals can benefit in exactly the same way as with other schemes.

The hon. Members for Tatton and for Grantham and Stamford (Mr. Davies) were interested in how we could enforce the tax charge in overseas schemes. I understand that that is an area of particular concern, and I have considered it in some detail. There are two ways in which that might be done, depending on how individuals benefit from migrant relief.

First, a UK-registered scheme might be transferred into an overseas scheme, which is by far the simplest case. In that case, a migrant worker comes to the UK, benefits from UK tax relief, transfers money from a UK-registered scheme into a scheme in a different country and, after benefiting from that tax relief, returns home. A UK-registered scheme will be able to transfer a member's fund to an overseas scheme under the new regime. The overseas scheme must be regulated as a pension fund in its country of establishment and undertake to comply with information reporting requirements regarding payments made to the member.

Such a transfer would, in itself, count as a benefit crystallisation event, which is a concept that we debated at length in Committee. Any funds transferred in excess of the lifetime allowance will be subject to the lifetime allowance charge at the time of transfer. The UK scheme will, of course, know whether the funds exceed the member's available lifetime allowance, and, along with the member, it will be jointly liable for any lifetime allowance charge. The situation on transfers is straightforward: any excess relief granted over and above the lifetime allowance will be recouped at the point of transfer, so there is no need to worry about collecting a lifetime charge decades after the individual has left the UK.

Secondly, the situation is more complex when funds in an overseas scheme receive migrant member relief, because there is no transfer between schemes at which a benefit-crystallisation event occurs. Again, such an overseas scheme must be regulated as a pension scheme in its country of establishment and undertake to tell the Revenue about any benefit crystallisation event involving the member. The individual will tell the scheme that they are claiming migrant member relief, so the scheme will know the cases in which it must tell the Revenue about benefit crystallisation events. Any contributions that enjoy migrant member relief, including employer contributions, will count towards the individual's annual allowance. The individual will then need to claim migrant member relief and self-assess any contributions in excess of the annual allowance.

The lifetime allowance will also apply to amounts within the member's fund that enjoyed migrant member relief. Those amounts, which are calculated by reference to total pension inputs, are tested against the lifetime allowance on the same benefit-crystallisation events that apply to UK-registered schemes. The individual, however, will be solely liable for any lifetime allowance charge due.

Mr. Osborne *rose—*

Ruth Kelly: I intend to elaborate further on how the scheme will operate. If the hon. Gentleman waits for a few moments, I may answer his point.

If an individual comes to the UK, contributes fairly large amounts each year to a UK pension scheme underneath the annual allowance limit and returns to their country of origin, they cease to benefit from UK tax relief, and a benefit crystallisation event will occur some years down the line at the point of retirement. In that case, no annual allowance charge will be imposed, but, depending on the lifetime allowance at the point at which that individual retires, a lifetime allowance charge may be due. The overseas scheme should tell the Revenue about such a benefit crystallisation event, and if it fails to do so it will cease to qualify for migrant member relief. The Revenue will know that a benefit crystallisation event occurred and the total in the fund, so it will be able to risk-assess the situation and concentrate its efforts on larger cases.

The scheme, the Revenue and the individual will have various records of the pension contributions made to the scheme, and the Revenue will be able to call on further information from the member and the scheme. That provision will deal with the problem in normal situations, and I emphasise that it will cover only those who accumulate large sums above the lifetime allowance.

Where a member is resident in a treaty partner country, EU directives such as the mutual assistance directive, the exchange of information provisions or the double taxation agreements will apply, but in the vast majority of cases individuals claiming migrant member relief will get nowhere near the lifetime allowance. The annual allowance limit is designed to slow the rate at which the individual accumulates UK tax-relieved funds. Migrant workers tend to come to the UK for short periods, so it will take them a long time to accumulate a fund in excess of the lifetime allowance.

3.15 pm

Mr. Quentin Davies: I recognise that this point will apply only in a minority of cases, but the Financial Secretary's second approach to monitoring potential breaches of the lifetime limit is premised on the overseas pension scheme arranging its accounts so that it knows not only what proportion of the total fund is due to an individual, but what proportion of that personal element in the fund derives from contributions made during that individual's employment in this country. In the case of a defined contribution British pension scheme, it is not possible to allocate a percentage of the fund to an individual. The only way in which the Financial Secretary can achieve her purpose is to wait until the pension is in payment, and then apply her multiple of 20. Unfortunately, she will not know how much of the total pension in payment derives from contributions made during employment in this country, and how much of it derives from or relates to provisions made in respect of that individual's employment overseas.

Ruth Kelly: Not only the scheme but the individual may hold useful information to deal with that point. The Inland Revenue also holds records, which it obtains in various different ways in the UK, and it can base its risk assessment on them.

Mr. Davies: The Financial Secretary is unduly optimistic, because the Inland Revenue will have access only to contribution records for the period of residence in this country, and it will not know information such as the capital gain and the interest gain accumulated over the 20 or 30 years before the pension is paid. It will not be able accurately to assess the capital gain and interest that accumulates on contributions made throughout the rest of the individual's career, when they are not resident in this country.

Ruth Kelly: The hon. Gentleman is right, which is why in the case of overseas schemes we will calculate the total pension input contributions, rather than the total size of the pot, when testing the lifetime allowance charge. That is the practical response to some of the issues that he raised.

The hon. Gentleman is also interested in EU fundamental freedoms, which dictate that migrant member relief must give relief on the same terms and to the same extent as relief is given for contributions to UK schemes, and he understands why that is the case. We must apply the lifetime allowance at the same time at which it would apply to a registered scheme.

Mr. George Osborne: Before the Financial Secretary turns to the European aspects of the matter, there are a couple of other practicalities. What happens if an overseas scheme transfers to another overseas scheme that transfers to another overseas scheme? Is it possible that the Inland Revenue would lose track of such a pension fund? I know that the Financial Secretary will write to me on the countries in which schemes may be set up, but if a scheme were set up in the Cayman islands and a person became resident there for a couple of weeks, could the Inland Revenue lose track of the situation? In which currency will the calculation be made—presumably the answer is sterling—and when will the exchange rate be calculated?

Ruth Kelly: The rules for collecting debts that leave the country with a foreign national will apply in the usual way. The mutual assistance and recovery of debt directive applies in EU countries, and the information provisions apply in respect of other territories—the hon. Gentleman mentioned the Cayman islands in particular.

The lifetime allowance charge is not a perfect science, and difficult cases involving practical difficulties in recovering debts will occur—difficult cases may occur whenever individuals leave the UK with debts that remain payable. However, the vast majority of people who come to work in the UK—for example, an American national working in the City of London—are here for a relatively short period, and will not be able to accumulate sufficient sums to make them liable for the lifetime allowance charge. For the vast majority of individuals, there is no problem whatsoever; and there are ways of recovering the charges due for a very small number of individuals with extremely large pension pots. However, for the reasons of fundamental freedoms that the hon. Member for Grantham and Stamford espoused, but also to be fair and to retain the competitiveness of the City of London and to maintain Britain's attractiveness as a place to work and do business, we think that this is a reasonable provision.

Mr. Quentin Davies: Before the hon. Lady draws her remarks to a close, will she address the issue of the European pensions directive?

Ruth Kelly: I am not yet drawing to a conclusion, as I still have some points to deal with.

The hon. Member for Tatton asked what would happen if the foreign scheme rules did not match UK rules. I assure him that the regulations will amend the UK rules so that they apply to overseas schemes in a way that broadly corresponds to UK rules. That avoids problems relating to slight differences in rules. Generous UK relief is given on these contributions, and it is right that those who benefit by them should comply with UK rules. The requirements that overseas schemes will have to fulfil are set out in clause 140, which we discussed at length in Committee. The draft regulations that will be published in the summer will be revised to make a small distinction between schemes to which migrant member relief will apply and schemes to which transfers may be made; apart from that, they will be as published in clause 140.

I have already touched on some of the reporting requirements with which an overseas scheme will have to comply in order for its members to be eligible to claim migrant member relief or to receive transfers from UK registered schemes. For example, a report will be required when an overseas scheme makes an unauthorised payment to an individual who has had migrant member relief.

The UK has a system of double taxation agreements many of which provide reciprocity for pension contributions. We want to encourage that, because

provides a valuable means of assistance to people who work in different countries and encourages labour mobility.

The EU directive that was mentioned during the debate deals with how pensions schemes are regulated, but not with their tax treatment. We are firmly of the opinion in the UK that it is up to each country to determine how their pension funds are treated for tax purposes, because that is fundamental to national sovereignty. I am sure that Conservative Members would concur with that.

Following that extensive explanation, I hope that Conservative Members will agree that this is a valuable provision that will continue to make Britain and the United Kingdom a very attractive place in which to work. I apologise for the fact that the new clauses have been introduced late in the day, but rather than defer them to the next Finance Bill I thought it wise to give the small number of people who will benefit from the provisions the additional certainty of an extra year; and of course they will have time to comment on the draft regulations as and when they are published.

Question put and agreed to.

Clause read a Second time, and added to the Bill.

New Clause 13

NON-UK SCHEMES: APPLICATION OF CERTAIN CHARGES

'Schedule (Non-UK schemes: application of certain charges) contains provision applying certain charges under this Part in relation to non-UK schemes.'.—*[Ruth Kelly.]*

Brought up, read the First and Second time, and added to the Bill.

New Clause 14

APPEAL AGAINST DECISION TO EXCLUDE RECOGNISED OVERSEAS PENSION SCHEME

'(1) This section applies where a recognised overseas pension scheme is excluded from being a qualifying recognised overseas pension scheme by a decision of the Inland Revenue under section 166(5).

(2) The scheme manager may appeal against the decision.

(3) The appeal is to the General Commissioners, except that the scheme manager may elect (in accordance with section 46(1) of TMA 1970) to bring the appeal before the Special Commissioners instead of the General Commissioners.

(4) Paragraphs 1, 2, 8 and 9 of Schedule 3 to TMA 1970 (rules for assigning proceedings to General Commissioners) have effect to identify the General Commissioners before whom an appeal under this section is to be brought, but subject to modifications specified in an order made by the Board of Inland Revenue.

(5) An appeal under this section against a decision must be brought within the period of 30 days beginning with the day on which the notification of the decision was given.

(6) The Commissioners before whom an appeal under this section is brought must consider whether the recognised overseas pension scheme ought to have been excluded from being a qualifying recognised oversens pension scheme.

(7) If they decide that the recognised overseas pension scheme ought to have been excluded from being a qualifying recognised overseas pension scheme, they must dismiss the appeal.

(8) If they decide that the recognised overseas pension scheme ought not to have been excluded from being a qualifying recognised overseas pension scheme, the recognised overseas pension scheme is to be treated as having remained a qualifying recognised overseas pension scheme (but subject to any further appeal or any determination on, or in consequence of, a case stated).'.—*[Ruth Kelly.]*

Brought up, read the First and Second time, and added to the Bill.

New Clause 15

LEASES

'(1) Part 4 of the Finance Act 2003 (c. 14) (stamp duty land tax) is amended as follows.

(2) In subsection (3) of section 43 (land transactions), in paragraph (d) (inserted by paragraph 2(b) of Schedule 37 to this Act), after "where" insert "(i)" and at the end insert ", or

(ii) paragraph 15A of Schedule 17A (reduction of rent or term) applies.".

(3) In section 48 (chargeable interests), at the end of subsection (7) (inserted by paragraph 4(2) of that Schedule) insert "and to paragraph 15A of Schedule 17A (reduction of rent or term of lease)".

(4) In section 53 (deemed market value where transaction involves connected company), for subsection (1) substitute—

"(1) This section applies where the purchaser is a company and—

(a) the vendor is connected with the purchaser, or

(b) some or all of the consideration for the transaction consists of the issue or transfer of shares in a company with which the vendor is connected.

(1A) The chargeable consideration for the transaction shall be taken to be not less than—

(a) the market value of the subject-matter of the transaction as at the effective date of the transaction, and

(b) if the acquisition is the grant of a lease at a rent, that rent.".

(5) In section 79 (registration of land transactions etc), in subsection (2) (transactions to which section does not apply) (as amended by paragraph 7 of Schedule 37 to this Act)—

(a) in paragraph (a) for the words from "by virtue of" to the end substitute "by virtue of—

(iii) section 45 (contract and conveyance: effect of transfer of rights), or

(iv) paragraph 12B of Schedule 17A (assignment of agreement for lease),";

(b) at the end insert—

"(c) under paragraph 12A(2) or 19(3) of Schedule 17A (agreement for lease), or

(d) under paragraph 13 (increase of rent) or 15A (reduction of rent or term) of that Schedule.".

(6) After that subsection insert—

"(2A) Subsection (1), so far as relating to the entry of a notice under section 34 of the Land Registration Act 2002 or section 38 of the Land Registration Act (Northern Ireland) 1970 (notice in respect of interest affecting registered land), does not apply where the land transaction in question is the variation of a lease.".

(7) In subsection (3) of that section, after "The certificate" insert "referred to in subsection (1)".

[Ruth Kelly]

(8) In Schedule 4 (chargeable consideration), in paragraph 10 (carrying out of works), in sub-paragraph (2A) (inserted by paragraph 9(2) of Schedule 37 to this Act), for the words from the beginning to "completion)," substitute—

"Where by virtue of—

(a) subsection (8) of section 44 (contract and conveyance),

(b) paragraph 12A of Schedule 17A (agreement for lease), or

(c) paragraph 19(3) to (6) of Schedule 17A (missives of let etc in Scotland),

there are two notifiable transactions (the first being the contract or agreement and the second being the transaction effected on completion or, as the case may be, the grant or execution of the lease),".

(9) Subsections (2) to (4) and (8) apply in relation to any transaction of which the effective date is on or after the day on which this Act is passed.

(10) Subsections (5) to (7) apply in relation to any transaction or deemed transaction of which the effective date is on or after 17th March 2004.

(11) In this section "effective date" has the same meaning as in Part 4 of the Finance Act 2003.'.—*[Ruth Kelly.]*

Brought up, and read the First time.

Ruth Kelly: I beg to move, That the clause be read a Second time.

Mr. Deputy Speaker: With this it will be convenient to discuss the following: Government new clause 16—*Chargeable consideration.*

Government amendments Nos. 160 to 165.

Amendment No. 12, in page 562, line 25 [Schedule 37], at end insert—

'Application of paragraph 14

15A (1) Paragraph 14 does not apply to a lease if the following two conditions are met.

(2) The first condition is that—

(a) no chargeable consideration other than rent has been given by the Purchaser in respect of the grant of the lease; and

(b) no arrangements are in place at the time of the grant of the lease for any chargeable consideration other than rent to be given by the Purchaser in respect of the grant of the lease.

(3) The second condition is that the rent payable under the lease as granted was a market rent at the time of grant disregarding any provisions in the lease that operate to increase the rent payable after the fifth year of the term of the lease to an amount that exceeds the market rent at the review date.

(4) The market rent of a lease at any time is the rent that the lease might reasonably be expected to fetch at that time in the open market.

(5) The review date is a date from which the rent determined as a result of a rent review is payable.'.

Government amendments Nos. 150 to 159.

Government amendments Nos. 166 to 221.

Ruth Kelly: New clause 15 is the first in a series of Government amendments to the legislation governing stamp duty land tax. Some of the amendments arise from the need to counter known avoidance opportunities, but most are in response to representations made to us since the publication of the Bill.

Mr. Mark Prisk (Hertford and Stortford) (Con): Do I take it that the Financial Secretary is suggesting that these avoidance schemes were known prior to the publication of the Bill? If that is the case, why were they not included in the original text?

Ruth Kelly: As the hon. Gentleman is well aware, it takes some time to draft legislation. These avoidance opportunities have only recently been made known to us. As I say, most of the amendments are in direct response to representations made to us. Most are relieving measures that I hope the hon. Gentleman will welcome.

I shall deal first with the new clauses, then with the Government amendments in the order of the relevant provisions in the Bill. Finally, I shall deal with Opposition amendment No. 12. As full explanatory notes have been published, I propose to discuss only the more significant provisions.

New clause 15 deals with a number of matters concerning leases. The only change of substance is subsection (4), which concerns leases where the tenant is a company connected with the landlord. Section 53 of the Finance Act 2003 provides that the consideration for such transactions is deemed to be market value rather than the consideration actually given. However, many leases will have only a negligible market value, but there will still be a rent payable. Subsection (4) ensures that the rent is taken into account. That is similar to other "market value" provisions such as those governing exchanges.

New clause 16 concerns the termination of chargeable consideration in two sorts of transaction: first, the transfer of property subject to existing debt; and secondly, the variation of the testamentary disposition, which is not wholly exempt from charge. The more substantive issue concerns transfers subject to a debt.

Our intention in the 2003 Act was that transfers subject to a debt should be treated in the same way under stamp duty land tax as they were under stamp duty. However, inquiries from customers have suggested that the current provisions could benefit from clarification. No change of practice is intended. The examples in the explanatory notes show how the charge will work—the same way in which it worked under stamp duty.

I turn to the Government amendments, of which I shall mention only the most significant. Amendments Nos. 155 to 159 concern relief for charities and amend clause 294. They make it possible for charities to claim partial relief from stamp duty land tax. That issue was raised in Committee of the whole House by the hon. Member for Yeovil (Mr. Laws), and I undertook to consider it. If a charity makes an acquisition but does not intend to hold the entirety of the acquisition for qualifying charitable purposes, the charity will now be eligible for partial relief provided that it intends to hold the majority of the acquisition for qualifying charitable purposes. In such cases, a clawback of a relevant portion

of the relief will occur when the charity disposes of that part of the acquisition. This will ensure that the relief granted is in proportion to the share of the acquisition held by the charity in furtherance of its charitable aims.

3.30 pm

I turn now to some of the amendments to schedule 37 of the Bill. Amendment No. 161, introduced in response to representations, extends the circumstances in which overlap relief is available when one lease comes to an end and a new one is granted. Amendments Nos. 162 and 163 extend the circumstances in which the assignment of a lease is treated as the grant of a new lease to the case where the original grant was to a nominee or bare trustee for the lessor. Amendment No. 165 provides for a charge to stamp duty land tax when the lease is varied so as to reduce the rent or the term.

I turn now to the amendments to the partnership provisions in schedule 39. These amendments fulfil commitments that I made in the Committee of the whole House, in which we had an extensive debate on this point. Eighteen of them are required to restrict the charge to land in the United Kingdom. They change the phrase "interest in land", or something similar, to "chargeable interest", or something similar. This is in response to the concerns raised by the hon. Member for Hertford and Stortford (Mr. Prisk) in Committee, and I hope that he will be satisfied with our conclusions.

Amendments Nos. 175 to 182 inclusive amend the charge on transfer of land into a partnership by a partner, an incoming partner, or someone connected with such a person. Our intention is to deal with those situations in which joint owners outside a partnership transfer land into a partnership in which they, or persons connected with them, are partners. An example is when a husband and wife start up a business in partnership, and the business is run from their jointly owned property. The calculation now identifies the smallest proportion of the land transferred that remains owned by a person who both owns the land outside the partnership and is a partner. For example, when parents gift land to a partnership in which the partners are their children, there would be no charge as the children would be connected to their parents. Their ownership outside the partnership would therefore be treated as 100 per cent. There might be occasions on which land is transferred by way of sale rather than by gift. In such cases, any payment will be charged. The charge on the payment is restricted to reflect the proportion of the land that is exempt from the market value charge.

Amendments Nos. 192 to 201 inclusive make a similar restriction to the market value charge on the transfer of land out of a partnership to a partner, former partner, or someone connected with such a person. They also introduce a proportional charge on any payment made to the partnership. As part of this process, amendment No. 200 introduces a further restriction on the charge when land is transferred between partnerships that have at least one partnership in common, or the partnerships are connected through connected persons. There would normally be two charges as one partnership is transferring land to a partner or connected person, and the other partnership is having land transferred to it by a partner or connected person. The amendments restrict those two charges to the single highest charge. However, partnerships of bodies corporate cannot benefit from this treatment unless the connection between the transferor and the transferee is less than 75 per cent. Our intention is that when the connection is 75 per cent. or more, the transferee should claim group relief, as with other transfers between companies in the same group.

Amendment No. 219 provides that partners in a partnership are not to be treated as connected persons solely because of their being partners. Without this amendment, each partner in a partnership would be treated as owning 100 per cent. of the land in the partnership, and the charge on transferring land into and from a partnership would not be effective.

Amendments Nos. 185 to 188 align the requirements of a lease to be treated as a market rent lease more closely with commercial leases, in response to representations made after the publication of the Finance Bill. Market rent leases do not count as partnership property for the purpose of determining market value of land interests. Leases for less than five years only have to be granted at an initial market rent. Longer leases have to have rent reviews to market rent at least once every five years. In either case, there must be no chargeable consideration other than rent.

Amendments Nos. 202 and 203 address concerns that disadvantaged area relief might not apply to transfers of an interest in a partnership. They also ensure that groups and charities reliefs are available for these transactions. Amendments Nos. 201 and 215 introduce changes to the charge to stamp duty on transfer of an interest in a partnership, in response to concerns expressed by the hon. Member for Hertford and Stortford in Committee. These amendments have the effect of restricting the stamp duty to that which would be payable on the net value of any shares and securities held by the partnership when an interest in a partnership is transferred. Again, this accords with the principles of transparency.

Opposition amendment No. 12 returns to the subject of abnormal rent increases, which we discussed in Committee. At that stage, the hon. Member for Hertford and Stortford sought to remove the provisions in their entirety. In contrast, this amendment would limit their application, but it would do so in a way that would in practice prevent them from ever applying. Although we discussed the need for paragraphs 14 and 15 of schedule 37 at length in Committee, I shall briefly remind the House why the provisions on abnormal rent increases are needed. They are part of the scheme for charging stamp duty land tax on leases with variable rents. The general rule is that changes in rent after the end of year five are ignored. However, an abnormal rent increase—that is, one exceeding an annualised increase of RPI plus 5 per cent.—is treated as the grant of a new lease in consideration of the increased rent.

The rule for leases is intended to minimise the need for additional returns, and means that, in almost all cases, no returns will have to be made after the end of the five-year period. It will also make it difficult for tax avoiders to reduce their liability to tax by arranging for large increases in rent in the future by setting an artificially low rent in the first five years. The amendment would render those provisions ineffective. The result would be that, as long as the parties could arrange for the initial rent to be a market rent, there would be no liability to

[Ruth Kelly]

pay any more stamp duty land tax, regardless of the level of future rent increases. I suggest to the hon. Gentleman that it is easy enough for parties to arrange for a very low rent to be a market rent, by including, for example, onerous covenants in the lease. Subsequently, the lease could be varied for no consideration, so as to remove those covenants. Therefore, the market rent would rise.

In addition, the amendment would impose a heavy compliance burden on taxpayers, who, to bring themselves within its scope, would need to demonstrate at the outset that the rent was a market rent. That might involve paying for valuation advice, and paying advisers to negotiate with the Revenue. By contrast, the current provisions ensure that the initial compliance burden is minimal. Only when, if ever, the rent increases after the end of year five do the provisions need to be considered. The Government believe that the rules in paragraph 14, which provide for further returns only if rent increases are more than 5 per cent. per year plus RPI, will exclude ordinary business rents without the need for the proposed paragraph. As I said in Committee, the provision will not impose any charge until December 2008. Between now and then, I assure the hon. Gentleman that we will keep the provision under review, to make sure that it meets its purpose.

Mr. Prisk: I shall no doubt come back to the broader points, but can the Financial Secretary explain, given the rigidity of a rule of RPI plus 5 per cent. or an increase of 5 per cent., what will happen in an area that is seeking to regenerate, where local market rent is at a certain level, and two or three years later, after successful regeneration, it is a much better area and the increase has been 15 or 20 per cent? Will additional tax have to be paid for that benefit?

Ruth Kelly: As I am sure the hon. Gentleman knows, we have debated that point in a Committee of the whole House. I argued to him that that situation was most unlikely to occur. I assure him, however, that we will keep the proposal under review before it is introduced in 2008, to make sure that it is appropriate at the time.

The proposals that we have put forward carry a minimal compliance burden. They are designed to try to make sure that as few leases as possible are covered. I commend the new clauses and amendments to the House.

Mr. Prisk: I thank the Financial Secretary for her opening remarks. First, I want to refer to amendment No. 12, before considering the Government's new clauses and 71 amendments to this part of the Bill.

The purpose of amendment No. 12 is to reduce the compliance costs for businesses of stamp duty land tax. It would do so by disapplying paragraph 14 of schedule 37 when a lease has been granted at a market rent from the outset. As such, many people feel that amendment No. 12 directly fulfils the Government's original aims for stamp duty land tax: to modernise stamp duty, without unduly creating a bureaucratic burden on business.

I wish that I could say the same about the Government's attempts to legislate for this tax. After a botched consultation, the legislation has proved ill considered and ill prepared, and there is a raft of areas in which it has significantly increased the regulatory burden for business. Where there was once a one-page tax form we now have 12 pages, plus more than 40 pages of explanatory notes—and that is even before the Bill becomes law.

The provisions concerning abnormal rents exemplify the problem. Believing that tenants and landlords are, as we speak, actively colluding to create tenancies with below-market initial rents, the Government have brought forward a ridiculous six-step, three-formula test. Tenants would be required to carry out this test at every rent review after five years. Of course, the premise that most landlords will give up a full rent now in the hope of higher rents at some point in the near or distant future is completely false. I fully accept that some peculiar and unusual agreements may arise, but given that in the vast majority of cases such an arrangement would clearly be against the interests of the landlord, they will be extremely rare.

The Financial Secretary has argued in the past, and again this afternoon, that having undertaken the six-step test few businesses are likely to find themselves liable. That may well be true, but they will still have to undertake the test to find out, which means that the burden of compliance affects most businesses. The purpose of amendment No. 12 is to relieve most businesses of the bureaucratic burden by disapplying the test when the lease is granted at a market rent. I am grateful to the British Property Federation for helping to identify the change.

As the Financial Secretary suggested, if I had my way it would be lovely to see the back of this nonsense. Sadly, however, we are not in that position, so we must try to amend the Bill in the current climate.

The amendment draws partly on paragraph 13 of schedule 39, which excludes leases granted at a market rent from being partnership properties for the purpose of this tax. To that extent, it is based on a principle initiated by the Government. It may not have been drafted perfectly, but I hope the Financial Secretary will acknowledge that it is a positive proposal, and will monitor it and act accordingly. She nods; I will hold her to that.

New clauses 15 and 16 change the provisions for agreements to lease, for granting and varying leases, and for the exemption of certain forms of chargeable consideration. The Financial Secretary tells us that the new clauses matter, and they may well matter; but why did they not matter in April, when the Bill was published, in December, when the regulations were debated, or at the time of last year's Finance Bill, when the Government first promoted this tax—or even during the consultation before the Bill, which the Government abruptly curtailed? Why are there suddenly 73 amendments and new clauses relating to a tax that is less than a year old? Last year the Chief Secretary waxed lyrical in his usual style, telling us that the tax would work perfectly well. Yet here we are, less than 12 months later, rewriting the rules before the ink has dried.

I also want to comment on the way in which the changes have been presented. Here I strike a note of disappointment as much as anything else. Why did the Government table all 73 amendments and new clauses on Friday afternoon, when the House was not sitting?

What possible opportunity did that give Members, or those whom they represent, to consider the effects of the changes? I draw no comfort from this, but I think that the way in which the legislation has been presented suggests either incompetence or a wanton disregard for the House. I hope that the Minister will be able to explain. I hope that she will also be able to explain what led to the change of heart on the carrying out of works. Who will benefit from the change in new clause 15, and who will not?

What independent evidence can the Financial Secretary offer us to show that the granting of leases constitutes a significant tax avoidance scheme, as is alleged? What change in tax yield does she expect? Can she tell us whether it will rise or fall?

What assessment of the compliance costs has the Inland Revenue undertaken? This is, after all, the fourth version of the tax in 12 months. Can tenants expect renewed guidance, and if so, in what form and when?

New subsection (1A) in new clause 15(4) refers to market value. I assume that that is open market value. If so, can the Financial Secretary tell us on what basis the valuation is undertaken? Does new subsection (1A)(b) widen the scope of the term "chargeable consideration", or does it merely confirm its existing application?

3.45 pm

On a wider point, does not the Minister recognise that the ability of landlords and tenants to vary leases to reflect changing commercial and trading circumstances is a vital part of a dynamic and successful economy? Does she not therefore accept that heavy-handed tax rules could hamper an open, flexible rental market in commercial property and thus create a drag on our competitiveness? To that end, I hope that she will be able to tell us what discussions she has had with ministerial colleagues in the Department of Trade and Industry and in the Office of the Deputy Prime Minister on Government policy to improve flexibility in leases. That is an established Government policy. Can she tell us when she has met them and what discussions she has had with them?

On subsection (3) of new clause 16, can the Minister describe the circumstances in which the change of rules applies? How will the changes in the rules concerning property with secured debt affect mortgaged property—residential or commercial? Can she clarify whether the new clause allows for properties with a second, or further charge? I appreciate that she may not be able to provide us with an immediate answer. I am sure that hon. Members on both sides of the House would, if it is appropriate for the Minister, be willing to receive a written answer.

I am also coneerned about subsection (7) of new clause 16, which states:

"The other amendments made by this section are deemed always to have had effect."

Is that not a retrospective measure? If so, why is it being introduced in this way to this Bill?

I turn to some of the 71 amendments. I welcome the amendment to clause 294, which will allow charities, as the Minister suggested, to claim partial relief from stamp duty land tax on certain acquisitions. The Minister will know that we on the Conservative Benches retain concerns about the scope of the definition "qualifying charitable purposes" but, in the absence of a rethink on that particular point, it is only fair to say that the measure is helpful and I welcome it.

I also welcome several of the changes to schedule 37. I understand that they reflect some of the points that were raised not simply by those outside the House but by many members of the Standing Committee last year. It would have been nice to have resolved them last year but, again, I recognise that the Government are now acting to correct their past errors—it would be remiss of me not to recognise that. However, the Government are treating a variation as an acquisition of a chargeable interest. How, in law, does the Minister distinguish between a rent review and a variation of rent?

In amendment No. 161, there is a reference to

"the same or substantially the same premises".

Can the Minister clearly tell us what "substantially the same" means? There is uncertainty there.

The reference in other amendments to market value concerns me. The Minister and I have discussed market rents and discounted cash-flow valuation. Is this a discounted cash-flow valuation, or is it what someone will pay? It is an important distinction.

The Minister needs to realise that there may well be times when people will pay more than the market value because of other circumstances related to their business, or perhaps for a personal reason. That cannot be reflected in a DCF valuation, yet it is what the market is willing to pay. In those circumstances, if someone pays more than the DCF valuation of "market value", what happens to the difference in tax terms? How is it treated?

The changes to schedule 39 are quite extensive and they seek to legislate for almost every eventuality concerning partnerships. It would be remiss of me not to recognise that some matters that were discussed in the Standing Committee and raised by me and others have been responded to. I welcome that. However, I think that, given that we are given five-step and three-step formulae in addition to the existing six-step test on abnormal rents, there is still confusion and crudity in the legislation. Indeed, if a partnership of five or more people were to try to transfer an office to a similar partnership under this legislation, more than 25 pages of primary tax law would be involved on that narrow point alone. Given the Financial Secretary's original aim of a simpler and more modern tax, how on earth can she possibly justify this provision?

Although some of these amendments do indeed deserve our support, the truth is that their number and late introduction is a very accurate example of how poorly this Government sometimes behave towards this House. Where we get promises of simplicity, we end up with bureaucracy; where we are offered fairness, we end up with iniquity; and where we are promised certainty, we simply have ceaseless change. By way of contrast, our amendment has the potential to help thousands of businesses. I fully accept that it is not perfect, but it does merit serious consideration. For those reasons, I ask the Financial Secretary to reconsider her earlier remarks. Or will she now reject this amendment and, as I suspect she will, come back to the House in a year's time—be it on Report, in Committee or even at the beginning of next year's Finance Bill—and introduce something very

[Mr. Prisk]

similar in the end? I hope not. Rather, I hope that she will for once think beyond her briefing and listen, and thereby show that debates in this House can just occasionally be reflected in the actions of this Government.

Ruth Kelly: We have had yet another full contribution to the debate from the hon. Member for Hertford and Stortford (Mr. Prisk), who takes a personal interest in these issues, given his previous experience in the field. Yet again, his contribution has ranged from questioning the concepts behind particular clauses to questioning the detailed drafting of individual amendments. However, he will agree that I covered some of the issues raised in my opening statement, and I shall now attempt to deal with the more general points. If specific drafting issues and matters of legal terminology remain unanswered, I promise that I shall write to him and fill him in on some of the detail.

I want to begin by welcoming the hon. Gentleman's welcome for some of the measures that we have implemented, such as granting greater relief to charities. That measure was called for by the hon. Member for Yeovil (Mr. Laws) and we have been able to respond, so he, too, will welcome it. I should also apologise to the House for the fact that it was not possible to make these amendments earlier. This is an entirely new tax, as the hon. Member for Hertford and Stortford knows, and it is impossible to know how such a tax will work in every particular before introducing it. Issues will always arise as the operational impact of a new tax becomes clear, and representations will always be made to the Government as it comes into effect. I should tell the House that some of those representations were made extremely late in the day—after the Finance Bill had been published and considered in Committee—so it was not possible to introduce these amendments sooner.

The hon. Member for Hertford and Stortford will accept that 18 of the 73 amendments are needed purely to restrict the charge to land in the UK—an issue that we discussed in Committee. Parliamentary counsel suggested that this was the appropriate way to bring that provision into operation.

Mr. Prisk: The Financial Secretary is right to say that those 18 amendments were necessary, but I come back to the fundamental point over which we argued last year, and which I still regard as an important principle of tax legislation. It was clear last year, and it is clear from the Bill and the 71 amendments and two new clauses that, in keeping with the considered view of all outside tax and property experts, this was a Bill in a hurry. As a result, more mistakes were made than were necessary, and the compliance costs were greater. Does the Financial Secretary not accept that, as we and a long list of outside organisations, including the Chartered Institute of Taxation, have argued—they are more expert on these matters than I am—it would have been far better to get things right the first time, rather than adopting this "make do and mend" approach? That is our central concern, and I hope the Financial Secretary will respond to it positively.

Ruth Kelly: The hon. Gentleman will know that, in an ideal world, we would get legislation absolutely correct first time. I am afraid that that is impossible when we bring in a completely new tax.

Most of the amendments that we are discussing today are deregulatory in impact and have come about because of a greater understanding of operational impacts; for example, how stamp duty operates in Scotland compared with England and so forth. Issues have been raised with the Inland Revenue and the Treasury; some of them very late in the day, and after the usual consultation period had finished in some cases.

In order to achieve the objectives and published aims of stamp duty land tax, it has been necessary on occasion to table a substantial number of amendments. Of course we endeavour to avoid late amendments wherever possible and, as I said, most of the amendments we are discussing today are deregulatory in impact.

The hon. Gentleman asked about the effect on yield. There is not a substantial effect on yield, either upwards or downwards, from the measures that we are discussing today, very many of which are highly technical. However, some—such as the hon. Gentleman's new clause—have a more significant impact in terms of how the market operates in practice.

Amendment No. 12 is the main point of interest to the hon. Gentleman, who suggests that somehow lower rents now as an artificial means of avoiding lease duty will not be used widely because the landlord does not have the incentive. However, the professional press has recognised that a low rent payable for the first five years of a lease is a method to be considered for reducing stamp duty land tax. I cannot accept that an abnormal rent provision is unnecessary. However, I will look at his proposal in a positive spirit. We are always keen to reduce compliance burdens. In fact, I argued earlier that his proposal would increase the compliance burden compared with what we have put forward. We had an extensive debate on the compliance burden in the Committee of the whole House.

Mr. Prisk: I am unclear as to why an additional independent valuation would be required, given that in any negotiation between a landlord and tenant there would be an independent valuation for the two parties to agree. I do not accept the Minister's point there, and she may wish to challenge her officials on that.

If someone takes on a new premises on a lease at market rent—agreed jointly between the two parties—that should remove them from the need to go through the hoop of the infamous six-step test. That is the essence of what we are trying to do here. I am not entirely confident that the exact wording of the amendment is perfect, but I hope the Minister will look at it. I ask her one thing: does she have evidence for the scope of the proposal? If not, may I ask her to commission a study before implementing the proposal any further? One danger is that I am speculating and she is speculating, but the tax is being introduced on the basis of no evidence. Will she agree to commission a study, which might answer some of the questions I am raising in the amendment?

Ruth Kelly: The hon. Gentleman is well aware that the proposals will not come into effect until 2008 at the earliest. We will keep the matter under review and we are constantly trying to improve legislation. He may not like us tabling new amendments, but where we see opportunities for improvement, we will do so. Given the attention on the issue, we will see if this is the most appropriate way to act. I do not accept the principle of his amendment, which is that where there is agreement between the landlord and the lessee, somehow the rent should not be tested after a five-year period. It is easy to avoid payment of duty in such cases. It is not a difficult process, and it is, of course, in the interest of both parties to come to a mutual arrangement under which less duty is payable. We have to be wise to that. If I remember correctly, the original five-year review was a concession to make the process much easier and to minimise the compliance burden in respect of variable leases.

4 pm

The hon. Gentleman reverts to the argument about the six-step test, which he has made on previous occasions. I can tell him that a calculator for leases is already available on the Inland Revenue website. A calculator for rent increases after 2008 is not yet available, but I can assure the hon. Gentleman that it will be introduced closer to the time. It might confuse people to have it available at the moment. There is no easy way round the issue, but our provisions strike us as representing a sensible balance between minimising the compliance burden and capturing the avoidance.

Mr. Prisk: I am grateful to the Financial Secretary for her positive words, but I should like to edge her one step further, if I can be that persuasive. If nothing is going to happen until 2008, it strikes me that we have a real opportunity to assess the scope of the avoidance. That is, after all, something that Treasury Ministers do in a raft of other areas and there is a logical argument for doing so. I have not yet seen evidence that it has happened in this particular respect. Given that avoidance issues have been presented to us as being easy to deal with and something about which the Government are concerned, may I ask the Financial Secretary whether she would be willing to consider such a study? Let us see the evidence, which would happily allow us to improve the legislation. Will she agree to an independent study to assess the scope of the avoidance in order to ensure that the legislation hits the people at whom she is aiming?

Ruth Kelly: I fail to understand how it would be possible to commission an independent scoping study to establish how much potential avoidance could take place if a loophole were to exist in the future. It has not, as far as I am aware, been tried in any other area of tax law, because it is impossible independently to assess how many people would take advantage of a loophole in the legislation. I believe that we have produced a reasonably balanced compromise, reducing compliance burdens while allowing maximum flexibility. I have already given the hon. Gentleman an assurance that we will keep this under review until it is introduced in 2008. We will reflect on other proposals as and when they emerge in a constant attempt to improve the legislation. No doubt the hon. Gentleman will make his own representations to me before 2008 and I look forward to hearing them.

On a more minor point, the hon. Gentleman asked similar questions about Government amendment No. 161. It deals with the circumstances in which one lease comes to an end and a new one is granted. Substantially the same broad interpretation will apply to ensure that rent is not taken into account twice, so there is a relieving intention behind the amendment. As to other technical points, if the hon. Gentleman will allow me, I will respond to him in writing.

Mr. Prisk: I am grateful to the Financial Secretary, but I hope that she can clarify one further point now. I asked about new clause 16(7), which states:

"The other amendments made by this section are deemed always to have had effect."

That sounds retrospective to me, so will the Financial Secretary confirm whether it is?

Ruth Kelly: I can confirm that it is compatible with the Human Rights Act 1998 because it is a relieving measure. It has retrospective application, but, as it is a relieving measure, I do not think that anyone could possibly object to it. It is fully compatible with human rights legislation.

Mr. Prisk: Given that it is retrospective, I want to register a small protest about legislation being introduced in this way. We all know that retrospective legislation often has unintended consequences. Will the Financial Secretary set out for us in writing—we have no explanatory notes—exactly how it will work and whom it will affect? I am concerned to ensure that people do not get caught out. In that process, we could minimise the number of people ending up not paying the tax that the Government feel is due.

Ruth Kelly: I would be happy to set out for the hon. Gentleman exactly how it would apply in practice. I am sure that the provision will be widely welcomed in the industry. On that basis, I commend the Government new clauses to the House and I hope that the hon. Gentleman will not press his amendment.

Question put and agreed to.

Clause read a Second time, and added to the Bill.

New Clause 16

CHARGEABLE CONSIDERATION

"(1) In Schedule 3 to the Finance Act 2003 (c. 14) (transactions exempt from charge), in paragraph 4 (variation of testamentary dispositions etc) after sub-paragraph (2) insert—

"(2A) Where the condition in sub-paragraph (2)(b) is not met, the chargeable consideration for the transaction is determined in accordance with paragraph 8A(2) of Schedule 4.".

(2) Schedule 4 to that Act (stamp duty land tax: chargeable consideration) is amended as follows.

(3) In paragraph 8 (debt as consideration), after sub-paragraph (1) insert—

"(1A) Where—

(a) debt is secured on the subject-matter of a land transaction immediately before and immediately after the transaction, and

[Ruth Kelly]

(b) the rights or liabilities in relation to that debt of any party to the transaction are changed as a result of or in connection with the transaction,

then for the purposes of this paragraph there is an assumption of that debt by the purchaser, and that assumption of debt constitutes chargeable consideration for the transaction.

(1B) Where in a case in which sub-paragraph (1)(b) applies—

(a) the debt assumed is or includes debt secured on the property forming the subject-matter of the transaction, and

(b) immediately before the transaction there were two or more persons each holding an undivided share of that property, or there are two or more such persons immediately afterwards,

the amount of secured debt assumed shall be determined as if the amount of that debt owed by each of those persons at a given time were the proportion of it corresponding to his undivided share of the property at that time.

(1C) For the purposes of sub-paragraph (1B), in England and Wales and Northern Ireland each joint tenant of property is treated as holding an equal undivided share of it.".

(4) In sub-paragraph (2) of that paragraph, for "sub-paragraph (1)" substitute "this paragraph".

(5) After paragraph 8 insert—

"Cases where conditions for exemption not fully met

8A (1) Where a land transaction would be exempt from charge under paragraph 3A of Schedule 3 (assents and appropriations by personal representatives) but for sub-paragraph (2) of that paragraph (cases where person acquiring property gives consideration for it), the chargeable consideration for the transaction does not include the amount of any secured debt assumed.

"Secured debt" has the same meaning as in that paragraph.

(2) Where a land transaction would be exempt from charge under paragraph 4 of Schedule 3 (variation of testamentary dispositions etc) but for a failure to meet the condition in sub-paragraph (2)(b) of that paragraph (no consideration other than variation of another disposition), the chargeable consideration for the transaction does not include the making of any such variation as is mentioned in that sub-paragraph.".

(6) The amendments made by subsections (3) and (4) apply in relation to any transaction of which the effective date (within the meaning of Part 4 of the Finance Act 2003) is on or after the day on which this act is passed.

(7) The other amendments made by this section are deemed always to have had effect.'.—*[Ruth Kelly.]*

Brought up, read the First and Second time, and added to the Bill.

New Clause 2

ACCESS FOR DISABLED PERSONS

'(1) The following shall be inserted after section 29 of the Capital Allowances Act 2001—

"29A Access for disabled persons

This section applies to expenditure if a person carrying on a qualifying activity has incurred it in pursuance of a duty under section 21 of the Disability Discrimination Act 1995."

(2) This section shall have effect in relation to expenditure incurred in relation to chargeable periods ending on or after 1st October 2004.'.—*[Mr. Bacon.]*

Brought up, and read the First time.

Mr. Bacon: I beg to move, That the clause be read a Second time.

Madam Deputy Speaker (Sylvia Heal): With this it will be convenient to discuss the following:

New clause 3—*Expenses of disabled employees*—

'(1) The Income Tax (Earnings and Pensions) Act 2003 is amended as follows.

(2) After section 203 (cash equivalent of benefit treated as earnings), insert—

"203A Employment costs resulting from disability

There shall be exempted from section 203 any benefit which satisfies each of the following conditions—

(a) the benefit is provided to a disabled employee;

(b) the main purpose of providing the benefit is to enable the employee to perform the duties of his employment;

(c) the benefit consists in the provision of any equipment, service, or facilities;

(d) the benefit is made available to the employer's employees generally on similar terms."

(3) After section 336 (deductions for expenses, the general rule), insert—

"336A Expenses of disabled employees

Where an employee has a disability, a deduction from earnings is allowed for any amount incurred by him if its main purpose is to enable him to perform the duties of his employment."

(4) This section shall apply for the year 2004–05 and subsequent years of assessment and shall be deemed to apply for the year 2003–04.'.

New clause 4—*Definition of disability*—

'In section 832 of the Taxes Act 1988, subsection (1), there shall be inserted at the appropriate place:

"disability" and "disabled person" shall, where the context so admits, have the meanings given to them by section 1 of the Disability Discrimination Act 1995, and cognate expressions shall be construed accordingly.".'.

New clause 8—*Expenditure incurred in improving accessibility for disabled persons*—

'(1) The Capital Allowances Act 2001 is amended as follows.

(2) In section 23(2) after "section 29 (fire safety)", insert—

"29A (disabled access)".

(3) After section 29 insert—

"29A Disabled access

(1) This section applies to expenditure if a person carrying on a qualifying activity has incurred it in making adjustments within subsection (2) below to premises which he uses for the purposes of the qualifying activity.

(2) The adjustments referred to in subsection (1) above are those specified in subsection (3) below which are or will be required to comply with section 21 of the Disability Discrimination Act 1995.

(3) The specified adjustments are—

(a) installation of ramps to facilitate either access to the premises or use of the premises by disabled persons, and

(b) alterations to the premises to provide accessible toilets for disabled persons.".'.

Mr. Bacon: I thank the Economic Secretary for his earlier kind words. What he said was very generous, although I have absolutely no idea whether he is correct.

These new clauses address a number of issues in the tax system faced by disabled people. They are essentially probing clauses designed to elucidate the Government's thinking in this important area.

New clause 2 would grant capital allowances on expenditure incurred by businesses in complying with their obligations under the Disability Discrimination Act 1995 to ease access to premises for disabled people. There is no doubt that the level of awareness of the needs of disabled people in the worlds of architecture and building design has grown significantly in recent years. For new building projects, it is often the case that careful thought and planning has been undertaken at the earliest stages in order properly to meet the needs of disabled people. None the less, it is also true that complying with the 1995 Act can impose significant costs on businesses, particularly in relation to older premises.

New clause 2 amends the Capital Allowances Act 2001, and applies to expenditure by a person carrying on a qualifying activity who has incurred it in pursuance of a duty under section 21 of the Disability Discrimination Act 1995.

New clause 3 recognises the extra costs disabled people incur in going to work. It would ensure that the tax system does not discriminate against disabled workers vis-à-vis their non-disabled colleagues.

The test for a deduction of an expense incurred when carrying out one's employment has remained virtually unchanged since its introduction in 1853. The general rule is that a deduction from earnings is allowed for an amount if the employee is obliged to incur and pay it as holder of the employment, and the amount is incurred wholly, exclusively and necessarily in the performance of the duties of the employment. As a judge said 50 years ago, those words are

"stringent and exacting: compliance with each and every one of them is obligatory if the benefit of the rule is to be claimed successfully".

One of the main purposes of the Disability Discrimination Act 1995 is to ensure that disabled people are not discriminated against in their employment. Long before that legislation was enacted, there were—and still are—a range of exemptions from tax relating to disabled people's earnings from employment, focusing on matters such as home-to-work travel, adaptation of motor vehicles for business use, early retirement on ill-health grounds, and so forth.

As a rule, people with disabilities need to spend more than those without in performing the same tasks. Where additional expense is incurred solely by reason of their disability, one would expect a tax-neutral effect. Whether such additional expense has to come out of their own pockets, or be paid or reimbursed by a sympathetic employer, the logical result should be that people with disabilities should either receive an expenses deduction for tax purposes, or should not be assessed on any employer subsidy as a benefit in kind.

Therefore, new clause 3 would do two things. First, subsection (2) would exempt from tax any benefit in kind provided by an employer that consisted of equipment, services or facilities, the purpose of which was to enable the disabled employee to work. Its wording is loosely based on an existing set of regulations, the Income Tax (Benefits in Kind) (Exemption for Employment Costs Resulting from Disability) Regulations 2002/1596, which attempt to do much the same thing but which unfortunately are restricted to benefits that are provided under statutory arrangements such as the access to work scheme. Secondly, subsection (3) would relax the restrictive rule governing tax deduction for employees' expenses where disabled employees spend their own money in order to be able to work.

New clause 4 would bring the definitions of "disabled person" and "disability" in the tax legislation up to date by aligning them with the broad definition in the Disability Discrimination Act 1995. Many of the definitions of disability that are attached to tax reliefs, allowances and other forms of favourable treatment contained in the tax legislation are restrictive and outdated. The new clause seeks to introduce the more up-to-date and inclusive definition of "disability" into the tax legislation, bringing it into line with the modern thinking on disability in the Disability Discrimination Act 1995.

Section 1 of that Act defines a "disabled person" as one with

"a physical or mental impairment which has a substantial and long-term adverse effect on his ability to carry out normal day-to-day activities".

There is statutory guidance to enable courts and tribunals to assess whether a person meets the requirements of the definition. The draft Disability Discrimination Bill, introduced at the end of last year as a Government initiative for the European year of disabled people, will in due course widen the definition still further. By contrast, where disability issues are dealt with in the tax legislation, disabled persons and disability are defined in such a way as to restrict the scope of the relief or the exemption being conferred, or are not defined at all, so as to leave scope for official discretion. In the former case, not all the people who could usefully benefit from the tax relief or the exemption in question are able to do so, because of the restrictiveness of the definition. In the latter case, access to the benefit or the exemption can become a lottery, depending on the attitude of the official charged with applying the legislation, particularly—as is often the case—when there is little or no departmental guidance.

Both restrictive definitions and the absence of definitions are anachronistic and unnecessary in an era when we have the benefit of statutory definitions that recognise modern thinking on disability. Some definitions have survived intact for hundreds of years, such as the definition of "incapacitated person" in the Taxes Management Act 1970, which includes

"any infant, person of unsound mind, lunatic, idiot, or insane person".

With respect, I think the Treasury can probably do a little better than that.

The Low Incomes Tax Reform Group, in its report on the issue, which was called "Disability in tax and related benefits: the case for a modern and coherent approach" and published in December 2003, recommends the adoption of the Disability Discrimination Act 1995 definition of "disability" and "disabled person" throughout the tax legislation.

New clause 4 would enable the benefit of the tax reliefs and exemptions to be extended to all disabled people, and would provide guidance for officials charged with using their discretion to determine who is disabled and who should benefit from particular forms of tax-favoured treatment. It is unfair that some

[Mr. Bacon]

disabled people should benefit and not others, simply because the statutory definitions are out of date, ineffective, or absent.

In conclusion, the new clauses would recognise the special costs that can face both employers and employees in ensuring that disabled people can play a full part in the workplace and would also update the definitions of "disabled person" and "disability" for the purposes of tax legislation in a way that is almost certainly overdue.

4.15 pm

Mr. Laws: I want to speak to new clause 8, which is, I must confess, somewhat similar to the new clause 13 that we debated in the Standing Committee. On that occasion, the Financial Secretary responded on behalf of the Treasury and I indicated that some of her points were fair and reasonable. On reflection, however, I may have been too generous in acknowledging some of the hon. Lady's points so I want to take this additional opportunity and respond to them in relation to new clause 8.

I remind Members who were not present during our previous debate on the issue that the new clause was drafted by the CBI and the Disability Rights Commission and enjoys the support of both bodies. It relates to the duties imposed by the Disability Discrimination Act 1995, which will begin on 1 October 2004, whereby providers of services to the public will need to take reasonable steps to facilitate disabled persons wishing to make use of those services.

New clause 8 proposes that expenditure on ramps and accessible toilets for use by disabled persons be classified for tax purposes as expenditure on plant and machinery qualifying for relief as capital allowances. That would follow the established precedent of capital allowances being given for fire safety expenditure, as is currently the case.

In Committee on 24 June, the Financial Secretary put several counter-arguments to the new clause that we were debating, to indicate that the Treasury was not willing to support that proposal. I shall briefly run through her arguments. Her first argument was that the new obligations relating to disability access will apply to all service providers whether in the public, private or voluntary sectors, so it could be seen as unfair to give special financial support only to private sector businesses. That argument is partly countered by the fact that there is an existing precedent in relation to fire safety expenditure: it is possible to use capital allowances even though fire safety expenditure obviously relates to entities that are not merely business entities, which would have to fund such provision differently.

The DRC sent me a note raising several issues relating to what it described as the "spurious"—I hope it will not mind my quoting that word—arguments put by the Financial Secretary to counter our proposals. The DRC said:

"while we'd like to see more/better funding support across the board we would point out that there are sources of funding available to the public sector/voluntary sector to support physical alterations to premises which businesses cannot access".

The commission helpfully sets out a series of areas where specific grants are made available—often through the Government—to help with disabled access. Many Members will already know about the large capital investment programme in new school buildings through the schools access initiative, designed to make school buildings disabled-accessible at very large cost. Those grants have been directly provided by the Government.

In addition, local authorities often provide small grants for community groups and other local groups, to make their facilities disabled-accessible. Central Government provide grants to local authorities to facilitate physical access to polling stations, and other grants are available for both private and public bodies through the national lottery distribution fund, millennium funds and the Heritage Lottery Fund, which can be fruitful avenues for voluntary organisations and other groups.

In other words, quite a number of alternative mechanisms are already available for the bodies that the Financial Secretary felt might be disadvantaged by the proposal. New clause 8 would provide a relief for businesses that do not benefit from that other Government support.

The second point that the Financial Secretary made in arguing against such a new clause was that

"it is clear that many of the adjustments needed to meet the requirements of the Disability Discrimination Act, including some of the most expensive adjustments, already qualify for tax relief as either a revenue expense, or through capital allowances."—[*Official Report, Standing Committee A*, 24 June 2004; c. 773.]

Although that is a fair point, it is of limited relevance to new clause 8, because even the Financial Secretary was not trying to maintain that the existing reliefs relate to ramps and toilets in particular. Those are major items, which many organisations will need to purchase to make their premises disabled-accessible. Indeed, many Members of Parliament may discover that they need to make precisely those types of adjustment in the organisation of their own constituency offices. Many businesses will certainly want to make those adjustments.

At the time, I thought that the third reason that the Financial Secretary gave for not pursuing these proposals was a hopeful sign, but on further investigation, I am not sure whether it is quite so promising as the nod and wink that she gave me reason to believe that she was giving. The third reason that she gave was that

"we are considering the possibility of introducing such an allowance"

to cover structural alterations

"for most commercial buildings in the wider context of our ongoing"

review of the

"corporate tax regime."—[*Official Report, Standing Committee A*, 24 June 2004; c. 773.]

The Disability Rights Commission's response to that point is that

"the timing of any such changes",

to the corporate tax regime

"will be past the symbolically important point when the new duties come into force."

That is obviously in a few months' time. It points out:

"The incentive is needed now to maximise compliance by the Government's 2004 deadline . . . Moreover, it is likely that any such general allowance for expenditure on buildings would be at a rate similar to Industrial Buildings Allowance– currently 4 per cent. per annum."

That would be too small to make any difference to small and medium-sized enterprises, which are likely not to have made the necessary adjustments to disabled access already. It is likely that larger entities have already allocated expenditure for those purposes. They may even have completed that expenditure.

The final point that the Financial Secretary made on the issue was that the Department for Work and Pensions had discovered that cost was not a factor for many entities in making provision for disabled access. That may well be the case for the larger entities that have already undertaken a lot of those works and made the relevant expenditure, but it is not likely to be the case for many SMEs. The Financial Secretary indicated in Committee that it might be unfair to introduce a new tax allowance, which other entities could not have taken advantage of earlier, to facilitate conversion for disabled accessibility, but we must appreciate the fact that such an allowance could largely benefit the smaller businesses that are struggling to pay the cost of making their premises disabled-accessible. In other words, the allowance might turn out to be well targeted as a consequence of its late introduction, as it would probably affect particularly those businesses that are struggling to make such provision and that will find it most difficult financially to make those conversions.

On reflection, I might have been a little generous by accepting some of the points that the Financial Secretary raised on 24 June. However, I understand that the Economic Secretary will respond to today's debate, so there is hope for us. Perhaps he will accept that his colleague's arguments were not entirely convincing and respond positively to some of the arguments that have been put forward by the Disability Rights Commission and the CBI—a powerful alliance of two bodies with special interest and expertise in the matter. In the light of comments on the Financial Secretary's arguments, I hope that the Economic Secretary will indicate that the Government will undertake a more constructive and positive approach.

John Healey: I am not sure whether I will disappoint the hon. Member for Yeovil (Mr. Laws) or not—he will have to wait and see—but as he would expect, I am entirely as one with my hon. Friend the Financial Secretary. We take seriously the arguments and evidence put to us by the Disability Rights Commission. I hope that I can give him an indication of the consideration that we are giving to the cases that it and others put to us.

The four Opposition new clauses relate to disability issues across the tax system. Labour's manifesto included a pledge to establish comprehensive and enforceable civil rights for disabled people, so I welcome the opportunity to reaffirm our strong commitment to those rights. I can also confirm that the Low Incomes Tax Reform Group, to which the hon. Member for South Norfolk (Mr. Bacon) referred, the Disability Rights Commission and the CBI are in detailed, continuing discussions with our officials on the range of issues covered by the new clauses and the points raised by the hon. Members for Yeovil and for South Norfolk. I place on record our appreciation for the thoughtful contributions that those organisations are making to help us to assess the case for future policy changes.

Given our strong commitment to the rights of disabled people and our support for them, we have no quarrel with the motivation behind the new clauses. However, we are not yet convinced that the specific changes to the tax system that they suggest would represent the best way of improving the rights of, and support for, disabled people.

New clauses 2 and 8 would provide capital allowances for the costs that businesses might incur when making their premises reasonably accessible to disabled people. As the hon. Member for South Norfolk made clear, the requirement on service providers to make their premises reasonably accessible derives from the Disability Discrimination Act 1995, which was passed by the previous Government. At the time, that Act was an important step forward for disabled people's rights, and we have been able to build on it. The requirement comes into effect in October this year.

New clauses 2 and 8 are similar in purpose to the new clauses 5 and 13 that were debated in Committee and subsequently withdrawn. However, new clause 2, which was moved by the hon. Member for South Norfolk, has a wider scope than those new clauses because its provisions are not limited to specific items of expenditure such as access ramps or accessible toilets. Our reasons for resisting it at this stage are compounded by our worry that such broad provisions could be manipulated and carry a high Exchequer cost. Additionally, as the provisions are broadly drawn, they could impose a significant compliance burden on taxpayers and the Inland Revenue, which would administer the scheme.

Like the previous Government, we have consistently encouraged all businesses to make adjustments as early as possible, rather than waiting for the provisions in the 1995 Act to come into force in October 2004. Common sense would suggest that many would think it unfair to introduce allowances at such a late stage. That would be especially unfair to businesses that had already acted promptly in the interests of disabled people by promoting the access that they may need. Research commissioned jointly by the Disability Rights Commission and the Department for Work and Pensions in 2002 showed that 40 per cent. of providers had made adjustments. Only 15 per cent. of respondents said that they had plans to make further adjustments to comply with the Disability Discrimination Act 1995. The research found that the cost of making adjustments to comply with the Act tended to influence the manner and timing of the adjustments rather than whether they were made at all. We have therefore concluded, as my hon. Friend the Financial Secretary has made clear, that the changes to the capital allowances system proposed both today and on an earlier occasion would not confer a significant benefit.

4.30 pm

The research confirmed that many adjustments needed to meet the requirements of the Act, including some of the most expensive, already qualify for tax

[John Healey]

relief, either as a revenue expense or through existing capital allowances. The cost of structural alterations to most commercial buildings is not covered by the capital allowances regime, but we are considering the introduction of allowances for commercial buildings in the wider context of our ongoing project to reform corporation tax.

Mr. Laws: Will the Economic Secretary give way?

John Healey: May I just make an observation about the points made by the hon. Gentleman? If he still wants to intervene, I shall give way. He is sharp in wanting to intervene, but perhaps he will be patient while I explain that the fire safety example that he gave does not give the lie to my general argument.

Mr. Laws: The Economic Secretary suggested that there might be a change to the corporation tax regime that would provide relief for some of the expenditure that we have discussed. Surely, however, that would take effect too far into the future?

John Healey: I cannot give the hon. Gentleman a time scale for the completion of the work or the decisions that will flow from it, but it is unlikely that we will have conclusions from the review or legislation in place by the October start date of the provisions of the Disability Discrimination Act.

The new obligations under the Disability Discrimination Act will, as my hon. Friend the Financial Secretary has argued before, apply to all service providers, whether public, voluntary or private, so giving special financial support only to private businesses could be seen by other sectors as unfair. As I have just said, the example of fire safety cited by the hon. Member for Yeovil does not give the lie to the general argument. The list of grants, many of them modest—he used the phrase "quite a number"—available to some organisations does not undermine the argument against providing special treatment for the private sector in preference to other organisations that must meet the requirements of the Act.

New clause 3 proposes further tax relief for disabled people for employment benefits and expenses. Under existing law, wherever equipment, facilities or services are used wholly, exclusively and necessarily in carrying out the duties of employment, there is no benefits charge where the employer provides the items in question. Where employees themselves pay the cost, there is a full deduction against earnings, so problems do not arise in those cases, as the hon. Member for South Norfolk acknowledged. Where equipment, services or facilities such as specially adapted wheelchairs or hearing aids are provided for disabled people for work purposes, but for which there is some private use at home, there is a general exemption. Beyond that, in June 2002 we introduced regulations—the hon. Gentleman referred to them—which ensure tax exemption for any benefits provided to disabled employees under any statutory arrangements, provided that the main purpose of the benefit is to enable the employee to perform the duties of an employment.

The hon. Gentleman made a parallel point when he said that the benefits exemption was too narrow because it was confined to provision under statutory arrangements. In our experience that is unlikely to be significant. As regards cases where benefits are not provided by employers under statutory arrangements, I should be glad to see any specific examples that he may have.

Furthermore, as the hon. Gentleman mentioned, an employer can provide transport for disabled employees, and pay for or reimburse their transport costs to enable them to commute to and from work, without any tax charge. Where additional costs are a necessary part of a disabled employee's employment, he or she can already claim a deduction for those costs.

To go beyond that would make it difficult to target the relief effectively and to devise an affordable scheme. The expenses rule proposed in the new clause could entail considerable costs and is likely not to be properly targeted at helping disabled employees with the additional employment expenses that they incur as a result of their disabilities. In summary, the existing provisions together provide a comprehensive benefits exemption and expenses relief, along the lines of the provisions set out in the new clause.

Finally, new clause 4 proposes the use of the Disability Discrimination Act 1995 definition of disability across the tax Acts. At this stage I am not convinced that that is necessary or desirable. The insertion suggested into section 832 of the Income and Corporation Taxes Act 1988 would not override the existing definitions in use. It would apply only to the few provisions in which disability is not defined. I shall return to that in a moment.

The hon. Member for South Norfolk mentioned the work of the Low Incomes Tax Reform Group and the report that it produced. That report gave examples of areas where there is a lack of explicit definition of disability, but many of the areas cited as examples, such as council tax or power of attorney, lie outside the Taxes Act and therefore would not be affected by the new clause.

I am uneasy about the new clause. The DDA definition is not settled or certain at present. It allows exclusions, and as the hon. Gentleman acknowledged, the draft disability discrimination Bill proposes further changes to that definition. The main area of the Taxes Acts where the word "disability" is not currently defined is in relation to the taxation of certain payments from insurance policies. In some cases it is possible that a policyholder might receive less favourable treatment if the DDA definition were used.

I hope that Opposition Members will accept that these are matters that we are discussing in detail with groups that are interested in representing disabled people or representing employers of disabled employees. I hope that hon. Members will feel that the debate has been a useful contribution to that process and that they will not press the new clauses to a vote.

Mr. Bacon: I thank the Economic Secretary for that useful and detailed reply. I agree that the debate has been constructive, and I hope he will feel that our having raised these matters has enabled him to set out the Government's policy more fully. I join him in paying

tribute to the Low Incomes Tax Reform Group and to the Disability Rights Commission and the CBI for the important work that they are doing. I indicated that the new clauses were probing measures, and I hope that they have served their purpose. On that basis, I beg to ask leave to withdraw the motion.

Motion and clause, by leave, withdrawn.

New Clause 5

AMENDMENT OF INDIVIDUAL SAVINGS ACCOUNT REGULATIONS 1998 (SI/1998/1870)

'(1) The Individual Savings Account Regulations 1998 (SI/1998/1870) shall be amended as follows.

(2) In paragraph (2) of Regulation 4—

(a) the words "£7,000 for the years 1999–00 to 2005–06 and £5,000 for subsequent years," shall be replaced by "£7,001"; and

(b) the words "£3,000 in the years 1999–00 to 2005–06 and £1,000 in subsequent years" shall be replaced by "£3,001".

(3) In paragraph (2A) of Regulation 4, the words "£3,000 in the years 2001–02 to 2005–06, and £1,000 in subsequent years" shall be replaced by "£3,001".

(4) In paragraph (2B) of Regulation 4, the words "£3,000 in the years 2001–02 to 2005–06, and £1,000 in subsequent years" shall be replaced by "£3,001".

(5) In paragraph (3)(a) of Regulation 4, the words "£3,000 for the years 1999–00 to 2005–06, and £1,000 for subsequent years" shall be replaced by "£3,001".

(6) In paragraph (2) of Regulation 7, after sub-paragraph (a) insert—

"(aa) shares, not being shares in an investment trust, issued by a company wherever incorporated and traded on the market known as OFEX;".

(7) In paragraph (5) of Regulation 7, after sub-paragraph (c) insert—

"(d) that the securities are traded on the market known as OFEX.".'.—*[Mr. Prisk.]*

Brought up, and read the First time.

Mr. Prisk: I beg to move, That the clause be read a Second time.

Madam Deputy Speaker: With this it will be convenient to discuss new clause 6—*Tax credits for ISAs and PEPs*—

'Section 76(1)(a) of the Finance Act 1998 (c. 36) shall cease to have effect.'.

Mr. Prisk: I begin by declaring that I have two individual savings accounts—sadly, I do not have any more than that—and that a member of my family works for the Financial Services Authority.

New clause 5 seeks to highlight the Government's plans further to diminish the benefits of ISAs by reducing the tax-free limits for savers and to include investments through the Ofex market, which is a key source of funds for many of the UK's smallest ventures, in the ISA wrapper. As such, it is a probing measure that seeks to help savers and stem the loss of confidence in ISAs.

The Government accept that Ofex securities should be included within the ISA tax-free wrapper, but they have unfortunately decided to defer that change for nearly two years until April 2006. Ofex is a highly effective source of finance for our smallest enterprises. Indeed, it is specifically focused on the £500,000 to £5 million to £10 million range, and it is generally accepted as offering an excellent means by which to bridge the equity gap. It is therefore peculiar that, given the Government's stated commitment to closing that gap, the Treasury should wait for two years before acting.

The second problem with that delay is that alternative investment market securities are already eligible, so there is a danger that a distortion could occur in the market and, indeed, in savers' investment decisions. Given that AIM securities tend to favour larger companies, the smallest enterprises might continue to lack funds, which the Government say that they want to encourage to be brought forward. Given the inclusion of AIM securities, why not include Ofex? Our smallest enterprises deserve the same chance of capital investment, so why wait?

The other aspect of new clause 5 is the retention of the established tax-free limits for savers in ISAs. Saving is sadly in danger of becoming a lost habit in this country—the ratio for savings has halved since 1998, and net retail investment in funds last year was among the worst in the past decade. The Government's decision to reduce the tax-free limits from £7,000 to £5,000 on maxi ISAs and from £3,000 to £1,000 on cash ISAs will only make things worse.

A recent survey by Invesco Perpetual shows that 35 per cent. of current equity investors will reconsider their investment, and 17 per cent., which is nearly one in five investors, may choose not to invest at all. Mr. Mike Webb, head of distribution for Invesco Perpetual, said:

"Our research proves that people are angry and confused by the Government's planned changes. The Government needs to be clear on what it wants to convey to investors. It talks openly about people needing to provide for their future, yet it plans to take away the very thing—tax incentives—that encourages people to save in the first place."

Mr. Webb is right.

If saving is to be encouraged, the Government are sending out the wrong signals by cutting those limits. The result could be that the savings ratio falls still further, leaving future generations increasingly vulnerable to events. We now need a period of stability for savers prior to any review in 2006; in other words, the limits should remain as they are. After all, what credible alternatives are the Government offering? Can the Minister tell us, for example, why savers should commit themselves over the next two years to a savings product that the Government are running down? In the absence of a credible Government alternative, does not the Minister recognise that a two-year hiatus will only further erode people's willingness to save?

4.45 pm

The Government have committed themselves to a review in 2006, but what does that mean in practice? Will a review begin in 2006, or will the Government present their final decision in that year? If it is the latter, does not that further extend the delay? I hope that the Minister will be able clearly to set out, both for savers and for the financial services industry, exactly what the commitment means and when we can expect decisions and statements.

[Mr. Prisk]

New clause 6 would reverse the Government's abolition of the 10 per cent. tax credit received by savers on their dividend payments. That would help current savers and future generations alike. In particular, it would ensure that all taxpayers, rich or poor, enjoyed the same incentives to save. I stress that this is a probing new clause.

The tax credit originates from the advance corporation tax regime that the Chancellor abolished in 1997. Hon. Members will recall that the result of that decision was to slash £5 billion a year from the value of people's pensions and investments. That was, frankly, an act of daylight robbery that will cost millions of people thousands of pounds. What is worse, many of those people remain, even today, unaware of just how much the Chancellor has short-changed them. It was, and still is, the worst and most insidious of this Government's stealth taxes.

When the Chancellor raided our savings and pensions in 1997, he also cut the dividend tax credit to 10 per cent. and the dividend income tax rate to 32.5 per cent. for higher rate taxpayers. Then, in the Finance Act 1998, he sought the abolition of the tax credit altogether, with effect from April this year. The net result, ironically, discriminates in favour of higher rate taxpayers over everyone else. The combined effect of the changes to the dividend tax credit and income tax rates strips away any tax incentive for basic rate taxpayers to invest in an equity-based ISA. Cash and bonds are still worth it, but not shares. Do not the Government believe that everyone who is trying to save should enjoy similar tax incentives? Why discriminate by precluding basic rate taxpayers from something that the richest in the land can enjoy? I hope that the Minister will be able to show us where in Labour's manifesto it says that Labour will provide a tax break for the few, not the many.

Last year, when my party tabled a similar new clause, the Minister argued that the markets, not the Government's actions, were encouraging people to invest in anything but shares. Since then, the stock markets have improved, yet there is still a residual problem. The recent survey conducted by Invesco Perpetual found that 47 per cent. of equity ISA investors will be less likely to invest in those ISAs because of this abolition—nearly half of investors are turning away from equity ISAs. Indeed, 13 per cent. said that it will put them off saving altogether. As the PEP and ISA Managers Association and the Investment Management Association said in their recent paper of earlier this year,

"ISAs are a successful and simple savings product and should be at the centre of the Government's strategy to encourage long-term savings. This is not the time to be undermining them."

The Government like to claim that any tax benefits are small, with the average tax credit being around £25. In fact, the actual benefits will vary widely. The whole point of saving is that every pound counts, especially over the long term, and every time the incentives diminish, the savings habit declines. Is that the Government's intention, or an unintended consequence of their proposals? I hope that the Minister will be able to tell us.

Indeed, in total tax terms, the benefit of this abolition will be far from small for one organisation. The Treasury has failed to highlight the small fact that the Inland Revenue expects to save £200 million every year. That is £200 million that will be lost to savers. Another result of the abolition of this tax credit will be to skew savers towards cash and bonds, distorting the market and therefore distorting prices. Equally, some investors might be pushed towards cash-based and bond-based ISA products when an equity-based product might be far more suitable for their needs. The Government are rightly quick to condemn advice that encourages savers to choose inappropriate products, yet here we have a policy that could well have exactly that effect. Never mind mis-selling, this is mis-taxing, and I wonder who will police the Treasury. This is another example of the Government's meddling with the tax system distorting people's decisions and investments, to their own and the markets' detriment.

The Conservative party believes that the halving of the savings ratio represents a dangerous trend, which the Government have at best neglected and at times encouraged. Savers have been short-changed by Labour, not least by the abolition of advance corporation tax. We believe that savers need certainty and encouragement, and we want to hear why the Government are intent on further eroding the incentives to savers in the absence of any credible alternative. The new clauses seek to encourage savers and to help small enterprises. I hope that the Government will be wise enough to think again on this, and I look forward to the Minister's reply.

Ruth Kelly: The hon. Member for Hertford and Stortford (Mr. Prisk) has outlined the reasons behind his new clauses. The effect of his proposals would be to change the current secondary legislation, the regulations that govern investment in ISAs, through the Finance Bill and to reintroduce the 10 per cent. payable tax credit into the ISA.

The effects of new clause 5 would be twofold. First, it aims to extend the maximum investment limits for an ISA from £7,000 to £7,001 indefinitely. It would also increase the maximum amount that could be invested in cash savings within an ISA to £3,001. The purpose of that would be to retain the current annual investment limits for an ISA. The ISA regulations currently provide for these to be reduced in April 2006. The second effect would be to allow ISA investors to invest directly in stocks and shares traded on Ofex. Although Ofex is regulated for certain purposes—such as market abuse and insider dealing law—it is not a recognised stock exchange for the purposes of the Inland Revenue. Investors are therefore currently excluded from directly holding shares in companies traded on it within their ISA.

New clause 6 aims to reintroduce the 10 per cent. payable tax credit into the PEP and ISA regime. This credit was, until April this year, paid on top of UK dividends received on investments held in a PEP or ISA. I should like to cover each of these proposals separately, as each raises quite different issues. I shall deal first with the ISA investment limits. ISAs are the Government's primary vehicle for tax-free savings outside pensions. They have helped to make saving easier for ordinary investors. We do not believe that amending the ISA

limits in the way the hon. Gentleman suggests would be appropriate at this stage, for the reasons that I shall set out.

When the ISA limits were first announced in the Budget in 1998, we made it clear that ISAs had two key objectives. The first was to develop and extend the savings habit. The second was to ensure that tax relief on savings was more fairly distributed. The aim was to rebalance the tax benefits provided through the PEP and TESSA, and to focus more on encouraging non-savers to start saving and those who saved little to save more. To achieve that, the maximum limits for investment were set at £5,000, with a maximum of £1,000 in cash savings, but for the first year those limits were increased to £7,000 and £3,000 respectively, to encourage take-up and to smooth the transition to the ISA. Those higher limits were subsequently retained until 6 April 2006, which is more or less two years from now. I put it to the hon. Gentleman that those limits are extremely generous: they have allowed savers to build up very substantial sums in savings, free of tax, as the amounts that they subscribe to the ISA accumulate year on year. Therefore, we need to keep the limits under review, to ensure that the ISA is still achieving its objectives.

The ISA has already started to change savings habits. Fifteen million individuals have invested in an ISA account, saving around £130 billion—one in three of the adult population are saving in an ISA, which is a far greater number than ever saved in a PEP or TESSA. The ISA has also been extremely successful in attracting individuals from groups who were previously under-represented in the PEP and TESSA. Around one in five ISA savers, for example, are from lower-income groups, compared with one in seven who had either a TESSA or PEP. Similarly, the number of people under the age of 25 with an ISA is more than double the number who had either a TESSA or PEP.

We are not complacent, however. Of course, we continue to keep all savings incentives under review, which is one reason why we are piloting the savings gateway scheme, which aims to provide more effective savings incentives to those on low incomes, who benefit less from the tax incentives provided through an ISA. It is also why, for example, we have developed the child trust fund, to provide children with the financial education that they need to understand their savings options, and to ensure that in the future, all children have some form of financial asset available to them at the age of 18—

Mr. Prisk: Will the Financial Secretary give way?

Ruth Kelly: Before I give way to the hon. Gentleman, I urge him to consider that there are two years to run before the ISA limits are due to change. We announced the higher level as a transitionary measure to ensure the success of the ISA and to encourage people to save. We will, of course, continue to review the ISA limits. We have made no announcements on that, subject, of course, to the 10-year guarantee provided by the Chancellor that savers should benefit from tax relief on up to £5,000 in savings each year until at least 2009.

Mr. Prisk: Why would a saver wish to invest in a product to which the Government seem to have no commitment over the next two years? Does not the Financial Secretary understand that if an individual is trying to save for the next five, 10 or 15 years, the knowledge that that is a product in which the Government seem to have little confidence, because they are diminishing its effect, leaves open the question: why would one bother? Of course, that would further lower the savings ratio.

Ruth Kelly: The hon. Gentleman has a perverse view of the effects of the Chancellor's announcements. In fact, going back to the introduction of the ISAs, the higher limit was introduced purely as a first-year measure to encourage take-up in the initial year. The next positive announcement made by the Chancellor was to extend that until April 2006. We have not yet commented on what we will do after that, although, of course, we keep the limits under review. As the ISA regulations stand, however, they are due to end in April 2006.

Mr. Prisk: Will the Financial Secretary give way?

Ruth Kelly: I give way to the hon. Gentleman, but I have not yet finished covering his first point.

Mr. Prisk: I am keen to try to draw out the full detail. What I am concerned about is the transition period. Given that in the past few years, under this Government, the savings ratio has fallen, does this not simply compound the existing problem? I could understand it if the savings ratio were booming—there might be an argument at that point. Given that it is falling, however, how can she do it?

Ruth Kelly: The hon. Gentleman may have noticed that I had some debate with the right hon. Member for West Dorset (Mr. Letwin) last night about the relevance of the savings ratio as an indication of long-term savings in this country. I would argue that it was artificially high for periods during the late 1980s, as inflation was high: people were retrenching their finances, and saving as a precautionary measure in those circumstances. If we consider the Bank of England analysis of the savings ratio adjusted for inflation, we have a significantly higher savings ratio now than we have had historically. Of course, we are not complacent, and millions of people are under-saving for their retirement. That is why we have introduced our informed choice strategy, alongside a new suite of Sandler stakeholder products. We could have a long debate about savings now, but perhaps you will agree, Madam Deputy Speaker, that we should focus on the amendments and new clauses under consideration today.

Of course, we have a commitment to the ISA. We have made it absolutely clear that there is a 10-year guarantee on ISAs. Savers can benefit from tax relief on up to £5,000 in savings, each year, until 2009. We are committed, on an annual basis, to reviewing the tax reliefs, to make sure that the product remains attractive and meets the underlying objectives, which I set out at the beginning of my comments: to provide an attractive savings environment while ensuring that tax relief is more fairly distributed among all taxpayers. While we are considering the position with respect to ISAs, we are also encouraging savings in a number of other ways that I have already described, including the savings gateway

[Ruth Kelly]

and the child trust fund. We shall continue to test our measures against the objectives that they are designed to meet.

5 pm

The hon. Gentleman is correct in his claim that ISA investors cannot hold stocks or shares traded on Ofex, but he is not correct about AIM. It is not a registered exchange, and therefore does not meet the criteria either. ISA investors who choose to invest directly in stocks or shares are limited to those listed on a recognised stock exchange. There are good reasons for that. The ISA is by its nature aimed at the less sophisticated investor. These are individuals who historically would not have considered investing in stocks or shares. It is only right that we initially encourage people to invest in products that are regulated in a way that gives investors an appropriate level of protection. That is what the UK listing rules aim to achieve. Similar aims apply to recognised stock exchanges worldwide. Other markets that are not recognised stock exchanges are not always subject to such requirements. For individuals who wish to invest directly in stocks and shares, we believe that it is still right to restrict investments to stocks and shares quoted on a recognised stock exchange.

Mr. Flight: If the Financial Secretary believes in what she has just said, why is she arguing in a different context that no such investment restrictions should be placed on the same individuals' stakeholder pensions?

Ruth Kelly: That is probably what caused the confusion in the mind of the hon. Member for Hertford and Stortford, because we are liberalising the pensions regime. We had a long discussion in Committee about why that was appropriate. I do not intend to repeat all the arguments that we had then about why ISAs aimed at retail investors should be treated differently. The hon. Gentleman has had sufficient opportunity to rehearse those arguments.

It would not be desirable to add Ofex to the ISA without considering the wider implications and ensuring that fair treatment is given to all markets. Let me give a couple of examples. First, in the light of EU requirements, we could not add an unrecognised market in the UK without extending the same treatment to other unrecognised UK markets, and potentially to all similar markets in the EU including those in the new member states. Indeed, there might be pressure for the extension to be made worldwide. We are talking about a fundamentally different proposition in respect of ISAs. Secondly, unlisted companies traded on markets that are not recognised stock exchanges also potentially benefit from a different range of tax incentive schemes to encourage wider investment. It is surely only right for us to consider whether they should continue to benefit from those schemes before giving investors in those companies access to tax benefits available only for investments listed on recognised stock exchanges.

Again, we shall continue to keep the savings incentives provided through the tax system under review, especially in the light of wider developments in the savings and investments arena; but on balance we think it inappropriate to make the changes proposed here without proper consideration of all the wider factors.

The 10 per cent. payable tax credit was removed for ISA purposes in April 2004. It was abolished more generally in 1999 as part of our wider corporation tax reforms. I understand that there is a heated debate in this place about the merits of those reforms, but as the hon. Gentleman knows, they were aimed at removing a major distortion in the tax system which encouraged companies to pay out their profits as dividends rather than retaining them for reinvestment in the business. The intention was to create a more profitable UK business sector over the longer term through productive investment, and more wealth for the UK economy and investors as a whole.

When the retention of the tax credit for the ISA and PEP regimes was announced in March 1998, the Chancellor made it clear that it was only a transitional measure—for a period of five years, up to 5 April 2004—to give investors time to adjust their portfolios. Outside the PEP and ISA, only a non-taxpayer would have benefited from the payable tax credit; but non-taxpayers investing in shares outside an ISA or PEP have not had the benefit of the tax credit since 1999.

The payable tax credit was paid to all ISA investors, whether they were higher rate, basic rate, starting rate or non-taxpayers, at a cost to the Exchequer of around £250 million a year. The withdrawal of payable tax credits for ISAs and PEPs simply means that an additional payment is no longer being made—an additional payment that mainly benefited higher rate taxpayers and people with a lot of capital to invest.

The change does not affect all ISA savers. Of the 15 million people who have saved through ISAs since 1999, only 6 million could be affected by the change, and that is if the ISA stocks and shares investment that they hold provides income through dividend payments. In addition, we think that around 1.6 million PEP investors may be affected.

I accept that there has been a lot of concern about the impact on basic rate and lower rate taxpayers and non-taxpayers but, as we made clear in the debate last year, the average payable tax credit received each year per person was worth only £25, a fact to which the hon. Gentleman referred. In reality, the vast majority of ISA investors saw far less than that. Over half of the investors benefited by less than £10 a year, and two thirds benefited by less than £20 a year.

Only 3 per cent. of basic rate taxpayers investing in shares within an ISA will have their tax benefits reduced by more than £100. Those are investors who have taken advantage of the ISA investment limits to build up high levels of tax-free saving and who have already benefited from the additional generosity of the payable tax credit over the past five years. All investors, however, including those holding shares through ISAs and PEPs, should benefit from the improved long-term company performance resulting from the 1999 corporation tax reforms.

I do not think that the new clauses are appropriate, necessary or desirable. I ask hon. Members to reject them.

Mr. Andrew Mitchell (Sutton Coldfield) (Con): I draw the House's attention to my interests, which appear in the Register of Members' Interests.

I support the new clause so ably introduced by my hon. Friend the Member for Hertford and Stortford (Mr. Prisk). As he rightly said, it is clearly a probing measure. It is designed not to increase the limits on the financial instruments by £1 but to test the Government's view on these important matters.

I was struck by the fact that the Financial Secretary quoted Government comments in 1998 and spoke of the importance that the Government said should be attached to—I think I quote her exactly—getting the savings habit. She said that the Government wanted to send some signals about saving in the measures that they introduced in that year. All I can say is that I believe that the Government, in the whole area of savings, which are important to all of us in our individual lives, have shown extraordinary complacency in the way in which they have allowed their policies on savings to develop.

The Government certainly mouth the mantra of saving. We have had lots of new policies, new initiatives and an unbelievable number of consultations but, when the savings ratio is at an all-time low, it is clear that the Government pay little attention, if any, to the serious risks for all of us in the lack of savings in our economy—risks that do not pertain hugely to the highest earners in the land but very much pertain to those in middle Britain, the many ordinary people whose savings are now so low and whose security in old age will be at great risk as a result.

The Government's attitude to savings is epitomised by their response to the new clauses. How have we got ourselves into this dreadful position with savings? The Chancellor of the Exchequer is, rightly, desperate to maintain the strong economy, but it is underpinned by consumption, a housing boom, enormous debt, which the shadow Chancellor set out in the House last night, and a massive Government job-creation scheme. As a result, the Chancellor has no serious intention of encouraging people to save, because to do so would undermine the nature of the economy as it is today. He wants to encourage people to save like he wants a hole in the head. That is extremely dangerous for our future, which is why I want to detain the House very briefly on the new clauses. They relate to one of the most important aspects of the Bill, which is why I am so pleased that my hon. Friends decided to move them.

I remind the House of the savings climate in 1997, when the Government came to power. We had expanding tax-exempt special savings accounts and personal equity plans, which this Government re-branded as individual savings accounts. The intellectual climate was such that the Secretary of State with responsibility for such matters introduced "pension plus", which was designed to encourage a massive boost in savings throughout the country. I remind the Financial Secretary that in those days Britain had more savings through funded pensions than the whole of the rest of the European Union. Many more people owned TESSAs and PEPs than are saving in their equivalent today.

Savings have become ever more necessary for old age. People no longer retire at the age of 65 to a pair of slippers and entry into the ante-room of the afterlife. People now live and work for much longer than their parents and grandparents ever did. Of course, the old age of many who are retiring now is underpinned by defined benefit schemes—company pensions—that were built up in the good times. That is not the case today, as we all know so well.

The problem that we all face with our savings is immense. Although the Government are not wholly responsible for the scale of the problem, the £5 billion per annum raid on pension funds certainly has not helped, as my hon. Friend the Member for Hertford and Stortford said. It has wiped billions of pounds off the value of pension funds, and in the case of many companies it has been coupled with the demise of the defined benefit scheme, which benefited many people in their retirement. The stakeholder pension was a flop, and the pension credit scheme is stark raving bonkers. Under the terms of that scheme, some 80 per cent. of people will be dealt with through a means-tested approach. It has fundamentally undermined the savings—

Madam Deputy Speaker: Order. I hope that the hon. Gentleman will relate his remarks to the new clause under discussion.

Mr. Mitchell: I certainly will, Madam Deputy Speaker, but I just wanted to place the new clause in the context of the dire complacency that the Government have shown in all areas of saving.

When the Government came to power, TESSAs were a very important savings instrument. Through PEPs, one could save £12,000 per annum but, as the Financial Secretary said, this Government have reduced the savings level to £7,000 per annum. Now, it is being reduced to £5,000 per annum. What sort of signal does that send? As the Financial Secretary will doubtless appreciate, over recent years and in a falling stock market environment, the nature of ISAs has saved the Government tax, because capital gains losses have not been reclaimable from the Inland Revenue.

I remind the Financial Secretary of what the polls and industry have themselves said about the measures that she proposes to introduce. Research conducted by YouGov reveals that once the tax credit on dividends paid out by shares held in an equity ISA is withdrawn, almost half of all equity ISA investors will be less likely to invest in them. One in eight ISA investors say that they will probably not invest any more. Tony Vine-Lott, director general of the PEP and ISA Managers Association, said:

"ISAs have proved the most popular savings vehicle this Government has introduced, and now form a key part of day-to-day retirement savings for millions of people. To ensure the continued success of the ISA scheme, we urge the Chancellor to drop his plans to abolish the ISA dividend tax credit and the reduction in ISA subscription limits."

Furthermore, the Skipton building society said that 80 per cent. of savers questioned think it wrong to cut the tax-free savings limits for cash mini-ISAs from April 2006. Some 45 per cent. said that that would put people off saving. Meanwhile, the Government want to

[Mr. Mitchell]

promote stakeholder products and the child trust fund. TESSA customers said that the tax-free element of that account had been a big draw.

5.15 pm

Figures based on data retrieved from the Inland Revenue website covering the financial years from 1999–2000 to 2002–03 show that subscriptions to maxi-ISAs have declined by 40 per cent. Moreover, the average subscription has declined from £4,620 to £3,890—a fall of almost 16 per cent. Average subscriptions in mini-ISAs of stocks and shares—often used by the lower-income families about whom the Chancellor is so concerned—have fallen from £1,240 in 1999 to £1,070 in 2002.

Those figures should greatly distress the Government, given that, during the financial year 2000–01, 52 per cent. of mini-ISAs in stocks and shares were subscribed to by individuals with an income of £10,000 or less.

I urge the Financial Secretary to repent of this great mistake in the signals that she sends to people about the importance of saving. I urge her to say clearly what she hinted at, in a slightly backhanded way, in response to my hon. Friend the Member for Hertford and Stortford, and to make it clear that the Government have every intention of regularly increasing the level—rather than reducing it from £7,000 – to send the clear signal that we need to increase the amount that we save throughout society.

If the Financial Secretary does not do that, when the Government's epitaph is finally written, the fact that they were asleep when this country faced a massive savings crisis will be towards the top of their charge sheet. She must think again and send a clear signal that far from reducing the levels of saving one can make through this device, she will increase them significantly.

Mr. Prisk: We have had a useful debate and my hon. Friend the Member for Sutton Coldfield (Mr. Mitchell) has demonstrated his expertise on the subject.

The Minister's response, sadly, offered no hope to the ordinary saver. I note her remarks on Ofex and I hope that she will reflect on the points that have been raised. Many hon. Members will be disappointed by the Government's failure to realise that the halving of the savings ratio is storing up real problems for the future.

On tax limits, the measure may well have been temporary when it was introduced, but any self-respecting Government would have responded more effectively to the situation before them and not to their own bank balance. As for the abolition of tax credits, is it not peculiar, Madam Deputy Speaker, that a Labour Minister should proudly promote a policy that discriminates against basic rate taxpayers, and does so—not as I meekly suggested—for a £200 million benefit to the Treasury, but for £250 million? I hope that ordinary basic rate savers will know where their money has gone.

I said earlier that these were probing new clauses and I hope that where the Government and the Opposition stand has now been put on the record, so I beg to ask leave to withdraw the motion.

Motion and clause, by leave, withdrawn.

New Clause 7

APPLICATION OF SECTIONS 298 TO 301

'Sections 298 to 301 above shall apply to situations where a promoter sells or markets a scheme; and in this section, "Scheme" means a notifiable proposal or notifiable arrangements.'.—*[Mr. Flight.]*

Brought up, and read the First time.

Mr. Flight: I beg to move, That the clause be read a Second time.

Madam Deputy Speaker: With this it will be convenient to discuss the following amendments:

No. 39, in page 255, line 22 [Clause 300], leave out 'the prescribed period' and insert 'thirty days'.

No. 40, in page 255, line 31, leave out 'the prescribed period' and insert 'thirty days'.

No. 42, in page 259, line 12 [Clause 309], at end insert—

'(2A) Regulations made by the Treasury or the Board under this Part may provide for a threshold below which arrangements shall not be notifiable arrangements under section 298(1).'.

Government amendment No. 222.

Mr. Flight: There has been a great deal of discussion in the media and important lawyers have written to the Treasury and the Inland Revenue about the new regime for the reporting of tax avoidance schemes. The Paymaster General has responded to a significant number of the issues raised and Conservative Members are pleased that she has done so in the interests of the British economy.

There remains, however, a central unresolved issue, which we call the dividing line. There is pretty much unanimous agreement that a regime requiring the disclosure of tax avoidance schemes that are being marketed is a sensible measure both as a deterrent and in order to make the Inland Revenue more actively aware of what is going on. Without a dividing line, though, and as a result of the drafting of the provisions, it is unfortunately probable that in order to protect themselves, large numbers of company accountants will feel obliged to report normal tax planning circumstances. The money that the Government are budgeting for the task and the numbers of extra staff employed at the Revenue will be wholly inadequate to cope with the level of reporting. Indeed, the Revenue will be snowed under and yet another burden will have been placed on British business.

The Government generally and the Paymaster General in Committee specifically referred to schemes, and the understanding of the population at large is that the target of the new disclosure regime is widely marketed tax avoidance schemes. However, the current drafting is such that the schemes will operate much more widely than should be intended, and uncertainty and additional compliance burdens will be created.

New clause 7 is designed to clarify and confirm the focus of the new rules on the marketing of avoidance schemes—hence the crucial dividing line between reportable schemes and non-reportable everyday bespoke tax advice. In Committee debates, I said that I hoped that the arrangements were intended to apply to

promoters of schemes and not, for example, to tax advice in the normal course of business or to takeover activities, which always require tax advice.

The direct tax disclosure proposals as they stand have been changed marginally as a result of the Government's amendments, and the regulations to implement the rules framework will be amended further in the light of the Paymaster General's recent press release. However, what remain are legislation and a set of rules that still have an uncertain reach—and uncertainty is not what a tax system should be based on. Accountants want to comply with the rules but, as currently drafted, the rules are bound to lead to excessive disclosure, which would be counter-productive for the Inland Revenue as well as for commerce.

The new clause is thus designed to ensure greater certainty in the application of the rules to everyday client-adviser situations and to bespoke advice coming from continuing and continuous business arrangements. As I have already explained, when it comes to takeovers, it is inevitable that commercial arrangements will change rapidly and frequently as the deal is worked on. A tax input is necessary and a tax can be either a cost or a benefit of the deal, which is factored into the price. The advice will be normal everyday tax planning advice designed to ensure that those involved understand the tax consequences of what they have in mind and that they take advantage of the basic rights of taxpayers to minimise their tax liabilities within the law. It is crucial to get rid of uncertainty; otherwise, advisers, their clients and the Inland Revenue will waste a lot of time over disclosures that surely are not required. That will help no one, least of all the Revenue.

It is notable that the House of Lords Select Committee on Economic Affairs made exactly those points about the Government's proposals. It stated that it was

"not convinced that the legislation as it stands has been sufficiently thought through or exposed for serious consultation with those who will have to deal with its consequences . . . We have seen the good results which such consultation has produced in the case of the Government's measures to simplify the taxation of pensions. We would like to have seen something along the same lines for some at least of the revenue protection measures."

In its conclusions, the Committee stated that

"there is a need to avoid the risk of over-reporting to ensure that taxpayers and their advisers do not report ordinary tax planning arrangements . . . We have sympathy with the view expressed to us that the primary legislation and the regulations ought to be worded sufficiently tightly to put matters beyond doubt and that the function of departmental guidance is to elucidate rather than to make"

secondary market rules.

I hope that the Paymaster General will tell the House that it is her intent that the winnowing process of the regulations and, ultimately, the Revenue guidance will mean that marketed tax avoidance schemes are reported. However, tax law should not be run by Revenue fiat: it is wrong in principle that a law, as drafted, should not be clear.

The five-day time limit has been debated previously. It is obvious that there is no problem in reporting within five days avoidance schemes that are being marketed, and it is equally obvious that it is entirely impractical for the general run of tax advice to be reported in the same period. Moreover, the latter is a continuing process.

In addition, will the Paymaster General give an assurance that the voluntary sector will be excluded from the scope of the regulations? A growing number of charities and similar organisations offer advice on tax or tax credits to people on low incomes, on a pro-bono basis. The advice given by such bodies is not generally of the sort that would constitute avoidance schemes, but it is a way to help people to make the best of their opportunities. It often consists of simple advice to help a couple to structure their tax position to their best advantage.

The draft regulations focus on avoidance schemes rather than ordinary tax planning, and the draft guidance notes give some comfort. However, the difference at issue is the same as that between the business and marketing of tax avoidance schemes and the general giving of taxation advice in the normal run of tax planning.

We must have a clear dividing line in these matters. It is one of the major outstanding issues for the legal and accounting professions, and for much of business. If we do not get a clear dividing line, there will be huge problems for the Inland Revenue, and business will be faced with quite unnecessary compliance burdens.

I hope that the Paymaster General will be able to assure us that she has eventually made up her mind about the dividing line. If she has not, we will press the amendment on this major issue to a vote.

Mr. Laws: I want to speak to amendments Nos. 39, 40 and 42. To some extent, I echo the comments of the hon. Member for Arundel and South Downs (Mr. Flight). One advantage for us in our review of this year's Finance Bill is that we have been able to study the report from the House of Lords Select Committee on Economic Affairs, to which the hon. Gentleman referred. It goes into some detail on some prominent aspects of the Bill, especially those that have been controversial with businesses and tax practitioners. Having served on the Treasury Committee, I am not convinced that it has been able in the past to give enough attention to specific tax measures, as opposed to the macro-economic impact of Budgets. Therefore, it has not been able to inform the debates that we have in this place, especially by taking evidence from outside bodies. For that reason, I welcome the fact that the House of Lords Committee has again prepared a report on the Finance Bill and I hope that we shall be able to learn from some of its assessments, often made by people with much expertise in the area who have considered the issues in a non-party political and non-partisan way.

5.30 pm

The House of Lords Committee's report echoes to a large extent the support in this place and outside for the broad thrust of the Government's proposals on tax avoidance, especially the early notification of tax avoidance schemes and, in particular, those that are widely marketed. In paragraph 19 on page 15, the Committee states:

"We wholeheartedly support the objectives of this draft legislation when applied to contrived schemes of artificial avoidance, and we have focused on matters that might assist in its practical application."

[Mr. Laws]

The Committee goes on to distinguish—as have our debates today—the artificial contrived schemes, which are marketed to large numbers of counterparties, from the bespoke schemes, of which there are many more.

Dawn Primarolo: Will the hon. Gentleman explain to the House the difference between a bespoke scheme that saves one taxpayer £300 million that they should have paid, and a marketed scheme that is sold to hundreds of thousands and also costs the Exchequer £300 million? Both involve a tax loss through avoidance, and that is what we should deal with.

Mr. Laws: I agree with the Paymaster General about the potential tax loss. However, we need to distinguish between the two types of tax planning activity—schemes that are widely marketed, about which the Inland Revenue can be contacted and the schemes registered, and the more detailed tax advice that most tax accountants would not even consider constituted a scheme. Such tax advice may also be provided by a number of different entities within one group at the same time, and the practical steps that would have to be taken to report that information to the Inland Revenue could cause problems.

Dawn Primarolo: I must press the hon. Gentleman on the issue, because he did not answer my question. If bespoke advice to one taxpayer saves them £300 million through avoidance that they should not have saved, why should not that bespoke scheme be notified to the Revenue?

Mr. Laws: In terms of the practical application and the compliance cost, there is a material difference between artificial schemes that can be reported and cover tax advice given to many entities at the same time, and tax advice that is given to individual companies when dealing with their day-to-day affairs and which even the Paymaster General might agree did not constitute a "scheme".

Dawn Primarolo: In that case, does the hon. Gentleman accept that those highly paid, highly qualified and intelligent tax advisers and accountants know full well that the advice they give will be used to avoid tax when it should not be avoided? Therefore, they would know the difference between a bespoke tax avoidance scheme and a bespoke tax planning scheme that would be within the rules.

Mr. Laws: I do not want to disappoint the Paymaster General, but I genuinely do not believe that it is quite that simple. Like most tax practitioners, I think there is a spectrum—from actively marketed contrived schemes to advice given by tax practitioners in the ordinary course of events.

Our amendments address two practical issues that are dealt with in the House of Lords report. The first is whether there should be a requirement for a different reporting period for individual pieces of tax advice—perhaps the Paymaster General would prefer me to call them that rather than bespoke schemes, which carries the sense that they are indeed schemes—in contrast to that for the artificial and marketed schemes. The second issue is whether there should be a de minimis limit in order to reduce compliance costs.

Despite the Paymaster General's comments in Committee and in this debate, she has failed to convince not only many professional bodies and individual accountancy firms, which may worry her rather less, but a cross-party House of Lords Committee that has given the issue careful deliberation, no doubt bearing in mind the points that she has made. As the hon. Member for Arundel and South Downs noted earlier, the Committee's conclusion was that although it accepted the proposition that five days was long enough for "pre-packaged schemes", it had sympathy for the view that there were likely to be more complex commercial relationships where

"five days is too short a period in which to determine whether or not a report is due".

The Committee noted that, given its focus on ease of administration in keeping down the compliance costs of both sides:

"We recommend that consideration be given to adopting a 30-day time limit in respect of notifications under clauses 292 (1) and (3) of the Finance Bill".

The Committee also referred to the evidence given by John Whiting of PricewaterhouseCoopers. He commented:

"It is noticeable that the Inland Revenue, whilst requiring disclosure in five days"—

in relation to this type of tax advice—

"is then allowed 30 days to simply register the item and return with a number for the scheme."

The practical implications of such deadlines for that type of tax advice were set out in a letter from Grant Thornton, the tax accountants, which I am sure that the Paymaster General has seen and which describes from Grant Thornton's perspective some of the practicalities in reporting that information and how it intends to handle the process, highlighting some of the steps it will need to take. Grant Thornton's evidence makes it clear that the marketed schemes are not an issue; the material for such schemes should be at hand and there should be no difficulty in notification. The letter states:

"Grant Thornton intends to make notifications"—

of the individual advice—

"on a centralised basis. This should be of benefit to the Inland Revenue as it should avoid duplication and our submissions should be consistent in nature. However, with offices in 34 locations, the gathering, filtering, collation and summarisation of information within the five-day timescale will be virtually impossible to achieve. If we make each office responsible for its own notifications, then the Inland Revenue's Avoidance Intelligence Unit could potentially be swamped with duplicated notifications. A timescale of 30 days would be more realistic and would be in line with many other time limits for providing information".

When we consider how such information is likely to be reported and filtered in practice, we can see that a five-day deadline would be a rapid turnaround. If the Government insist on keeping to that deadline, they may receive information in much greater quantities, much less effectively filtered and from a number of different locations.

I understand the Paymaster General's concern about extending the notification period, thus providing an opportunity for tax avoidance. I hope that she will appreciate that that concern must be balanced by an understanding of the practicalities that many tax accountants will face in the circumstances and that, therefore, she will at least reflect on the deliberations of the House of Lords Committee even if she considers that tax practitioners have a commercial interest in amending the legislation in this way.

The second issue that I want to touch on is whether a de minimis threshold should be established. The House of Lords Committee discussed that issue and put it to the Inland Revenue officials who gave evidence to it. At paragraph 41, it says:

"The Revenue had practical objections to both the suggested measures for a de minimis rule"

in respect of the possible tax avoidance or the fees that would be charged. It says that the Inland Revenue

"anticipated that promoters 'might argue that they would not know with any certainty how much tax was at stake when their scheme was used by a particular taxpayer.' A fees-based test was ruled out because 'it would not be straightforward to isolate fees for a particular tax scheme from fees for general tax advice'."

I do not want to go into too much detail, as it is already outlined in the House of Lords Economic Affairs Committee report, but that Committee has also had the benefit, which we have not, of taking evidence from the United States Internal Revenue Service and hearing about its experience of early declaration and notification and using a de minimis rule. The House of Lords Committee points out that three of the five filters used for notification in the US include a de minimis element. At paragraph 48, on the basis of its deliberations about how such matters work in the United States of America, it rejects the idea that a de minimis limit would be unworkable. Indeed, it says:

"We accept the argument that setting a *de minimis* threshold could serve significantly to reduce compliance costs and, in the light of the US IRS evidence to us, we therefore recommend that further consideration be given to adopting a *de minimis* limit for the reporting of individual schemes."

Both those matters are not straightforward for the Treasury and concerns have been raised about whether tax avoidance could occur while individual tax measures are being reported, but I hope that the Paymaster General will accept that countervailing concerns have been expressed about the burdens that could be imposed and about requiring a short reporting period for detailed tax advice while the Inland Revenue appears to allow itself much longer to respond to its counterparties. If the Paymaster General is unable to respond constructively to the House of Lords Committee's proposals, I hope that she will at least indicate that she will keep the matter closely under review in the year ahead and that, if it turns out that adopting those proposals has benefits, she will be willing to keep an open mind and introduce changes at a later stage.

Dawn Primarolo: Perhaps I should start with the point about artificial versus bespoke schemes made by the hon. Members for Yeovil (Mr. Laws) and for Arundel and South Downs (Mr. Flight). The purpose of the disclosure clauses is to address the precise issues highlighted by the hon. Member for Yeovil—the artificial and contrived arrangements that can occur in marketed schemes and bespoke arrangements. Neither the Government nor any hon. Member have advanced an argument to say that normal tax planning should fall within the disclosure rules; on the contrary, the Government argue that normal tax planning should not fall within the bespoke rules. Frankly, I would say to the hon. Member for Yeovil that if organisations such as Grant Thornton cannot tell the difference between an artificial and contrived arrangement and normal tax planning, I would be amazed. Indeed, I might thus seriously question the quality of advice that it gives to people who pay a lot of money for that service.

5.45 pm

Mr. Laws: Does the Paymaster General accept that not only Grant Thornton but all tax practitioners have expressed considerable concern about what they will be required to report and what they will not? Although it might be easy to distinguish between each end of the spectrum, it is more difficult to decide whether tax advice that falls in the middle of the spectrum constitutes something that the Government intend to be reported.

Dawn Primarolo: With respect to the hon. Gentleman—and I shall address that issue later—he did not advance that scenario when he cited Grant Thornton. If he was quoting correctly, it sounded as though the company would send the Inland Revenue just about all the tax advice produced by every office in the country. I refer him back to the excellent speech made on Second Reading by the hon. Member for Bognor Regis and Littlehampton (Mr. Gibb), although I shall not repeat it. That was the best speech that I have heard about corporate responsibility, and it demonstrated clearly the fact that professionals should know full well the precise activities that they undertake.

I want to address further issues regarding new clause 7 and amendments Nos. 39, 40 and 42, but I make it absolutely clear again that we are talking about artificial and contrived schemes, such as gilt strips and those that we addressed when we considered new clauses 9 and 10 today. We want to get information so that we can deal with such schemes in the way in which all hon. Members have implored Ministers to do.

Mr. Quentin Davies: As the Paymaster General says, everything turns on the words "artificial" and "contrived", because they determine whether something is notifiable. Does she agree that those terms are ambiguous because they involve an element of judgment—they are not mathematically precise? An adviser will need to know, ex ante, whether a scheme is artificial and contrived because it is no use waiting for a court to determine that. By that time, an adviser might have made a mistake and thus have been penalised. Will the Paymaster General give the House definitions of "artificial" and "contrived" to make their meanings unambiguously clear? If we use words that require an element of judgment, there will be, by definition, a large area of persistent doubt, and thus unfairness and perversity may arise.

Dawn Primarolo: That was a long intervention. As the hon. Gentleman knows, the clauses and the filters in the regulations seek to make the position clear. We are

[Dawn Primarolo]

talking about the operation of the provisions in only two areas of taxation—employment and financial products. He should cast his mind back to discussions on new clause 9, when we learned that tax planners have already designed a scheme to get round clause 134, even though the Bill has yet to receive Royal Assent. We were fortunate to receive the details of the scheme so that the House could close it off. If I explain how the relevant provisions will work in practice, the hon. Gentleman may not be satisfied but he will have a clearer understanding of them. By their very nature, artificial and contrived schemes introduce uncertainty into the system. I fail to understand how anybody could look at, for instance, the gilt strip arrangements and not conclude that they are contrived. I am trying to deal with those grey areas.

Mr. Flight: Is there not a clear moral distinction to be made? The individuals to whom the right hon. Lady referred know when they are dealing in artificially contrived schemes, as opposed to tax planning to minimise tax liabilities. Legally, it is difficult to distinguish between the two, although the regulations may go some way towards doing so. The Bill, however, does not.

Dawn Primarolo: I am not even going to attempt to go down the road of moral definitions.

There has been a universal welcome for the Bill's attempt to provide disclosure mechanisms in the light of the experience of the US and other countries. Tax avoidance is not limited to marketed schemes or even schemes that are sold without marketing, which is why the Government's approach is to target arrangements where the risk of avoidance is greatest. New clause 7 would give rise to significant practical problems, as I shall explain to the House, and does not address or improve the position that hon. Gentlemen are trying to tackle. I accept that it attempts to differentiate between an off-the-shelf scheme and bespoke advice, but applying the disclosure rules only where a promoter sells or markets a scheme could create the very uncertainty and arbitrary boundaries that they seek to remove. That problem arises from the very nature of contrived and artificial schemes.

There is a genuine difficulty, I acknowledge, in drawing a clear line between advice on marketed schemes, such as the gilt strip scheme that the Government have dealt with in the Bill, and planning advice—advice on a major commercial transaction such as an acquisition or merger, however, is clearly bespoke advice—and hon. Gentlemen are seeking to address that grey area. It is not clear on which side of the dividing line between bespoke advice and advice on marketed or off-the-shelf schemes particular advice will fall. Trying to target the disclosure rules in that way would make it even harder for the majority of compliant advisers to apply them and, at the same time, would unfortunately—I know that this is not the hon. Gentlemen's intention—provide scope for less scrupulous advisers to find ways of side-stepping them. That would create a significant defect in the disclosure rules. That is why the Government's approach is to target the types of schemes and arrangements in which we believe that avoidance is most prevalent.

It is not clear how the new clause is intended to affect the disclosure of schemes devised in-house, and there are many such schemes. The result of the new clause could be the introduction of different rules for the disclosure of schemes that are marketed and sold by a promoter, and in-house schemes where no promoter is involved. Were the Government to adopt that approach, they would rightly be open to accusations of discrimination against firms that rely on in-house tax advice.

Notwithstanding some of the comments that have been made, the Inland Revenue has had extensive consultation with the profession and the industry on the draft regulations and has set out details of what would be caught by the disclosure rules. During the consultation, concern was expressed that the financial products regulations might be too wide. I recognise that the new clause attempts to deal with those concerns by narrowing the scope of the rules for marketed and off-the-shelf schemes.

I appreciate that the hon. Gentleman also wants to ensure that the disclosure rules do not apply to the normal tax planning advice on commercial transactions that is provided by the vast majority of tax advisers. He wants to distinguish between that sort of bespoke advice and aggressive schemes that depend on exploiting loopholes. I can assure him that the Government do not want to impinge on straightforward tax planning. That is not what we are attempting to do. However, our concern remains—I made the point in Committee as well—that some bespoke advice also depends on the aggressive exploitation of loopholes.

We therefore believe that the response that the Government propose is more effective and will preserve the new disclosure obligations. The Inland Revenue is working hard with tax advisers to ensure that the rules catch only aggressive schemes. We will refine the text of the regulations to ensure that the financial products test is clear and easier to apply in practice. The regulations will contain new filters, which we discussed in Committee. They will ensure that financial products that gain a tax advantage by exploiting loopholes are dealt with.

Government amendment No. 222 corrects a drafting error. It removes from clause 299 some extraneous words referring to a trade, profession or business that involves the provision to other persons of services relating to taxation.

Amendments Nos. 39 and 40 seek to remove from the Board of Inland Revenue the power to prescribe in regulations the time within which promoters are required to make a disclosure, and set out in primary legislation that that should be 30 days. I make a simple point to the hon. Member for Yeovil: when the promoters make the scheme available for use, they know whether or not it should be declared. Five days after the scheme is made available is therefore reasonable. Thirty days simply allows more time.

The broad framework for a disclosure regime is set out in primary legislation and specifies who needs to make a disclosure and what they need to disclose. The regulations published in May require promoters to supply those details within five days. If they know on day 1, day 2, day 3, day 4, day 5, day 29 and day 30, I do not see why they cannot make the information available by day 5 and why that should wait until day 30. I am not

convinced that the promoters cannot supply the information within five days. They clearly have all the information that they need, because they make the schemes available.

6 pm

Mr. Laws: Can the Paymaster General confirm that, like the House of Lords Economic Affairs Committee report, our proposal distinguishes between artificial marketed schemes, where we agree that the five-day limit is right, and more complex tax advice, where a potential problem exists and a 30-day limit might, as the House of Lords Committee suggested, be more sensible?

Dawn Primarolo: Amendments Nos. 39 and 40 do not provide for that distinction, because they remove the five-day period. The operation of the disclosure rules means that the Government's arrangements are straightforward, and there is no reason why they should not work.

Amendment No. 42 gives the Treasury a new statutory power to impose a de minimis limit. It is difficult to see what it seeks to achieve, because it does not set the de minimis threshold, but merely enables the Treasury and the Inland Revenue to introduce such a limit. We resist the introduction of a de minimis limit for direct tax disclosure rules because it would not work in practice. For example, where such a limit applied to tax saved or to the turnover of a business, a promoter of a scheme might not be in a position to know those facts when they sold the scheme to the client, and would not know whether the de minimis limit applied and whether they should make a declaration. The disclosure rules in the Bill provide for the notification of the Government and the Inland Revenue when promoters and those giving advice believe that schemes fall within the definition of "artificial and contrived", which is vital if we are to defend tax revenues in order to invest in our public services.

Mr. Quentin Davies: The Paymaster General said that my intervention, which she was kind enough to take, was too long, so I rise to take her up on one or two points. This afternoon's debate has become quite amusing, because she used an argument that she herself dismissed earlier in the debate to reject new clause 7. She says that one cannot make a viable distinction between a marketed scheme and a non-marketed scheme, because one cannot define what is marketed, so, in her words, "a grey area" exists between marketed and non-marketed schemes. Conservative Members have put that argument to her on the definition of "artificial and contrived", and a considerable grey area clearly exists.

The Paymaster General says that everyone knows what is "artificial and contrived", but I shall give her an example and take an intervention, if she wants to make one. What about transferring capital allowances from profit-earning firms to non-profit-earning firms through finance leases? That mechanism is classic, but surely it is "artificial and contrived." It must be contrived—presumably some clever tax accountant or lawyer thought it up 20 years ago when finance leases started—and it became a classic method of financing. It enabled companies whose profitability was not sufficient to do so to get full benefit from capital allowances by investing in plant and equipment, which is a socially and economically desirable objective that both Conservative and Labour Governments have sought to secure.

The Paymaster General has not intervened yet, but does she regard that example as "artificial and contrived"? The practice certainly did not flow directly from the original purpose of the capital allowances, which were effectively used by firms that were not making the corresponding profits, so one could describe that as both artificial and contrived. The right hon. Lady clearly does not know the answer.

Earlier this afternoon, the Government moved new clauses 9 and 10, which we did not oppose and which are designed to prevent from coming into effect artificial and contrived tax avoidance schemes that, we were told, have been marketed over the past few weeks. But she did not rely on her "artificial and contrived" definition to try to dispose of those particular schemes: she used the different mechanism of an anti-avoidance rule. Why does she not stick with that? Why does she not simply say that schemes will be disregarded by the Revenue if their main purpose is to avoid tax, as under new clause 10? That is a much more objective definition than "artificial and contrived".

The right hon. Lady cannot pray in aid new clause 10 because she adopted an entirely different approach to solving the problem of that set of schemes. She certainly cannot reject the argument that it is undesirable to have areas of doubt and uncertainty—grey areas—in tax legislation when they are put to her in one context, then five minutes later reject an Opposition amendment on precisely the same ground. There is a certain amount of irony, to put it kindly, in the position that the Government have taken up this afternoon.

Dawn Primarolo: The only irony is that the hon. Gentleman has not read the proceedings of the Standing Committee, during which I specifically gave the answer with regard to leasing and the disclosure rule.

Mr. Davies: The right hon. Lady did not then, or on any other occasion, define "artificial and contrived". I cited the lease as an example where doubt would exist ex ante as to whether it was artificial and contrived. She may well be able subsequently to say that she chooses not to regard it as artificial and contrived, yet it could have been considered to be so.

I am afraid that the right hon. Lady has not answered the question at all. We need a definition ex ante; otherwise, the only way in which we will get a definition is ex post, after a great deal of complicated and expensive litigation before the commissioners or the courts. What is more, as my hon. Friend the Member for Arundel and South Downs (Mr. Flight) said, it is inevitable that tax advisers will play safe. The e-mails and pieces of paper that travel between tax advisers and Revenue offices will increase greatly as everybody tries to cover themselves in knowledge of the penalties that will apply if it is subsequently, and retrospectively, deemed that a certain piece of tax advice was involved in an artificial or contrived arrangement.

[Mr. Davies]

The right hon. Lady may live to regret this. I am afraid that by not giving us any guidance on what is artificial contrivance, and accepting a grey area in these matters that she rejects elsewhere, she has laid the basis for the problem that I fear will ensue.

Mr. Flight: All hon. Members will understand what the Paymaster General is trying to achieve and why. Our concerns, as echoed by my hon. Friend the Member for Grantham and Stamford (Mr. Davies), centre on why the arrangements as they stand can achieve it without leaving too great a grey territory in the middle. We have a lot to learn from the US experience in this area, and I trust that the right hon. Lady will continue to monitor that.

Morally, everyone knows when they are crossing the line between acceptable tax planning and artificial contrivance, but legally defining that is extremely difficult. For good reason, the Minister does not want a definition of artificial and contrived schemes in law. Only a few years ago, inspectors of taxes were telling people that trust arrangements were not caught by the gifts with reservation rules and were perfectly okay and acceptable, whereas now they are seen as artificial contrivances. Judgments as to where the line is drawn change over time.

We believe that the most important place to start in this regard must be with practical measures that will have some effect. That is why it is important to draw the line in relation to any form of promotion and selling; that is where we shall stop most of the problems, because that is where most of the abuse has taken place. We understand the Minister's point that a clever company could come up with its own fancy internal scheme. We do not deny that that could be a problem, and we understand why the Government are trying to catch that kind of problem. However, our concern is that the price of doing that will be a degree of mayhem in terms of how the financial industry and accountants operate, and in terms of what the Revenue gets landed with.

I am afraid that, although the Minister has convinced us of the worthiness of her intentions, she has not convinced us that she has addressed the problem of the grey territory in the middle. If that is not addressed, the arrangements will be damaging to the economy. For that reason of principle, we would like to register our point by pressing the matter to a vote.

Question put, That the clause be read a Second time:—

The House divided: Ayes 128, Noes 268.

Division No. 215] **[6:11 pm**

AYES

Allan, Richard
Arbuthnot, rh James
Atkinson, David *(Bour'mth E)*
Atkinson, Peter *(Hexham)*
Bacon, Richard
Baker, Norman
Baldry, Tony
Barrett, John
Beggs, Roy *(E Antrim)*
Beith, rh A. J.
Bellingham, Henry
Bercow, John
Beresford, Sir Paul
Bottomley, Peter *(Worthing W)*
Bottomley, rh Virginia *(SW Surrey)*
Brady, Graham
Brake, Tom *(Carshalton)*
Brooke, Mrs Annette L.
Browning, Mrs Angela
Bruce, Malcolm
Burnside, David
Burt, Alistair
Cable, Dr. Vincent
Campbell, rh Sir Menzies *(NE Fife)*
Carmichael, Alistair
Cash, William
Chapman, Sir Sydney *(Chipping Barnet)*
Chidgey, David
Clappison, James
Collins, Tim
Cotter, Brian
Davies, Quentin *(Grantham & Stamford)*
Davis, rh David *(Haltemprice & Howden)*
Djanogly, Jonathan
Dorrell, rh Stephen
Doughty, Sue
Duncan, Alan *(Rutland)*
Duncan, Peter *(Galloway)*
Duncan Smith, rh Iain
Evans, Nigel
Fabricant, Michael
Fallon, Michael
Flight, Howard
Forth, rh Eric
Foster, Don *(Bath)*
Fox, Dr. Liam
George, Andrew *(St. Ives)*
Gidley, Sandra
Gillan, Mrs Cheryl
Grayling, Chris
Green, Damian *(Ashford)*
Greenway, John
Grieve, Dominic
Gummer, rh John
Harvey, Nick
Heald, Oliver
Heathcoat-Amory, rh David
Hendry, Charles
Hermon, Lady
Hogg, rh Douglas
Holmes, Paul
Horam, John *(Orpington)*
Howard, rh Michael
Jackson, Robert *(Wantage)*
Keetch, Paul
Kennedy, rh Charles *(Ross Skye & Inverness)*
Key, Robert *(Salisbury)*
Kirkbride, Miss Julie
Knight, rh Greg *(E Yorkshire)*
Lait, Mrs Jacqui
Lansley, Andrew
Laws, David *(Yeovil)*
Leigh, Edward
Letwin, rh Oliver
Liddell-Grainger, Ian
Lidington, David
Lilley, rh Peter
Loughton, Tim
McIntosh, Miss Anne
McLoughlin, Patrick
Maples, John
Mates, Michael
Maude, rh Francis
Mawhinney, rh Sir Brian
Mitchell, Andrew *(Sutton Coldfield)*
Norman, Archie
Öpik, Lembit
Osborne, George *(Tatton)*
Ottaway, Richard
Page, Richard
Prisk, Mark *(Hertford)*
Pugh, Dr. John
Redwood, rh John
Reid, Alan *(Argyll & Bute)*
Robertson, Hugh *(Faversham & M-Kent)*
Robertson, Laurence *(Tewk'b'ry)*
Roe, Dame Marion
Russell, Bob *(Colchester)*
Sanders, Adrian
Sayeed, Jonathan
Shepherd, Richard
Smith, Sir Robert *(W Ab'd'ns & Kincardine)*
Spicer, Sir Michael
Spink, Bob *(Castle Point)*
Spring, Richard
Steen, Anthony
Stunell, Andrew
Swayne, Desmond
Syms, Robert
Taylor, Ian *(Esher)*
Taylor, Matthew *(Truro)*
Taylor, Sir Teddy
Teather, Sarah
Tonge, Dr. Jenny
Turner, Andrew *(Isle of Wight)*
Tyler, Paul *(N Cornwall)*
Tyrie, Andrew
Walter, Robert
Waterson, Nigel
Watkinson, Angela
Whittingdale, John
Wiggin, Bill
Wilkinson, John
Willetts, David
Williams, Roger *(Brecon)*
Wilshire, David
Young, rh Sir George

Tellers for the Ayes:
Mr. Mark Francois and Mr. Hugo Swire

NOES

Adams, Irene *(Paisley N)*
Ainger, Nick
Ainsworth, Bob *(Cov'try NE)*
Anderson, rh Donald *(Swansea E)*
Anderson, Janet *(Rossendale & Darwen)*
Armstrong, rh Ms Hilary
Atherton, Ms Candy
Austin, John
Bailey, Adrian
Banks, Tony
Barnes, Harry
Battle, John
Begg, Miss Anne
Bennett, Andrew
Benton, Joe *(Bootle)*
Berry, Roger
Betts, Clive
Blizzard, Bob
Borrow, David
Bradley, rh Keith *(Withington)*
Bradley, Peter *(The Wrekin)*
Bradshaw, Ben
Brennan, Kevin
Brown, rh Nicholas *(Newcastle E Wallsend)*
Browne, Desmond
Bryant, Chris

Burgon, Colin
Byers, rh Stephen
Cairns, David
Campbell, Mrs Anne *(C'bridge)*
Campbell, Ronnie *(Blyth V)*
Cawsey, Ian *(Brigg)*
Challen, Colin
Chapman, Ben *(Wirral S)*
Chaytor, David
Clapham, Michael
Clark, Mrs Helen *(Peterborough)*
Clark, Dr. Lynda *(Edinburgh Pentlands)*
Clark, Paul *(Gillingham)*
Clarke, rh Tom *(Coatbridge & Chryston)*
Clarke, Tony *(Northampton S)*
Clelland, David
Clwyd, Ann *(Cynon V)*
Coaker, Vernon
Coffey, Ms Ann
Cohen, Harry
Corbyn, Jeremy
Corston, Jean
Cranston, Ross
Cryer, Ann *(Keighley)*
Cummings, John
Cunningham, Jim *(Coventry S)*
Cunningham, Tony *(Workington)*
Davey, Valerie *(Bristol W)*
Davies, rh Denzil *(Llanelli)*
Davies, Geraint *(Croydon C)*
Dawson, Hilton
Dean, Mrs Janet
Denham, rh John
Dhanda, Parmjit
Dismore, Andrew
Dobbin, Jim *(Heywood)*
Dobson, rh Frank
Doran, Frank
Dowd, Jim *(Lewisham W)*
Drew, David *(Stroud)*
Dunwoody, Mrs Gwyneth
Eagle, Maria *(L'pool Garston)*
Edwards, Huw
Efford, Clive
Ellman, Mrs Louise
Ennis, Jeff *(Barnsley E)*
Etherington, Bill
Ewing, Annabelle
Farrelly, Paul
Field, rh Frank *(Birkenhead)*
Fisher, Mark
Fitzpatrick, Jim
Fitzsimons, Mrs Lorna
Flint, Caroline
Flynn, P[illegible] *(Newport W)*
Follett, Barbara
Foster, rh Derek
Foster, Michael Jabez *(Hastings & Rye)*
Foulkes, rh George
Francis, Dr. Hywel
Gerrard, Neil
Gibson, Dr. Ian
Godsiff, Roger
Goggins, Paul
Griffiths, Jane *(Reading E)*
Griffiths, Nigel *(Edinburgh S)*
Griffiths, Win *(Bridgend)*
Grogan, John
Hall, Mike *(Weaver Vale)*
Hall, Patrick *(Bedford)*
Hamilton, David *(Midlothian)*
Hanson, David
Harman, rh Ms Harriet
Havard, Dai *(Merthyr Tydfil & Rhymney)*
Healey, John
Henderson, Doug *(Newcastle N)*
Hendrick, Mark
Heppell, John
Heyes, David
Hinchliffe, David
Hodge, Margaret
Hoey, Kate *(Vauxhall)*
Hope, Phil *(Corby)*
Hopkins, Kelvin
Howarth, rh Alan *(Newport E)*
Howarth, George *(Knowsley N & Sefton E)*
Howells, Dr. Kim
Hoyle, Lindsay
Hughes, Beverley *(Stretford & Urmston)*
Hughes, Kevin *(Doncaster N)*
Humble, Mrs Joan
Hurst, Alan *(Braintree)*
Hutton, rh John
Iddon, Dr. Brian
Illsley, Eric
Irranca-Davies, Huw
Jackson, Helen *(Hillsborough)*
Jamieson, David
Johnson, Miss Melanie *(Welwyn Hatfield)*
Jones, Helen *(Warrington N)*
Jones, Jon Owen *(Cardiff C)*
Jones, Kevan *(N Durham)*
Jones, Lynne *(Selly Oak)*
Jones, Martyn *(Clwyd S)*
Jowell, rh Tessa
Keeble, Ms Sally
Kelly, Ruth *(Bolton W)*
Kennedy, Jane *(Wavertree)*
Khabra, Piara S.
Kidney, David
Killoyle, Peter
King, Andy *(Rugby)*
King, Ms Oona *(Bethnal Green & Bow)*
Knight, Jim *(S Dorset)*
Ladyman, Dr. Stephen
Lawrence, Mrs Jackie
Leslie, Christopher
Levitt, Tom *(High Peak)*
Lewis, Terry *(Worsley)*
Liddell, rh Mrs Helen
Linton, Martin
Lloyd, Tony *(Manchester C)*
Llwyd, Elfyn
Love, Andrew
Lucas, Ian *(Wrexham)*
Luke, Iain *(Dundee E)*
Lyons, John *(Strathkelvin)*
McCafferty, Chris
McDonnell, John
McFall, rh John
McGuire, Mrs Anne
McIsaac, Shona
McKechin, Ann
McKenna, Rosemary
McNamara, Kevin
McNulty, Tony
MacShane, Denis
Mandelson, rh Peter
Marris, Rob *(Wolverh'ton SW)*
Marsden, Gordon *(Blackpool S)*
Martlew, Eric
Meacher, rh Michael
Meale, Alan *(Mansfield)*
Michael, rh Alun
Milburn, rh Alan
Miller, Andrew
Mitchell, Austin *(Gt Grimsby)*
Moffatt, Laura
Mole, Chris
Morgan, Julie
Mountford, Kali
Munn, Ms Meg
Murphy, Denis *(Wansbeck)*
Norris, Dan *(Wansdyke)*
O'Brien, Bill *(Normanton)*
O'Brien, Mike *(N Warks)*
O'Hara, Edward
Olner, Bill
O'Neill, Martin
Osborne, Sandra *(Ayr)*
Owen, Albert
Pearson, Ian
Perham, Linda
Picking, Anne
Pickthall, Colin
Pike, Peter *(Burnley)*
Plaskitt, James
Pollard, Kerry
Pond, Chris *(Gravesham)*
Pope, Greg *(Hyndburn)*
Pound, Stephen
Prentice, Ms Bridget *(Lewisham E)*
Prentice, Gordon *(Pendle)*
Price, Adam *(E Carmarthen & Dinefwr)*
Primarolo, rh Dawn
Prosser, Gwyn
Purchase, Ken
Purnell, James
Quin, rh Joyce
Quinn, Lawrie
Rapson, Syd *(Portsmouth N)*
Reed, Andy *(Loughborough)*
Robertson, John *(Glasgow Anniesland)*
Roy, Frank *(Motherwell)*
Ruane, Chris
Russell, Ms Christine *(City of Chester)*
Salmond, Alex
Savidge, Malcolm
Sawford, Phil
Sedgemore, Brian
Sheerman, Barry
Sheridan, Jim
Shipley, Ms Debra
Short, rh Clare
Skinner, Dennis
Smith, rh Chris *(Islington S & Finsbury)*
Smith, Geraldine *(Morecambe & Lunesdale)*
Smith, Jacqui *(Redditch)*
Smith, Llew *(Blaenau Gwent)*
Soley, Clive
Southworth, Helen
Starkey, Dr. Phyllis
Stevenson, George
Stewart, David *(Inverness E & Lochaber)*
Stinchcombe, Paul
Stoate, Dr. Howard
Strang, rh Dr. Gavin
Stringer, Graham
Stuart, Ms Gisela
Taylor, rh Ann *(Dewsbury)*
Taylor, Dan *(Stockton S)*
Thomas, Gareth *(Clwyd W)*
Thomas, Simon *(Ceredigion)*
Timms, Stephen
Todd, Mark *(S Derbyshire)*
Touhig, Don *(Islwyn)*
Trickett, Jon
Truswell, Paul
Turner, Dennis *(Wolverh'ton SE)*
Turner, Dr. Desmond *(Brighton Kemptown)*
Turner, Neil *(Wigan)*
Twigg, Derek *(Halton)*
Tynan, Bill *(Hamilton S)*
Walley, Ms Joan
Ward, Claire
Wareing, Robert N.
Watts, David
Weir, Michael
White, Brian
Whitehead, Dr. Alan
Wicks, Malcolm
Williams, rh Alan *(Swansea W)*
Williams, Betty *(Conwy)*
Wills, Michael
Wilson, Brian
Winnick, David
Winterton, Ms Rosie *(Doncaster C)*
Wishart, Pete
Worthington, Tony
Wright, Anthony D. *(Gt Yarmouth)*
Wright, David *(Telford)*
Wright, Tony *(Cannock)*

Tellers for the Noes:
Charlotte Atkins and
Joan Ryan

Question accordingly negatived.

Clause 4

DUTY STAMPS FOR SPIRITS ETC

Mr. Laws: I beg to move amendment No. 35, in page 3, line 11, leave out clause 4.

Mr. Deputy Speaker (Sir Michael Lord): With this it will be convenient to discuss the following amendments: No. 41, in page 265, line 2, leave out schedule 1.

Government amendments Nos. 50 to 70.

Mr. Laws: The previous time we debated this issue in detail was on 27 April on the Floor of the House. The debate lasted some four hours, which was more than

[Mr. Laws]

50 per cent. of the deliberations. I hope that the debate today will be somewhat shorter, although, with the number of hon. Members from Scottish constituencies here, that is not guaranteed.

It was appropriate that we had a detailed debate about the issue, because it has caused much concern in the spirits industry in the United Kingdom, across all parties. I do not intend to go over all the ground that we covered on 27 April because that has already been written into the record, but it is worth reminding the House of the conclusion of the all-party Select Committee on Scottish Affairs, which reported prior to the debate in April. It concluded:

"Until definitive figures are available"

on the extent of fraud in the spirits industry,

"no estimate, whether from Customs or from the industry, can be accepted as accurate. For any Government to introduce important measures which could have major implications for industry and employment, based on what could be inaccurate figures, might be considered precipitate to the point of being reckless."

Since that debate, there have been two developments that are relevant to our discussions. The first is that the Lords Select Committee on Economic Affairs has had an opportunity to debate the issue in detail and to take evidence from the industry and others about the potential implications of the measures that the Government intend to take. Secondly, amendments have been tabled by the Government. Perhaps you, Mr. Deputy Speaker, will allow me to turn to the Government amendments first because, to the extent that they address this particular issue and concern, they will limit the rest of the debate, particularly the debate about the different estimates of the extent of the fraud in the sector and the cost that will fall on the spirits industry and particularly smaller producers as a consequence of the measures that the Government envisage.

We have already had some feedback from one of the major industries that will be affected by the measure and by the amendments that the Government have tabled in the past few days. In an e-mail on 5 July to my hon. Friend the Member for Argyll and Bute (Mr. Reid), who has been particularly active in lobbying on the issue alongside many other Scottish MPs from all political parties, the Scotch Whisky Association set out its view about the Government amendments. It says that in the first instance, contrary to some weekend newspaper reports, largely in the Scottish media, the amendments do not mean that the Chancellor is abandoning strip stamps either in principle or in terms of the conclusion that the Government have so far reached. It goes on to say that the amendments are positive in that they allow the industry and the Government to continue discussions about whether an alternative route to a piece of paper over the top of the bottle can be found and that this "might"—it underlines "might"—in the type B variant include a tax stamp appearing within the back label of a bottle, for example, or even under the type A proposal, the ability to attach a self-adhesive label somewhere on the bottle. The SWA goes on to say that such a solution would incur expenditure on the redesign of labels, but that that would be minor compared with companies having to buy strip stamp application machines, which was the Government's previous proposal. The SWA's assessment is that the amendments offer an important opportunity for ongoing discussions to take place against legislation that gives the chance of flexibility in design of the final tax stamp scheme. However, it points out that it has received no concrete assurance that the original preference will not in fact be the one that we end up with. It says that we need to satisfy Customs and Excise over the security aspects of the alternative and ensure that there is sufficiently broad support across the industry.

6.30 pm

However, this is certainly a step in the right direction, and I welcome the fact that the Economic Secretary and his colleagues have had detailed discussions with the industry on reducing compliance costs, and on the principle of the scheme. My colleagues and I certainly will not oppose the Government amendments tabled today. If they are accepted, the compliance burden on the industry will potentially be significantly less than it would otherwise be.

That said, we have tabled a couple of amendments that would delete clause 4 and the associated schedule. We continue to table such amendments, and currently intend to vote on them, because we are still unconvinced that the Government have proven the case for introducing proposals of any kind.

Alongside the Government's proposals, which are a small step in the right direction, there has been another major development since we debated this issue in April: the assessment by the Lords Select Committee on Economic Affairs of various key aspects of the Finance Bill. It is a cross-party Committee, and in reporting on this matter it has come up with some clear—and very critical—conclusions. One of my colleagues on that Committee told me the other day that he considered this the most deficient aspect of the Finance Bill, and that the Committee was perhaps more concerned about the estimate of fraud than about any of the other salient elements of the Bill that they looked at in detail.

Mr. John Lyons (Strathkelvin and Bearsden) (Lab): The hon. Gentleman should consider the fact that the argument has moved on somewhat, as his earlier comments about the SWA e-mail underlined. The Scottish Affairs Committee, among others, was deeply concerned that because the stamp is designed to go over the top of the bottle, the costs for distilleries such as Bushmills would be rather high. So we were happy that the SWA endorsed a flexible approach, and that the Government were able to discuss with it an alternative to placing the stamp over the top of the bottle.

Mr. Laws: I am grateful to the hon. Gentleman for that intervention, which highlights where the debate is now. It is clear that the measures proposed in the Government amendments are a clear step forward. They have the potential to reduce the compliance burden associated with the measures that the Government are seeking to implement, but they still leave the SWA, the spirits industry and ourselves with an underlying worry about whether the Government have justified introducing this additional burden at all.

I remind the hon. Member for Strathkelvin and Bearsden (Mr. Lyons) of the Scottish Affairs Committee's conclusion, and underline the quotation that I referred to earlier:

"Until the definitive figures are available, no estimate, whether from Customs or from industry, can be accepted."

The hon. Gentleman will recollect that the Committee continued:

"Introducing changes of any kind would be considered precipitate to the point of being reckless, without actually understanding the extent of the fraud and getting some greater agreement over the figures."

The Lords Select Committee on Economic Affairs discussed the fact that Customs and Excise and the industry have given various estimates of the extent of fraud, and it discussed the National Audit Office assessment of those estimates. It refers to the fact that the potential variation in the estimate of fraud is between £10 million at the bottom end and £1,060 million at the top end, a huge amount. I do not know whether the hon. Gentleman has had a chance to see the report from the House of Lords Economic Affairs Committee, but it would be useful for him to do so.

Malcolm Bruce (Gordon) (LD): Does my hon. Friend agree that we have to put this into context? I have 12 distilleries in my constituency, and the spirits industry makes a huge contribution to the economy and is our major export. Yet the Government seem to be obsessed with a fraud they cannot prove and a mechanism that would affect the industry's competitiveness. We are the leading marketeer of branded spirits in the world. Is it really necessary for the Government to impose this kind of extra cost on the industry unless they can justify it in terms of fraud? The figures quoted by my hon. Friend show that the parameters are ridiculous.

Mr. Laws: My hon. Friend is right. Although the Scotch Whisky Association and the spirits industry may prefer the Government amendments to the original proposals, that does not mean that they support even the amended proposals on the basis of the available evidence. The House of Lords Economic Affairs Committee concluded:

"While we accept that estimates of the scale of fraud are always uncertain, we are concerned by the extent of the differences in the estimates between those of the industry and those of the Government. Clearly the question whether the compliance costs of duty stamps represent a reasonable burden depends in part on the extent of the fraud. In this context we are particularly disturbed at the size of the statistical range in the Government's own figures, and have some sympathy for the view urged on us by the industry that uncertainty over the measure of the fraud means that a necessary pre-condition for the introduction of so burdensome a measure has not been met."

The Committee added that there was an urgent need for additional work to establish whether the cost estimates of the Exchequer were reliable, adding that it would be dangerous to introduce the additional potential costs without a clear understanding of the extent of fraud and, therefore, the extent of the benefit.

The House of Lords Economic Affairs Committee raised a number of important points that we discussed on 27 April; important issues but, compared with the overall issue of the amount of fraud, second-order issues. One is the question of the counterfeiting of tax stamps, about which representatives from Customs and Excise gave evidence to the House of Lords Committee. After considerable debate and consideration, the Committee concluded:

"We note the confident note struck by HMCE in respect of the risks of counterfeiting and that this reflected the reassuring tone of the Economic Secretary's response to the Scottish Affairs Committee, who, however, felt such a response to be verging on the complacent. Counterfeiting of stamps could in the event add to the overall burden of costs of the measure, and in this instance too, it is difficult to evaluate against the background of uncertainty over the measure of spirits diversion fraud."

In other words, the House of Lords Committee was not persuaded by the case that the Government were making on counterfeiting.

There are other points on which we would like clarification from the Economic Secretary. In particular, we need an update on the discussions taking place with the industry and the extent of progress in agreeing steps to reduce the compliance burden. The Economic Secretary said that he hoped that smaller producers—who might be particularly hard hit by the measure—would introduce some targeted measures to reduce the costs.

There has been some discussion about the cost of the stamps being borne entirely by the Government rather than falling upon the industry. I understand that there is scope within the Bill for debate about whether that will happen. I hope that the Economic Secretary will make it clear today that all of the cost of the stamps will be borne by the Government.

I hope that I have not been too ungenerous to the Economic Secretary, who has made some progress since we debated the issue about a month ago. He is bringing forward measures that address some of the concerns of the industry and therefore we will not oppose the amendments that he has tabled today. However, the big issue that remains, as identified by the House of Lords Economic Affairs Committee and in the Scottish Affairs Committee report, is what is a reasonable estimate of fraud in this sector. Is there not a real risk of introducing measures, in either their amended or original form, which will impose costs on the industry that are much more significant than the benefits that we could potentially secure?

John Healey: I rise to explain the Government amendments in the group, but I welcome their approval by the hon. Member for Yeovil (Mr. Laws) and I hope to give him the progress report that he seeks. He said that he did not want to go over the ground covered by the Committee of the whole House on 27 April, but his amendments are drafted in such a way that other hon. Members may want to take advantage of them and go over those arguments, even though the debate was in a sense settled a couple of months ago.

I hope that hon. Members will recall that, as the hon. Gentleman said, that debate lasted for nearly four hours. It was a debate in which 22 Members took part, with me playing my part by taking 49 minutes for my opening speech. Much to the displeasure of my colleagues in the Whips Office, I took 23 interventions, and a further 20 minutes responding to the points raised in the debate.

Mr. Alex Salmond (Banff and Buchan) (SNP): In remembering that debate, as I do, does the Economic Secretary recall how many of the 22 speeches made from both sides of the House were enthusiastically in favour of the Government's proposals?

John Healey: Even my own speech was not enthusiastically in favour of the Government's proposals. I made it very clear that it was a step that we did not wish to take, but that, having exhausted more than two years of work with the industry, we had come to the conclusion that there was simply no other way of trying to tackle the levels of fraud in the spirits sector. After the Committee of the whole House, the industry accepted that tax stamps were part of the Bill. It said afterwards that it would work with the Government to introduce the duty stamps—and it has. The Scotch Whisky Association said that the important thing was that the industry should be involved in detailed discussions with Customs and Excise and the Treasury to ensure that a workable regime was introduced. As my hon. Friend the Member for Strathkelvin and Bearsden (Mr. Lyons) has just said, the argument has moved on.

In case hon. Members are not aware of it, let me explain that, soon after the Committee of the whole House debate a couple of months ago, the trade formally proposed to Customs the solution of back labels. The case was prepared well and some of the security features that we were keen to see incorporated in any tax stamp were examined. The Government amendments before us this evening are the result of the detailed and constructive work that has taken place during 16 separate meetings between the Government and the industry since the Committee of the whole House.

During that debate on clause 4 and schedule 1, I emphasised the commitment made in the Budget that, while we would press ahead with the duty stamps regime, we would aim to ensure that the duty stamps were implemented in such a way that additional costs and complexity to the industry were minimised. I also welcomed in that debate the report of the Scottish Affairs Committee, chaired by my hon. Friend the Member for Paisley, North (Mrs. Adams), and I committed the Government to give due consideration to the Scottish Affairs Committee's advice that

"it would be far less disruptive to the industry for a tax stamp to be incorporated into the front or the back label of a bottle."

Malcolm Bruce: The Economic Secretary is explaining the justification for the Government amendments, but does he not acknowledge that the industry is trying to secure the least bad solution? The industry would prefer not to have any sort of requirement that would add costs, so the Economic Secretary is being rather disingenuous in suggesting that this is the industry's preferred solution. It is the least bad one, given that the Government want to press ahead.

John Healey: The hon. Gentleman needs to be a little patient. The industry has not let the Government forget that it would rather not have tax stamps. I make no bones about that but, since this matter was last discussed in the Committee of the whole House, the argument has changed. The industry has fulfilled its undertaking to work with us, and we have done much detailed and constructive work on the logistics of implementing the tax stamps regime. The introduction of the scheme is still 20 months away, and I look forward to the continuation of the consultation and the detailed discussion that we have had so far.

Mrs. Irene Adams (Paisley, North) (Lab): The industry was well aware of the problems with whisky fraud. In two years, it took no steps to produce suggestions about how to tackle that fraud.

6.45 pm

John Healey: My hon. Friend is right. She is Chair of the Scottish Affairs Committee, which pointed out the industry's lack of action in its report. The media did not give that element of the report much attention, but it was a central part of the Committee's analysis. It remains an important consideration.

In the earlier debate, I warned that the back label approach might not deliver the degree of simplicity that we hoped for without compromising the regime's effectiveness in tackling fraud, or suffering some of the other flaws of conventional strip stamps. Over the past three months, however, representatives of Customs and the industry have met regularly to look at the details of implementing a duty stamp regime.

As happened before the Budget, we have conducted consultations through the joint alcohol and tobacco consultative group. That industry forum is made up of representatives from producers, importers, retailers, travel retailers and warehouse keepers. Customs officials have worked with the JATCG's spirits group, and with two specially constituted specialist sub-groups looking at the detailed technical design of the tax stamp system, and at payments and compliance costs issues.

Work has also continued, again in discussion with the industry through the JATCG, on the package of regulatory measures announced in last year's pre-Budget report. The measures complement the duty stamp system in clamping down on the opportunities for spirits fraud, and in helping to prevent the possible displacement of the fraud, from the spirits sector to other parts of the drinks industry.

I pay tribute to the industry's approach to the work. It has never let us forget that it does not like tax stamps, but it has continued to emphasise its support for clamping down on fraud. Also, it has carried out its undertaking to work with us constructively to find a workable and effective duty stamps regime.

The progress that has been made over the past three months means that I have been able to table these Government amendments, which will do two things. First, they will build into the legislation the flexibility that will allow us to adopt a system for incorporating duty stamps into the labels on the back of bottles of spirits, if that can be made to work. Secondly, and consequently, they will provide flexibility to enable arrangements for payment of duty stamps to reflect that decision on the duty stamps.

I make it clear to the hon. Member for Yeovil that that does not affect the Government's commitment to bear the costs of printing and distributing tax stamps. If we decide to take the back label route, I do not think that the Government can be expected to pay for more than the duty stamp element

of the back labels, as those labels serve much broader purposes for the industry, including product branding. However, I emphasise that the Government have not yet made a firm decision to go ahead with the back label system. Indeed, we are not yet in a position to make such a decision. There would be obvious concerns about the integrity and security of a duty stamps regime that permitted the full range of printers who currently supply labels to the UK spirits industry—and to those producers who supply to the UK market—to have access to the facilities that produced the tax stamps. However, it is at present uncertain whether any restrictions on the supply of labels would be compatible with EU law or World Trade Organisation rules. That is the issue that we need to examine further.

Mr. Salmond: Given the unwillingness of the industry to accept strip stamps, given the uncertainty about the estimates that attempt to quantify the fraud, and given the new uncertainty that the Economic Secretary has spoken of—whether the proposal can be mitigated by the back label scheme—does he agree that we should not legislate on the issue? Everything he says suggests that the matter should still be at the discussion and formulation stage, not being considered during the Report stage of the Finance Bill.

John Healey: It is just three months since the Budget confirmation that we wanted to press ahead with tax stamps and 20 months until their implementation, and now is the time that we must put the legislative framework in place. That framework needs to allow sufficient flexibility for us to make decisions that we are not yet in a position to make.

I do not believe that the SWA would press us for early decisions on the matter. If it had done so before, the early decision would have been to proceed with strip stamps, not back label stamps. We should consider the legislation now and build in the flexibility that we may need in the future.

John Robertson (Glasgow, Anniesland) (Lab): I congratulate my hon. Friend on what he has said, but will he assure me and the whisky industry that his proposals are not just words to appease politicians and companies to stave off the fateful day, but a proper attempt to try to save the industry money and solve the problem of fraud? We want to see deeds, not words.

John Healey: I do not believe that my hon. Friend could have picked up any doubt on the part of the industry about the seriousness with which Customs staff, Treasury officials and I have entered into detailed discussions on several occasions since the Budget and the debate in Committee on the Floor of the House. Together with the trade, we have been able to establish the potential benefits of a back label system.

Mr. Laws: I appreciate that the Economic Secretary does not believe that the proposals are yet ready to be approved, but can he tell us how long it will be before he decides whether the amendments that he has tabled today can be implemented or that he will need to revert to the original proposals? How many months will it be before we know?

John Healey: We are not in a position at this stage to make a decision. I hope that within two to three months we will be able to reach a firmer decision.

Mr. Prisk: The amendments mention label type A and label type B as the two options available. Are those options mutually exclusive or would they run side by side?

John Healey: We have not made those decisions yet. The purpose of the amendments is to give us the flexibility to make those decisions in due course, when we are in a position to do so.

My hon. Friends have been supportive of our efforts to find a workable solution for the introduction of the tax stamp regime and I am sure that they would be interested to hear about the conclusions that we have been able to reach about the potential benefits of back labels. I know that Labour Members who have played a big part in discussion of the issue on the Scottish Affairs Committee will certainly want to hear those conclusions.

Let me make three things clear. First, we have been able to establish that, as the vast majority of spirits products already carry back labels, both the initial and the ongoing compliance costs of the option would be significantly less for the industry than strip stamps. In particular, the requirement for new machinery for the industry to apply stamps would be substantially reduced.

Secondly, as duty stamps would in the vast majority of cases be incorporated in labels that already bore the product's brand name, a back label system could help to reduce the incentive for the counterfeiting and theft of duty stamps. Obviously, a potential fraudster would need to match a stolen or counterfeited stamp to something that could pass for the matching product. Thirdly, Customs is satisfied that a back label stamp could incorporate the full range of security and anti-counterfeiting measures that are vital for the prevention of stamp duty fraud.

Mr. Michael Weir (Angus) (SNP): The Minister has rather skimmed over the discussions held with the industry about other aspects of fraud in the supply chain. When the Scottish Affairs Committee looked at that matter, it found that a key element was that fraud did not arise at the distillery but further down in the supply chain. Whether the Minister opts for a back label or an over-bottle strip stamp, he needs to explain how either would necessarily deal with that problem. Can he be more specific about that?

John Healey: To give the hon. Gentleman credit, he attended most of the debate on 27 April when we covered that issued comprehensively. As I have already made clear, alongside our detailed discussions with the industry about the potential for the use of back labels instead of strip stamps, we have been discussing compliance costs and how to reduce them, and looking into other regulations and measures that will help to deal with the sort of problems that he is concerned about.

[John Healey]

Our amendments are intended to create scope for the design of the stamp to be determined once we have made the fullest possible assessment of the relative merits of a strip stamp and a back label scheme and, most important, when we have clarified the legal position. I commend the amendments to the House.

Mr. Prisk: The United Kingdom whisky and spirits industry is important for exports and for jobs. Scotch whisky exports alone are worth more than £2 billion a year, and many jobs in the industry are located in communities where there are few other employment opportunities.

Throughout the passage of the Bill, the Government have told us that they want to impose tax stamps on spirits because they believe it is the only way to prevent fraud in the UK spirits market. The Opposition do not doubt that there is fraud. What is at question, however, is the scale of the fraud and whether strip stamps will deal with it without unduly harming the industry.

That is why, throughout the Bill's proceedings, we have urged the Government not to press ahead with the scheme. It is an impractical policy, based on questionable statistics, and it has been rejected by many of our competitors, which is why we support the amendment moved by the hon. Member for Yeovil (Mr. Laws).

The Government's briefing to Members of 18 March shows that, depending on the assumptions made, the fraud the scheme seeks to curtail could be as little as £10 million or as much as £1,080 million. In short, no one really knows the scale of the problem.

We fully accept that there is a problem and that action is required. However, the very uncertainty about the nature of the problem means that it is even more important that the Government work closely with the industry. To that end, I note the 21 amendments that the Government have tabled. I also thank the Economic Secretary for his letter to my right hon. Friend the shadow Chancellor of 2 July, which indicates acceptance of many of the points that we raised in earlier exchanges, both on Second Reading and in Committee.

The decision to respond positively to the suggestion that a duty stamp might be incorporated in existing product labels is to be welcomed. It could remove the danger, which we described, of small businesses having to buy expensive equipment simply to comply with Government regulations.

7 pm

I have discussed the decision with the Scotch Whisky Association, which, among others, speaks positively about it—although, frankly, like us, the association would prefer the whole scheme to be replaced with something more practical. However, the Government are not committed to such an amendment. For the benefit of hon. Members, I shall quote the Economic Secretary's letter to the shadow Chancellor, in which he states:

> "You should note that this does not mean that the Government will implement the industry proposal for a label mark. There are still a number of concerns over the label mark proposals, to which we need to give further detailed consideration with the industry and with Government lawyers."

He then sets out some of those practical problems, including the danger that such a scheme could be open to scrutiny, as it might create barriers to trade. Indeed, that is a significant problem. I hope that he will give those matters due care, and his record suggests that he will. The industry has made it clear to me and many other hon. Members right from the beginning that, if handled badly, the scheme could make UK production in the whisky market less competitive. Of course, it has also stressed that there are important legal hurdles in a single market.

When the Chancellor announced the scheme, he expressed a wish to hear alternatives. Despite what has been said earlier, the spirits industry has, in fact, suggested 17 alternative anti-fraud packages since then. In particular, the industry has based its approach on what, to be fair, in most other cases, the Government usually applaud—a risk-based strategy. By focusing on the higher risk movements, there would be a better chance of securing lost revenue, without unfairly burdening legitimate traders.

I hope that in his reply the Minister will be able to set out what progress is being made. He has mentioned some of it, but I hope that he can elaborate further. In addition, of course, as we learned during the earlier consideration of the Bill, the Minister has already made a series of valuable concessions. The combined cost of the capital fund, the printing support and a two-year tax freeze is approximately £123 million. Given that the Government expect to claw back only about £160 million in lost revenue, the net gain seems remarkably small. Will the Minister say whether those figures have changed?

The scheme remains, in our view, unduly onerous and based on uncertain evidence. We would rather that the Government listened to the industry before taking any further step. Despite the concessions that the Minister has made, to which he has referred, it remains our view that, on this scheme, in principle and in practice, it is time for the Government to think again.

Annabelle Ewing (Perth) (SNP): I, too, rise to support amendments Nos. 35 and 41, tabled by the hon. Member for Yeovil (Mr. Laws). As we have heard, those amendments would delete clause 4, thereby scrapping the Government's proposed tax stamp scheme. Like many hon. Members—certainly those who represent constituencies in Scotland—I have a direct whisky interest in my constituency: the headquarters of the Edrington Group is based in Perth. I can also lay claim to the oldest, albeit the smallest, distillery in Scotland—the Glenturret distillery, just outside Crieff, which is also in my constituency.

We have heard much about the importance of the Scotch whisky industry to the Scottish economy and that some 40,000 jobs are dependent on the industry throughout the length and breadth of Scotland. Indeed, it is one of Scotland's premier industries, so it is absolutely incredible that, notwithstanding all the uncertainties about the scheme, the UK Government still propose to go ahead with a damaging tax stamp scheme that has won no support outside the Treasury in London. I should have thought that the Government's role is to support our key industries, not actively to adopt measures that will damage them.

As the debate has unfolded over the past months, we have heard pronouncement after pronouncement against the adoption of the scheme in principle at this time. All the key players have made those pronouncements, including the industry, the unions, the Scottish Parliament and the Select Committee on Scottish Affairs. Even Scotland's estimable First Minister expressed his disappointment that the UK Government would proceed.

When I said a moment ago that the Treasury had no allies, I was perhaps not being 100 per cent. accurate because it has one ally—the Scottish Socialist party. It was the only party in the Scottish Parliament that failed to support a cross-party motion that called on the UK Government to reverse the damaging scheme. The fact that the Government have to rely on the support of the Trots says a lot about the unsoundness of their proposal.

Why is there such united opposition in Scotland? The introduction of the tax stamp scheme is seen as damaging to the industry because the case on which it is based involves figures that have been criticised as unreliable. We have heard today about the House of Lords Economic Affairs Committee report and previously about the comments of the National Audit Office—the Economic Secretary is smiling about that for some reason. There has been no proper rigorous analysis of the likely effectiveness of the proposals. Indeed, the Economic Secretary admitted on Second Reading that the Government intended to go ahead with the tax stamp scheme despite the fact that no proper assessment had been made of the risk of counterfeiting. At the same time, however, the UK Government were quick to reject out of hand the industry's entirely reasonable alternative proposals.

It is correct to say that Government amendments Nos. 50 to 70 offer the possibility of mitigating the significant cost of the scheme to the industry, but I would say no more than that, not least due to the lack of detail and the absence of any assurance from the Economic Secretary tonight about the back-label option. The fundamental point remains that the UK Government have not made an unarguable case for legislating for tax stamps in principle at this time. It is clear that tax stamps will cost the industry; the question is, "How much?"

Amendment Nos. 35 and 41 represent one last opportunity to scrap the daft and damaging proposals, which is why my Scottish National party colleagues and I will support them. I urge Scottish Labour Members to consider doing the same because in a democratic society, surely the vote should follow the voice. For once, I would have thought it would be important for them to put the interests of their constituents and country ahead of those of the London Chancellor.

Mr. Alan Reid (Argyll and Bute) (LD): It is quite clear that the case for tax stamps on bottles of spirits has not been made. Having said that, I am pleased that the Economic Secretary has held discussions with the spirits industry and tabled amendments that allow for the alternative option of incorporating the stamps on labels. I suggested in Committee that that option would not be as bad as the strip stamp proposal, so I am pleased that the amendments have been tabled.

Although the alternative proposal of incorporating stamps on labels would be less costly for the industry, I am still firmly of the view that the case for tax stamps has not been made for other reasons. For example, the industry will still face the problems and cost involved in keeping the tax stamps secure, and it might yet be faced with the cost of buying the stamps up front.

In response to the Scottish Affairs Committee report, the Government said that they were

"seeking to implement tax stamps without requiring upfront payment for stamps".

That sounded good, but they went on to say:

"Realising this ambition is not straightforward".

That wording is worrying. The Government want to pass the Bill without giving us any assurances that they will come up with a scheme for the deferred payment of duty. In fact, they may not be able to come up with a scheme for deferred payment of duty, which is extremely worryingly and reinforces the argument that it is premature to pass legislation today to introduce a tax stamp scheme.

Despite all the spin in the press over the weekend, and even though they have undertaken to consider the label stamp alternative, the Government have not abandoned the idea of putting strip stamps on top of bottles. Even if the Chancellor's amendments are made, clause 4 would still allow him to put strip stamps on top of bottles and compel the industry to buy the stamps up front. The Government have not given a satisfactory answer on the threat of forgery. The experience of other countries shows that if tax stamps are introduced, high-quality forgeries will quickly appear. An experienced customs officer could doubtless spot the forgeries, but a tax stamp scheme is meant to ensure that retailers and customers can tell at a glance whether duty has been paid on a bottle. Given that high-quality forgeries are likely to appear, they will probably be good enough to fool retailers and customers, so the scheme would fail.

There is a wide range of estimates on the extent of duty fraud, and that is no basis on which to introduce tax stamps. The Government should establish a methodology to provide an accurate estimate for the levels of fraud. Once they have done so, they should examine the many alternative anti-fraud measures proposed by the industry. I shall vote for amendment No. 35, because the case for tax stamps has not been made. I am pleased that the Government amendments leave the door open so that they can adopt the industry's suggestion of label stamps. I shall not oppose them because they would make the position less bad, but even with those improvements the case for tax stamps has not been made. The Government have not dealt adequately with security costs, the fact that the industry might have to pay for tax stamps up front and the risk of forged stamps, so I appeal to the House to vote to ditch clause 4.

Sir Robert Smith (West Aberdeenshire and Kincardine) (LD): I welcome the fact that my hon. Friend the Member for Yeovil (Mr. Laws) has tabled amendments Nos. 35 and 41, as they allow us, even at this late stage, to say no to the Government proposal.

The Government have not made the case for imposing such a burden on the industry, but they have tabled amendments to improve a bad situation. My hon.

[Sir Robert Smith]

Friend reminded the Economic Secretary of his wish to address the concerns of smaller producers and small businesses that produce specialist spirits in small production runs. The Government have not yet shown how they plan to address concerns about the burden on that sector, and there is a limited chance that it will be involved in duty fraud or importing and substitution fraud. Those businesses produce spirits that may, or may not, be aimed at the export market, so they will not know at the time of production whether they want to put labels on the bottles. There will therefore be added problems in the production process.

I hope that in their discussions with the industry the Government will propose ways of tackling the concerns of one or two-person businesses with small production runs of specialist spirits. Fraud is not a major concern for them, and they do not show up in the statistics on the problem. If the House supports the amendments tabled by my hon. Friend it can show that the Government have not yet made the case for their proposals.

Mr. Laws: It was useful to have an update from the Economic Secretary on the discussions he has been holding with the Scotch Whisky Association and the wider industry about the Government's proposals. We welcome the Government amendments moved today, which are certainly an improvement on the proposals that the Government put to us when we debated the issue in April. However, two facts remain that make us inclined still to press our amendment to a Division.

First, there is still no guarantee that the Government will not go ahead with the same proposals that were put to us before and rejected by all the bodies that considered them, including the all-party Scottish Affairs Committee. There is no guarantee that those measures will not go through. Secondly and most decisively, I come back to the conclusion of the Scottish Affairs Committee, which stated in its report just a couple of months ago that, without accurate figures on the extent of fraud, it could be considered precipitate to the point of reckless to continue. We still have no reliable information on which to base an assessment of the balance of costs and benefits. For that reason we intend to press our amendment No. 35 to a Division.

Question put, That the amendment be made:—

The House divided: Ayes 147, Noes 252.

Division No. 216] **[7:15 pm**

AYES

Allan, Richard
Amess, David
Arbuthnot, rh James
Atkinson, David *(Bour'mth E)*
Atkinson, Peter *(Hexham)*
Bacon, Richard
Baker, Norman
Baldry, Tony
Barker, Gregory
Baron, John *(Billericay)*
Beggs, Roy *(E Antrim)*
Beith, rh A. J.
Bellingham, Henry
Bercow, John
Beresford, Sir Paul
Blunt, Crispin
Bottomley, Peter *(Worthing W)*
Bottomley, rh Virginia *(SW Surrey)*
Brady, Graham
Brazier, Julian
Brooke, Mrs Annette L.
Browning, Mrs Angela
Bruce, Malcolm
Burnside, David
Burt, Alistair
Cable, Dr. Vincent
Campbell, rh Sir Menzies *(NE Fife)*
Cash, William
Chapman, Sir Sydney *(Chipping Barnet)*
Chidgey, David
Chope, Christopher
Clappison, James
Conway, Derek
Cormack, Sir Patrick
Cotter, Brian
Curry, rh David
Davies, Quentin *(Grantham & Stamford)*
Djanogly, Jonathan
Dorrell, rh Stephen
Doughty, Sue
Duncan, Peter *(Galloway)*
Duncan Smith, rh Iain
Evans, Nigel
Ewing, Annabelle
Fabricant, Michael
Fallon, Michael
Flight, Howard
Flook, Adrian
Forth, rh Eric
Foster, Don *(Bath)*
Francois, Mark
Garnier, Edward
George, Andrew *(St. Ives)*
Gidley, Sandra
Goodman, Paul
Gray, James *(N Wilts)*
Grayling, Chris
Green, Damian *(Ashford)*
Greenway, John
Grieve, Dominic
Gummer, rh John
Harvey, Nick
Heald, Oliver
Heathcoat-Amory, rh David
Hendry, Charles
Hermon, Lady
Hogg, rh Douglas
Horam, John *(Orpington)*
Howard, rh Michael
Howarth, Gerald *(Aldershot)*
Jackson, Robert *(Wantage)*
Jenkin, Bernard
Johnson, Boris *(Henley)*
Keetch, Paul
Kennedy, rh Charles *(Ross Skye & Inverness)*
Key, Robert *(Salisbury)*
Kirkbride, Miss Julie
Knight, rh Greg *(E Yorkshire)*
Lait, Mrs Jacqui
Lansley, Andrew
Laws, David *(Yeovil)*
Leigh, Edward
Letwin, rh Oliver
Lewis, Dr. Julian *(New Forest E)*
Liddell-Grainger, Ian
Lidington, David
Lilley, rh Peter
Llwyd, Elfyn
Loughton, Tim
Luff, Peter *(M-Worcs)*
McIntosh, Miss Anne
Mackay, rh Andrew
McLoughlin, Patrick
Mates, Michael
Maude, rh Francis
Mawhinney, rh Sir Brian
Mercer, Patrick
Mitchell, Andrew *(Sutton Coldfield)*
Moss, Malcolm
Murrison, Dr. Andrew
Norman, Archie
Oaten, Mark *(Winchester)*
O'Brien, Stephen *(Eddisbury)*
Öpik, Lembit
Osborne, George *(Tatton)*
Ottaway, Richard
Page, Richard
Paice, James
Price, Adam *(E Carmarthen & Dinefwr)*
Prisk, Mark *(Hertford)*
Pugh, Dr. John
Robertson, Hugh *(Faversham & M-Kent)*
Robertson, Laurence *(Tewk'b'ry)*
Roe, Dame Marion
Rosindell, Andrew
Russell, Bob *(Colchester)*
Salmond, Alex
Sanders, Adrian
Sayeed, Jonathan
Shepherd, Richard
Spicer, Sir Michael
Spink, Bob *(Castle Point)*
Spring, Richard
Stanley, rh Sir John
Steen, Anthony
Streeter, Gary
Swayne, Desmond
Swire, Hugo *(E Devon)*
Syms, Robert
Taylor, Matthew *(Truro)*
Taylor, Sir Teddy
Teather, Sarah
Thomas, Simon *(Ceredigion)*
Tonge, Dr. Jenny
Turner, Andrew *(Isle of Wight)*
Tyler, Paul *(N Cornwall)*
Tyrie, Andrew
Waterson, Nigel
Weir, Michael
Whittingdale, John
Wiggin, Bill
Wilkinson, John
Willetts, David
Williams, Hywel *(Caernarfon)*
Williams, Roger *(Brecon)*
Wishart, Pete
Young, rh Sir George

Tellers for the Ayes:
Mr. Alan Reid and Sir Robert Smith

NOES

Adams, Irene *(Paisley N)*
Ainger, Nick
Ainsworth, Bob *(Cov'try NE)*
Allen, Graham
Anderson, rh Donald *(Swansea E)*
Anderson, Janet *(Rossendale & Darwen)*
Atherton, Ms Candy
Austin, John
Bailey, Adrian
Baird, Vera
Banks, Tony
Barnes, Harry
Battle, John
Beard, Nigel
Begg, Miss Anne
Bell, Sir Stuart
Bennett, Andrew
Benton, Joe *(Bootle)*
Berry, Roger

Betts, Clive
Blears, Ms Hazel
Blizzard, Bob
Borrow, David
Bradley, rh Keith *(Withington)*
Bradley, Peter *(The Wrekin)*
Bradshaw, Ben
Brennan, Kevin
Browne, Desmond
Bryant, Chris
Burgon, Colin
Byers, rh Stephen
Cairns, David
Campbell, Mrs Anne *(C'bridge)*
Campbell, Ronnie *(Blyth V)*
Cawsey, Ian *(Brigg)*
Challen, Colin
Chapman, Ben *(Wirral S)*
Chaytor, David
Clapham, Michael
Clark, Mrs Helen *(Peterborough)*
Clark, Dr. Lynda *(Edinburgh Pentlands)*
Clarke, rh Tom *(Coatbridge & Chryston)*
Clarke, Tony *(Northampton S)*
Clelland, David
Clwyd, Ann *(Cynon V)*
Coaker, Vernon
Coffey, Ms Ann
Cohen, Harry
Corbyn, Jeremy
Corston, Jean
Cranston, Ross
Cryer, Ann *(Keighley)*
Cummings, John
Cunningham, Jim *(Coventry S)*
Cunningham, Tony *(Workington)*
Curtis-Thomas, Mrs Claire
Davey, Valerie *(Bristol W)*
Davies, rh Denzil *(Llanelli)*
Davies, Geraint *(Croydon C)*
Dawson, Hilton
Dean, Mrs Janet
Denham, rh John
Dhanda, Parmjit
Dismore, Andrew
Dobbin, Jim *(Heywood)*
Dobson, rh Frank
Doran, Frank
Dowd, Jim *(Lewisham W)*
Drew, David *(Stroud)*
Dunwoody, Mrs Gwyneth
Eagle, Maria *(L'pool Garston)*
Edwards, Huw
Efford, Clive
Ellman, Mrs Louise
Ennis, Jeff *(Barnsley E)*
Etherington, Bill
Farrelly, Paul
Field, rh Frank *(Birkenhead)*
Fisher, Mark
Fitzpatrick, Jim
Fitzsimons, Mrs Lorna
Flint, Caroline
Flynn, Paul *(Newport W)*
Follett, Barbara
Foster, rh Derek
Foster, Michael Jabez *(Hastings & Rye)*
Foulkes, rh George
Francis, Dr. Hywel
Gerrard, Neil
Gibson, Dr. Ian
Goggins, Paul
Griffiths, Jane *(Reading E)*
Griffiths, Win *(Bridgend)*
Grogan, John
Hall, Mike *(Weaver Vale)*
Hall, Patrick *(Bedford)*
Hanson, David
Harris, Tom *(Glasgow Cathcart)*
Havard, Dai *(Merthyr Tydfil & Rhymney)*
Healey, John
Henderson, Doug *(Newcastle N)*
Hendrick, Mark
Heppell, John
Heyes, David
Hinchliffe, David
Hodge, Margaret
Hope, Phil *(Corby)*
Hopkins, Kelvin
Howarth, rh Alan *(Newport E)*
Howarth, George *(Knowsley N & Sefton E)*
Howells, Dr. Kim
Hoyle, Lindsay
Hughes, Kevin *(Doncaster N)*
Humble, Mrs Joan
Hurst, Alan *(Braintree)*
Iddon, Dr. Brian
Illsley, Eric
Ingram, rh Adam
Irranca-Davies, Huw
Jamieson, David
Johnson, Miss Melanie *(Welwyn Hatfield)*
Jones, Helen *(Warrington N)*
Jones, Jon Owen *(Cardiff C)*
Jones, Lynne *(Selly Oak)*
Jones, Martyn *(Clwyd S)*
Keeble, Ms Sally
Kelly, Ruth *(Bolton W)*
Kennedy, Jane *(Wavertree)*
Khabra, Piara S.
Kidney, David
Kilfoyle, Peter
King, Andy *(Rugby)*
King, Ms Oona *(Bethnal Green & Bow)*
Knight, Jim *(S Dorset)*
Ladyman, Dr. Stephen
Lammy, David
Lawrence, Mrs Jackie
Lepper, David
Leslie, Christopher
Levitt, Tom *(High Peak)*
Lewis, Ivan *(Bury S)*
Lewis, Terry *(Worsley)*
Liddell, rh Mrs Helen
Linton, Martin
Lloyd, Tony *(Manchester C)*
Love, Andrew
Lucas, Ian *(Wrexham)*
Luke, Iain *(Dundee E)*
Lyons, John *(Strathkelvin)*
McCafferty, Chris
McFall, rh John
McIsaac, Shona
McKechin, Ann
McKenna, Rosemary
McNamara, Kevin
McNulty, Tony
McWalter, Tony
Mahon, Mrs Alice
Mandelson, rh Peter
Marris, Rob *(Wolverh'ton SW)*
Marsden, Gordon *(Blackpool S)*
Marshall-Andrews, Robert
Martlew, Eric
Meale, Alan *(Mansfield)*
Milburn, rh Alan
Miliband, David
Miller, Andrew
Moffatt, Laura
Mole, Chris
Morgan, Julie
Mountford, Kali
Munn, Ms Meg
Norris, Dan *(Wansdyke)*
O'Brien, Bill *(Normanton)*
O'Hara, Edward
Olner, Bill
O'Neill, Martin
Osborne, Sandra *(Ayr)*
Owen, Albert
Pearson, Ian
Perham, Linda
Picking, Anne
Pickthall, Colin
Pike, Peter *(Burnley)*
Plaskitt, James
Pollard, Kerry
Pond, Chris *(Gravesham)*
Pope, Greg *(Hyndburn)*
Pound, Stephen
Prentice, Ms Bridget *(Lewisham E)*
Prentice, Gordon *(Pendle)*
Primarolo, rh Dawn
Prosser, Gwyn
Purchase, Ken
Purnell, James
Quin, rh Joyce
Quinn, Lawrie
Rapson, Syd *(Portsmouth N)*
Reed, Andy *(Loughborough)*
Robertson, John *(Glasgow Anniesland)*
Roy, Frank *(Motherwell)*
Ruane, Chris
Russell, Ms Christine *(City of Chester)*
Ryan, Joan *(Enfield N)*
Savidge, Malcolm
Sawford, Phil
Sedgemore, Brian
Sheridan, Jim
Skinner, Dennis
Smith, rh Chris *(Islington S & Finsbury)*
Smith, Geraldine *(Morecambe & Lunesdale)*
Smith, Jacqui *(Redditch)*
Smith, Llew *(Blaenau Gwent)*
Soley, Clive
Southworth, Helen
Starkey, Dr. Phyllis
Stevenson, George
Stewart, David *(Inverness E & Lochaber)*
Stinchcombe, Paul
Stoate, Dr. Howard
Strang, rh Dr. Gavin
Stringer, Graham
Stuart, Ms Gisela
Taylor, Dan *(Stockton S)*
Thomas, Gareth *(Clwyd W)*
Timms, Stephen
Todd, Mark *(S Derbyshire)*
Touhig, Don *(Islwyn)*
Trickett, Jon
Truswell, Paul
Turner, Dennis *(Wolverh'ton SE)*
Turner, Dr. Desmond *(Brighton Kemptown)*
Turner, Neil *(Wigan)*
Twigg, Derek *(Halton)*
Tynan, Bill *(Hamilton S)*
Vaz, Keith *(Leicester E)*
Walley, Ms Joan
Ward, Claire
Wareing, Robert N.
Watts, David
White, Brian
Whitehead, Dr. Alan
Wicks, Malcolm
Williams, rh Alan *(Swansea W)*
Williams, Betty *(Conwy)*
Wills, Michael
Winnick, David
Winterton, Ms Rosie *(Doncaster C)*
Worthington, Tony
Wright, Anthony D. *(Gt Yarmouth)*
Wright, David *(Telford)*
Wright, Tony *(Cannock)*

Tellers for the Noes: Margaret Moran and Charlotte Atkins

Question accordingly negatived.

Schedule 1

New Schedule 2A to the Alcoholic Liquor Duties Act 1979

Amendments made: No. 50, in page 265, line 11, after 'circumstances', insert

', and with a duty stamp of such a type.'.

No. 51, in page 265, line 23, leave out lines 23 to 26 and insert—

'( ) it carries a duty stamp of a type mentioned in sub-paragraph (5)(a) below which has been affixed to the container in a way that complies with the requirements of regulations under this Schedule, or

( ) it carries a label which has been so affixed to the container and the label incorporates a duty stamp of a type mentioned in sub-paragraph (5)(b) below.'.

No. 52, in page 265, line 27, leave out from 'means' to end of line 34 and insert 'any of the following—

(a) a document (a "type A stamp") issued by or on behalf of the Commissioners which—

(i) is designed to be affixed to a retail container of alcoholic liquor, and

(ii) indicates that the appropriate duty, or an amount representing some or all of the appropriate duty, has been (or is to be) paid;

(b) a part of a label for a retail container of alcoholic liquor (a "type B stamp") which—

(i) is incorporated in the label under the authority of the Commissioners, and

(ii) indicates that the appropriate duty, or an amount representing some or all of the appropriate duty, has been (or is to be) paid.'.

No. 53, in page 266, line 2, leave out 'document' and insert

'stamp, or the label incorporating the stamp,'.

No. 54, in page 266, line 18, leave out lines 18 to 23 and insert—

'3 (1) The Commissioners may by regulations make provision as to the terms and conditions on which a person may obtain—

(a) a type A stamp,

(b) authority to incorporate in a label a type B stamp,

(c) authority to obtain a label incorporating a type B stamp,

(d) authority to affix such a label to a retail container of alcoholic liquor.

(1A) Regulations under sub-paragraph (1) above may in particular make provision for or in connection with—

(a) requiring a person in prescribed cases or circumstances to pay, or agree to pay, the prescribed amount to the Commissioners or to a person authorised by the Commissioners for this purpose;

(b) requiring a person in prescribed cases or circumstances to provide to the Commissioners such security as they may require in respect of payment of the appropriate duty.'.

No. 55, in page 266, line 24, leave out '(1)(a)' and insert '(1A)(a)'.

No. 56, in page 266, line 27, at beginning insert

'in the case of a type A stamp,'.

No. 57, in page 266, line 27, at end insert—

'( ) Regulations under sub-paragraph (1) above may also in particular make provision for or in connection with requiring or enabling the Commissioners to bear, in prescribed circumstances, in the case of a type B stamp, all or part of so much of the cost of producing the label as is attributable to the incorporation in it of the stamp.'.

No. 58, in page 266, line 34, after 'stamp' insert

', or the label incorporating the stamp,'.

No. 59, in page 266, line 41, leave out line 41 and insert—

'( ) the times at which a retail container must bear a duty stamp;

( ) the type of duty stamp (see paragraph 1(5)) with which a retail container is to be stamped in any particular case or circumstances;'.

No. 60, in page 266, line 42, at end insert

'(including the production of a label incorporating a type B stamp)'.

No. 61, in page 266, line 44, leave out 'duty' and insert 'type A'.

No. 62, in page 267, line 1, leave out lines 1 and 2 and insert—

'( ) the procedure for obtaining—

(i) a type A stamp,

(ii) authority to incorporate in a label a type B stamp,

(iii) authority to obtain a label incorporating a type B stamp,

(iv) authority to affix such a label to a retail container of alcoholic liquor,

(including provision setting periods of notice);'.

No. 63, in page 267, line 3, leave out 'duty stamp' and insert

'type A stamp, or a label incorporating a type B stamp,'.

No. 64, in page 267, line 4, leave out from 'for,' to end of line 6 and insert

'in prescribed circumstances and subject to such conditions as may be prescribed, all or part of a payment made under or by virtue of this Schedule to the Commissioners or to a person authorised by the Commissioners;'.

No. 65, in page 267, line 12, leave out from 'preventing' to end of line 14 and insert

'a type A stamp, or a label incorporating a type B stamp, from being used by a person other than—

(a) in the case of a type A stamp, the person to or for whom the stamp was issued or a person authorised by that person to affix the stamp to a retail container of alcoholic liquor,

(b) in the case of a type B stamp, the person to or for whom authority to obtain the label incorporating the stamp, or to affix that label to a retail container of alcoholic liquor, was given by the Commissioners.'.

No. 66, in page 268, line 34, leave out lines 34 to 38 and insert—

' ( ) This paragraph applies where a person—

(a) alters a type A stamp, otherwise than in accordance with regulations under this Schedule, after it has been issued, or

(b) so alters a type B stamp after the label in which it is incorporated has been produced.

( ) His conduct attracts a penalty under section 9 of the Finance Act 1994 (civil penalties).

( ) The stamp, or the label in which it is incorporated, is liable to forfeiture.'.

No. 67, in page 268, line 41, leave out from 'stamped' to end of line 6 on page 269 and insert

'any of the items mentioned in sub-paragraphs (1A) to (1D) below.

(1A) The first is—

(a) a type A stamp, or

(b) a label incorporating a type B stamp,

if the stamp is not a correct stamp for that container in accordance with regulations made under this Schedule.

(1B) The second is—

(a) a type A stamp that has been altered, otherwise than in accordance with regulations under this Schedule, after it has been issued, or

(b) a label incorporating a type B stamp if the stamp has been so altered after the label has been produced.

(1C) The third is an item that purports to be, but is not,—

(a) a type A stamp, or

(b) a label incorporating a type B stamp.

(1D) The fourth is any label or other item affixed in such a way as to cover up all or part of—

(a) a type A stamp affixed to the container, or

(b) a type B stamp incorporated in a label affixed to the container,

except where the label or other item is so affixed in accordance with regulations under this Schedule.'.

No. 68, in page 269, line 16, at end insert

'(including, in the case of a container, its contents)'.

No. 69, in page 269, line 21, leave out lines 21 to 26 and insert—

' ( ) The following items are liable to forfeiture.

( ) The first is an item that purports to be, but is not,—

(a) a type A stamp, or

(b) a label incorporating a type B stamp.

( ) The second is—

(a) a type A stamp that has been altered, otherwise than in accordance with regulations under this Schedule, after it has been issued, or

(b) a label incorporating a type B stamp if the stamp has been so altered after the label has been produced.

( ) The third is—

(a) a type A stamp, or

(b) a label incorporating a type B stamp,

that is in a person's possession unlawfully.'.

No. 70, in page 269, line 36, at end insert—

' "type A stamp" has the meaning given by paragraph 1(5)(a) above;

"type B stamp" has the meaning given by paragraph 1(5)(b) above.'.—*[Dawn Primarolo.]*

Motion made, and Question proposed, That further consideration be now adjourned.—*[Mr. Ainger.]*

7.28 pm

Mr. Salmond: I should like to speak against that motion, if I may. It is 7.28 pm and we are debating the Finance Bill, which is a very important measure—arguably the most important of the parliamentary calendar. Several key issues were due to be debated today. The next groups of amendments deal with fuel duty, income tax, corporation tax, taxation in relation to historic houses, which I did not intend to speak on myself, although I am sure that it is a vital matter, pension scheme benefits and contributions and, finally, relief for petroleum exploration activities, on which I had prepared a few short remarks. I hope to have the opportunity to share that information with the House later this evening. My point is simple, and I was not intending to—*[Interruption.]*

Mr. Deputy Speaker (Sir Michael Lord): Order. Hon. Members must come to order and listen to the hon. Gentleman who is addressing the House.

Mr. Salmond: I was not intending to give the House the full extent of the remarks that I was going to make later this evening, but I am quite happy to do so if Members are enthusiastic enough to listen to them.

My point is a serious one. I do not think it right, when these matters in the Finance Bill have been set down for debate today, that the Government should announce their desire to pull stumps at 7.30 in the evening. I have no doubt that that has been done in co-operation with the official Opposition. As we know, however, on so many issues ranging from Iraq across the social and economic agenda, the official Opposition offer no opposition whatever. Everyone is aware of that, but some of us would like to go on debating the matters before us. I should like to hear from the Government, and from Treasury Ministers in particular, that provision will be made for us to discuss all these vital matters tomorrow or another day, and that the House will not be deprived of the opportunity to hear my remarks on petroleum exploration—*[Interruption.]* The Tories may giggle at that, but with so many jobs in Scotland—

Dawn Primarolo: Will the hon. Gentleman give way?

Mr. Salmond: Of course I will.

Dawn Primarolo: I am sure that if the hon. Gentleman had had time in his busy day to look at the Order Paper, he would have seen that we have six and a half hours tomorrow to discuss the remaining business. That will be ample time and he will be able to make his contribution then.

Mr. Salmond: I always feel a great friendship towards the right hon. Lady because, a few years ago in a Budget debate, she was one of the few Members who supported an intervention about the poll tax and a few other things in the middle of Lord Lawson's Budget. She had the strength and integrity at that time—and I dare say that she has carried them through into her Government position—to see a point of justice when it was made. She says that we have six hours tomorrow, but I note that we have already spent a considerable amount of time on our debate today, and we have reached only the seventh or eighth group of amendments.

I have not detained the House up until now. My colleagues have not detained the House either; they have restricted their remarks to the vital Scottish interest of tax labelling on whisky. I want some indication that, if we continue to make progress at this rate, time will be allowed for us to get to the vital matters that I and others want to debate. We had the choice to stay here beyond 7.30 this evening and to take the appropriate time for our debate, and I think that hon. Members should be prepared to stay later. That is what our constituents would expect of us. The Minister's saying that there are six hours tomorrow does not guarantee that proper time will be available to debate these vital issues. I would be happy to give way to her again, if she can give me an assurance on that. I really would like a wee bit more than to be told that there are six hours tomorrow, when we have already spent that amount of time on our debate today and made very little progress.

Dawn Primarolo: I am trying to assist the hon. Gentleman. The estimate was that the remaining business would take approximately six and a half hours tomorrow. I can assure him that there will be enough time tomorrow to complete the outstanding business on the Finance Bill. He will have every opportunity to contribute to each of the debates tomorrow. There is plenty of time. I am giving him the assurance that he seeks.

Mr. Salmond: I shall ignore the "Watch with Mother" voice in which that was presented to me, and take the assurance from the Minister, along with the nods from the Whips further along the Treasury Bench, which are even more reassuring. I shall hold the Government to that guarantee, and I look forward to seeing the Ministers in the debate tomorrow.

Question put and agreed to.

Bill to be further considered tomorrow.

DELEGATED LEGISLATION

Motion made, and Question put forthwith, pursuant to Standing Order No. 118(6) (Standing Committees on Delegated Legislation).

SUPREME COURT OF ENGLAND AND WALES

That the draft Courts Act 2003 (Consequential Amendments) Order 2004, which was laid before this House on 10th June, be approved.—*[Mr. Ainger.]*

Question agreed to.

Motion made, and Question put forthwith, pursuant to Standing Order No. 118(6) (Standing Committees on Delegated Legislation).

COUNTRYSIDE

That the draft Chilterns Area of Outstanding Natural Beauty (Establishment of Conservation Board) Order 2004, which was laid before this House on 16th June, be approved.

That the draft Cotswolds Area of Outstanding Natural Beauty (Establishment of Conservation Board) Order 2004, which was laid before this House on 16th June, be approved.—*[Mr. Ainger.]*

Question agreed to.

National Neighbourhood Watch Association

Motion made, and Question proposed, That this House do now adjourn.—*[Mr. Ainger.]*

7.35 pm

Matthew Taylor (Truro and St. Austell) (LD): I am grateful for the opportunity to raise an extremely important issue, which has been raised in the other place and by other Members of Parliament, not least by a number of Labour Back Benchers, who have been expressing concern with an early-day motion and representations to Ministers. No doubt they, like me, have been contacted by local neighbourhood watch members and co-ordinators who are aware of the concerns that have been raised at national level.

First, it is worth saying that there is pretty much universal support in the House for local neighbourhood watch schemes. They have been extremely effective, they are essentially voluntary, they exist in many parts of the community, across the country, and their success is perhaps best illustrated by the fact that many insurance companies will offer discounts on insurance for people who live in areas where neighbourhood watch schemes are active. Whereas many of the Government initiatives for which we argue in terms of tackling crime cost money—whether that is more police on the beat, or some other campaign—neighbourhood watch comes at very little cost to Government or local police authorities, it is done by volunteers and it works. There is not much else that can be described in those terms. It is invaluable.

The national body is a registered charity and was formed in 1995 by volunteers, for a number of reasons. Partly, it was in response to quite a controversial speech by the then Home Secretary, the right hon. and learned Member for Folkestone and Hythe (Mr. Howard) and leader of the Conservative party, who proposed changes to neighbourhood watch, which implied getting out and being active on the streets. The volunteers were concerned that that implied a kind of vigilantism, which they did not want. One of the reasons for the formation of the organisation was therefore to give a voice to concerns at national level and to make representations to Government on an independent basis. It does more than simply provide a voice for the local organisations and volunteers; it also provides support, training, legal advice and conferences.

The reason that I have sought this Adjournment debate is that there now seems to be a serious question mark as to whether that national association will be able to continue in existence at all. It has been reliant for some years on a national sponsorship deal, which it sought to renew with a new organisation, and thought that it had succeeded in doing so, but at the last moment it was effectively blocked by a Home Office decision. It sought Government support as an alternative on a temporary basis, but that has been blocked because the Government claim that an audit cast doubt on the organisation's financial viability—the organisation has no argument on the financial issue, which is why it supports the Government sponsorship, so there is a degree of tautology in the Home Office's argument. In

addition, the audit highlights a shortage of money, not poor bookkeeping, which is the impression that has been given.

James Purnell (Stalybridge and Hyde) (Lab): I support completely what the hon. Gentleman said about the great work of the neighbourhood watch in all our areas, including in my area of Stalybridge and Hyde. I am slightly unsure about whether he is saying that there should be ongoing financial support from the Government. My understanding of the position of the association is that it wanted to have private money as its long-term base of funding, so that it can remain independent.

Matthew Taylor: The organisation wants to maintain its independence, for the reasons that I mentioned at the outset. That is partly why it was formed in the first place. The point is that because the sponsorship deal is caught up in a wrangle with the Home Office, temporary funding is needed to see the organisation through. That is why the argument that it is not financially viable is a bit of a tautology. The Home Office accepts that it would be viable if the sponsorship were there; the Home Office has caused problems with the finalising of the sponsorship deal; the organisation has therefore asked for temporary funding; the Home Office appears to be saying that it will not provide the funding on the ground that the organisation has not enough money to run itself. That is clearly a circular argument.

I want to start with the issue of the private funding, because it needs to be explained. The original sponsorship arrangement was with Norwich Union. It was in place from 1994 until 2003. I do not think there is any dispute about the fact that it worked well. There were no Home Office objections, and it involved the exclusive commercial use of the neighbourhood watch logo. That was, of course, key to the process in which Norwich Union was involved: it wanted to be seen to back an organisation, have the use of the logo and support the local neighbourhood watch. No doubt it considered that commercially advantageous as well. The arrangement was ended by Norwich Union when its ownership changed and it had new priorities, not because of any dispute with the association or any disagreement about the important role of neighbourhood watch.

Over the past 18 months, the association has been working to secure new sponsorship. A major high street bank has agreed to sponsorship, essentially on the same terms as Norwich Union. As a result, by 2008 £1 million per annum would be flowing to local neighbourhood watch groups. The agreement was due to be signed on 19 March, but the Home Office and Treasury solicitors wrote to the association's trustees on 17 March—just two days beforehand—threatening possible legal action over the logo.

That brings me to the issue of the logo. As far as I can see, there is no history of any original dispute with the association. After all, the logo has been used in this way for many years, with, it appears, complete Home Office agreement. In 2002, however, another insurer, Direct Line, began using it without permission.

Following a challenge, the association and the Home Office were asked by Direct Line's insurers to provide evidence of copyright. They failed to do so. There were no documents and no artwork to be provided by the Home Office to show that it had the copyright. The Treasury solicitors were apparently saying that most records since 1985 had been destroyed. In the meantime, it emerged not only that Direct Line was going down this route, but that the home watch logo—which is used instead of the neighbourhood watch logo in some areas—had been registered by two companies, with no authorisation or agreement whatever.

The advice to the National Neighbourhood Watch Association from its lawyers was that it had no option but to protect the neighbourhood watch trade mark itself, as the Home Office could not establish Crown copyright. Private commercial companies were rapidly starting to use it, and it was clearly at risk of being lost altogether and abused by other private organisations. For the Home Office to suggest that the association had some ulterior motive in deciding to register copyright at this point is ludicrous. Why would it want to abuse its own logo, given that it consists effectively of local organisations that have come together at national level? Nor was it seeking to do anything that it had not done before with Home Office agreement. The Norwich Union agreement had been in place for many years; the association simply sought to replicate it.

The Minister wrote to me saying,

"by this action, the National Neighbourhood Watch Association sought to change the entire basis on which Neighbourhood Watch has always operated".

I cannot see how that can be true, given that for so many years it operated on exactly that basis. The registration process was carried out through all the usual channels, with advertisements in the appropriate journals, and the association's lawyers took it through the process. Nor was the process clandestine. The issue of copyright was discussed with Home Office officials following proceedings against Direct Line. In January 2003, the Home Office suggested that ownership be transferred to the National Neighbourhood Watch Association—and that is in writing.

The Home Office knew about that process for months, so why wait until just two days before the signing of a commercial sponsorship arrangement? There were never any objections about Norwich Union's usage. Exclusivity is clearly essential if the national association is to secure commercial sponsorship. It sought Crown copyright action to stop Direct Line abusing the logo and other organisations registering it. It would have been happy if the Home Office could have stopped other organisations abusing it. That is what it wanted, but that did not happen.

The central point is to ask whether the Minister—I appreciate that these are difficult issues—will agree to step back and reconsider the issue. As I understand it, there is no issue for the National Neighbourhood Watch Association about who has the copyright. The issue is that, whether the copyright is in the hands of the national association or the Government, the aim is to stop private companies abusing it, as Direct Line sought to do and as others have done in registering the home watch title.

That brings us to the issue of public funding. Following the breakdown of the commercial sponsorship proposal at the last minute, the

[Matthew Taylor]

Government allocated grants through to the end of 2003 and early 2004 to help to resolve the inevitable financial shortfall, but further support is being withheld due to what the Government describe as an audit report. The Minister wrote to me, saying that

"government accounting rules preclude giving public funds to organisations which are financially unsound."

The way in which the matter has been reported would give the impression that there was something wrong with the financial management of the national association. *The Mail on Sunday*, for example, quotes a Home Office source as saying:

"NNWA's books are not in good shape".

The Home Office view is that they are "financially unsound" but it was not an official audit. It was a funding review, which concluded that, without the commercial sponsorship, the national association is short of funds. However, that is why it is applying to the Government for funding. It would not be asking them for that if it were not short of funds. I cannot see what the dispute is.

Until I hear from the Minister, all I can take is the national association's view. It says that at no point did the auditors find fault with its accounting controls or processes. Indeed, it has a good financial performance record. It has been audited by KPMG year after year in accordance with charity law. Not only has KPMG approved the books but it has not issued a management letter for the past three years, which is more than can be said of many companies, so the financial management is, in any normal sense, clearly sound. Indeed, if there is an issue about people getting the figures wrong, it is to do with the Government's own financial review, since its authors did not consult the national association management during the review, or share their findings prior to publication so that matters could be clarified or resolved if there were concerns.

The proof of the pudding—no audit company would allow that to happen because it would check with the organisation—is that on 17 May a Home Office official wrote to the national association admitting that

"owing to a misunderstanding I am not confident that the profit and loss account at Appendix 4 of the report is entirely accurate".

Therefore, if there is any mismanagement here, it seems to be with the Government, not the national association.

Clearly, the authors of the audit recognise that the association would be self-supporting if a contract with a commercial sponsor were secured, which brings us back to the question of why that is effectively being blocked.

We know from debates in the House of Lords that the Government have now said that they would step in if the NNWA folds. The Lords Home Office Minister said that

"if the national organisation '. . . has to fold, of course, we will put measures in place to ensure that there is a national support network."—[*Official Report, House of Lords*, 27 May 2004; Vol. 661, c. 1434.]

But the whole point of the network is not just that it runs conferences and provides training and support, but that it is an independent voice for the local volunteers. Frankly, in effect the NNWA appears to be being nationalised through the back door and taken over by the Government. That is highly inappropriate for an organisation that is entirely dependent on volunteers.

Last weekend, *The Observer* reported the Minister for Crime Reduction, Policing and Community Safety as saying that the Government want to "beef up" neighbourhood watch schemes to become "Neighbourhood Action schemes". What does the Minister mean by "Neighbourhood Action schemes"? That sounds rather like the proposals introduced by a former Conservative Home Secretary, who talked in 1995 about "Getting them out on the streets, rather than just looking through their windows". In fact, that was the very issue that led to the formation of the NNWA, which argued that it did not think that an appropriate use of the volunteer network.

The Minister will agree with me about the importance of Neighbourhood Watch at a local level. I hope that she agrees that the ideal solution is to maintain a national umbrella organisation that reflects and responds to local community groups, and which is able to continue to provide support and training, and an independent voice and conferencing, for such people. That is important not least because it is much the most likely way of continuing to get people to take part in the NNWA.

In the light of that, and given that Ministers have never had a problem with exclusive use of the logo being the basis of the organisation's funding and sponsorship, it is a little hard to understand why it should be such a great problem now. If they do not want the NNWA to hold the copyright, it should be simple to resolve the problem through Crown copyright processes. In the light of my discussions with the NNWA, I do not believe that it has any problem with that idea. However, the NNWA and local neighbourhood watch associations—and, indeed, the Government—cannot live with people such as Direct Line simply using the logo ad hoc, with Government solicitors apparently unable to prove that there was Crown copyright. In the light of that understanding, I hope that the Minister will reconsider and see whether there is a way to resolve these issues.

A number of criticisms have been made of the NNWA that are misplaced, and I shall give one more example of why I am concerned about the funding review—the so-called audit. The review argues that the NNWA secured premises in Buckingham gate that were more expensive than elsewhere, but we should remember that that was part of the Norwich Union sponsorship deal, which was self-funding. In fact, that brought in a profit of £50,000 per annum, rather than resulting in a net cost; indeed, that is admitted elsewhere in the funding review document.

Secondly, the review looked at eight comparators, including moving elsewhere—it was to either Stockport or Stockton, I cannot remember which—where rents were as low as £16.50 per sq ft. But because of existing staff costs and the sponsorship deal, that would have proved more expensive than the offices that the NNWA had secured. The costs were the lowest of the eight comparators examined—a fact that would have been known, had the authors of the funding review taken the trouble to discuss matters with the NNWA before publication.

I know that the Minister did not herself conduct the review and that she is reliant on information from her officials, but there are real issues that need to be resolved. The NNWA has been pressing for a meeting for some time, and she has now agreed to meet its representatives. I hope that, in the light of what I have

said, she will meet them with a very open mind, and that we can solve these problems in a manner that deals with the concerns of various Members, including her own Back Benchers.

7.54 pm

The Minister for Crime Reduction, Policing and Community Safety (Ms Hazel Blears): This debate is very important. Probably every single Member will know of neighbourhood watch and many will be members of home watch schemes in their constituencies. It is an amazing organisation—there are 155,000 local schemes covering 6 million people in this country—and the largest volunteer organisation that we have. I want to put on record at the outset the Home Office's huge regard for the work that neighbourhood watch does, not just in monitoring crime but in playing an increasingly active part in making communities safer. Much of that work is done selflessly by volunteers up and down the country.

The Home Secretary has made it clear in his Edith Kahn and Scarman lectures that we regard neighbourhood watch as a key component of the civil renewal programme on which we are seeking to embark, which aims to build capacity in local communities to be able to tackle some of the issues. The work of neighbourhood watch is beyond question.

The question today is about the status of the National Neighbourhood Watch Association, its relationship with the Home Office, its funding, its use of the logos and its relationship with local and regional parts of the neighbourhood watch movement. I want to address each of those matters in turn.

It is important to bear in mind that the NNWA was set up only nine years ago and did not exist when neighbourhood watch came into being some 20 years ago. It is a relatively new organisation that had the general aim of furthering the objectives of neighbourhood watch, but was not set up either to take over the running of neighbourhood watch, nor to control, supervise or in any way regulate the way in which local neighbourhood watch schemes operated at local level. It was not the sort of national organisation to which local organisations would be subservient, setting rules, regulations and supervising operations. It is a different organisation.

Mr. Paul Tyler (North Cornwall) (LD): I have listened with care to what the Minister has said about the network, and we all endorse what she says about the importance of those involved feeling that they are volunteers. Does she accept that the national association was set up democratically by the network and was not imposed from above? Does she also accept that there is an important point here regarding perception? The perception of the volunteers is that there is a control-freak tendency in the Home Office that wants to take over the network. If that were to happen, the volunteers would simply leave in their droves.

Ms Blears: There are two issues, here. The first is whether the national association was set up democratically. There are lots of interpretations of the word "democratic". It is my understanding that local associations are not required to affiliate to the national association. They do not elect people in the normal way; we do not see every single member of the home watch organisations having one vote in electing the trustees. We are not talking about that kind of subscription organisation in those terms. Some local organisations are affiliated; some are not. We have had letters and e-mails from local volunteers who have never heard of the national association, so I do not entirely accept the hon. Gentleman's contention that this is a vibrant, democratic organisation, owned by its members.

I want to put a stop here and now to the second issue that the hon. Gentleman raised. There is absolutely no intention within the Home Office to take over neighbourhood watch. It is a vibrant volunteer organisation, and we want to support, facilitate, enable and empower it to develop in the way that many local organisations want.

I recently met some active co-ordinators from neighbourhood watch who said that they thought the organisation was in need of some updating and development. It is not active in many of the inner-city, high-crime areas in the country and many neighbourhood watch volunteers would acknowledge that the coverage needs to be developed into areas that could benefit from such volunteer activity. Perhaps there are not enough young people involved in some of our neighbourhood watch activities. If we want to ensure that neighbourhood watch addresses something like antisocial behaviour—a big concern now—as well as crime, we need to see how we can develop the organisation. But there is absolutely no intention for us to dominate it from the centre; we want to facilitate it locally.

James Purnell: I think that many will welcome the Minister's point that the Home Office has no interest in controlling the organisation. I was delighted to hear that my hon. Friend will shortly have a meeting, but in advance of it, can she tell us how big a stumbling block the copyright of the logo is? I encourage her to use her good offices, as she has already, to find a way through that particular problem.

Ms Blears: I want to deal with the issue of the copyright logo and to refute the suggestion that the Home Office's last-minute intervention into copyright matters was designed to frustrate the success of the sponsorship deal. That was absolutely not the case. Indeed, my understanding is that the Home Office intervened as soon as it became aware of attempts by the national association to seek copyright of the logos. Had it been brought to our attention earlier, we would have been in a position to intervene earlier.

The logo is an important matter. The Central Office of Information designed it in 1994 on behalf of the Home Office. It is therefore Crown copyright. We received complaints from local neighbourhood watches and from one police force that the National Neighbourhood Watch Association had, in early 2003, registered the logo as its own trade mark. That was done without consulting the Home Office, the police or neighbourhood watch more generally. That is why we are attempting to take steps to resolve that situation with the national association to restore ownership and control of the neighbourhood watch trade marks to the Home Office, because we want to ensure that local and

[Ms Blears]

regional associations can continue to use it. If exclusive use of the trade mark is given to any sort of commercial organisation, the local associations could be debarred from using it themselves, which would be an absolute tragedy, because the local associations need access to the well recognised trade mark.

Matthew Taylor: I appreciate that the Minister is reliant on her brief, but I have to ask her why, if there is a clear Crown copyright, it was not possible to establish it in the court case with Direct Line, which took to using it on the grounds that it was not copyrighted? Also, why did the Home Office make a written suggestion in January 2003 to transfer the ownership to the NNWA as a means of resolving the problem?

Ms Blears: I have not had sight of the letter to which the hon. Gentleman refers, but I will happily consider it and respond to it in due course. Neither am I aware of the particular negotiations in the court case, but I will happily respond when I can. I can tell the hon. Gentleman that the original deal with Norwich Union was not an exclusive deal. It retained the right for local and regional associations to use the copyright. What we are talking about here is the possibility of an exclusive deal, which would be damaging to the interests of the local organisations, and it is not where we want to go.

On the funding position, the Home Office audit was mentioned. I have to say to the hon. Gentleman that the audit did express concern about the high central costs of the accommodation and the high salary costs that the national organisation continued to fund. The concern about the accounts was that the revenue forecasts for 2003–04 and 2004–05 were based on unfounded assumptions about continued Home Office funding of £618,000. If a revenue forecast contains assumptions about funding that have not been agreed, any organisation would clearly be concerned about the financial basis of future viability.

Despite the assertion of the NNWA that it wanted to remain independent and have private sponsorship, the Home Secretary agreed to £350,000 of central Home Office support in order to tide the national organisation over its difficult period when the Norwich Union sponsorship was withdrawn. There was a commitment from the centre, despite the protestations about the organisation's independence. I entirely respect that, but the Home Secretary decided that the Government could not keep providing more public funding when the audit showed that the organisation was unwilling to take control of its high central management costs in respect of salaries and accommodation and that it was building into its budget a reliance on continued Home Office funding rather than on the private sector funding that it was seeking to obtain.

I understand that the current proposals for an agreement with Lloyd TSB involve a third party with a joint venture company called Hot Listed Ltd. I am not sure why the organisation is involved with that joint venture because it appears that the company is not making any financial investment towards the sponsorship deal with Lloyds TSB. That matter would also have to be considered in establishing whether it was an appropriate way forward for the association.

As the hon. Member for Truro and St. Austell said, I confirmed in an oral reply that I would be happy to meet the—

The motion having been made after Seven o'clock, and the debate having continued for half an hour, MADAM DEPUTY SPEAKER *adjourned the House without Question put, pursuant to the Standing Order.*

Adjourned at five minutes past Eight o'clock.

House of Commons

Wednesday 7 July 2004

The House met at half-past Eleven o'clock

PRAYERS

[MR. SPEAKER *in the Chair*]

Oral Answers to Questions

WALES

The Secretary of State was asked—

Objective 1 Payments

1. **Sir Nicholas Winterton** (Macclesfield) (Con): What recent discussions he has had with Her Majesty's Treasury on matching the funds of objective 1 payments. [181912]

The Secretary of State for Wales (Mr. Peter Hain): I have had regular discussions with the Chancellor and the Chief Secretary on the spending review, including objective 1. In both the 2000 and 2002 spending reviews, extra money was made available to Wales, outside the Barnett formula, to provide public spending cover for the structural funds programmes in Wales.

Sir Nicholas Winterton: As always, I am warmly grateful to the Secretary of State and Leader of the House for his reply. But can he say whether west Wales and the valleys will receive less European Union structural funding after 2006? Will the United Kingdom Government make up the full difference, or is an EU transitional arrangement expected, with the Government making up the differences?

Mr. Hain: I am always warmly grateful for the hon. Gentleman's questions, whatever they may be about and whether or not they are about Wales.

We are still in the process of negotiating the post-2006 position, which is not clear. However, we are determined to secure a very good deal for Wales, and I am confident that that will happen as a result of the negotiations in Brussels by, among others, the Chancellor.

This has been a fantastic boon for west Wales and the valleys. Economic inactivity levels are down by 25,000 and employment is up by 28,000 in the objective 1 area. Business is growing, growth is improving and public expenditure is going in. The funding has been very good news for Wales: it is a once-in-a-generation boost, of which we are taking advantage.

Mrs. Betty Williams (Conwy) (Lab): I am given to understand that the European programmes in Wales have been allocated over £65 million of additional funds as a result of the European Commission's performance reserve. How much of that will be allocated to objective 1 programmes, and does my right hon. Friend have details readily available as to how much will be allocated to north Wales?

Mr. Hain: I know that objective 1 funding has been very important in my hon. Friend's part of north-west Wales, and that she has been an energetic advocate of the case. I applaud that. I cannot provide the figures for which she asks, but I shall be happy to write to her.

What is clear is that the money going to my hon. Friend's constituency and to north-west Wales as a whole has been an enormous boost in an area that—at least during the Conservative years—has traditionally had a very rough time economically. That is a tribute to Labour's negotiating skills, and to our achievements.

National Assembly for Wales

2. **Miss Anne McIntosh** (Vale of York) (Con): What recent discussions he has had with the First Minister of the National Assembly for Wales on the devolution of further powers to the Assembly. [181913]

6. **Gareth Thomas** (Clwyd, West) (Lab): If he will make a statement on the Richard commission inquiry into the powers and working of the National Assembly for Wales. [181917]

The Secretary of State for Wales (Mr. Peter Hain): The First Minister and I have had regular bilaterals on these matters.

Miss McIntosh: Is the Secretary of State clear about whether the First Minister thinks there should be a transfer of primary law-making powers or an adjustment to the existing devolution settlement, allowing the Assembly to amend laws passed here? Which is it? The First Minister does not seem to be clear about it in his own mind.

Mr. Hain: The First Minister has floated a different option, which is being explored. I am discussing it with him, and once it is clear exactly how it will translate into legislative terms—if that is required—there will be an answer to the hon. Lady's question.

It would be interesting to learn from the hon. Lady, or indeed from the shadow Secretary of State, what Conservative policy is on this. We have been clear about our desire to see progress, but it is not clear where the Conservatives stand.

Gareth Thomas: May I invite the Secretary of State to be rather more definitive than he has been in the past about which of the Richard commission's recommendations would require a referendum before implementation?

Mr. Hain: If tax-varying powers were to be adopted on the Scottish model, a referendum would certainly be required. There is no argument about that, and I think

Richard conceded it, because the Scots had a referendum. As for whether primary legislative powers relating to functions already devolved would require a referendum, I know that my hon. Friend has advocated that, and that it has been advocated by a majority of Welsh Labour Members and a number of Welsh Labour constituencies. We are currently consulting on it.

Lembit Öpik (Montgomeryshire) (LD): May I ask the Secretary of State to explain Rhodri Morgan's compromise option?

Mr. Hain: The First Minister is arguing that one could adopt the 13.2 option that the Richard commission advocated—essentially, it involves enhanced secondary legislative powers for the Assembly—in a different configuration. Under the proposal, it is not just prospective or current legislation that would be dealt with; the Assembly would also have powers over retrospective legislation. We are looking at that idea and discussing it in detail.

Alan Howarth (Newport, East) (Lab): Will my right hon. Friend explore further ways of improving scrutiny of clauses in primary legislation that confer additional powers on the Assembly, thereby building on the new procedure for scrutiny by combined Committees of the Assembly and of this House, as is currently happening with the draft transport Bill for Wales? Will he consider whether Ministers in the Welsh Assembly Government should be invited to have their proposals for primary legislation examined by Standing Committees of this House, and perhaps through other proceedings in this Chamber?

Mr. Hain: I shall certainly consider that interesting idea. Of course, pre-legislative scrutiny is an important achievement of this Government that the whole House has welcomed. All recent Welsh Bills, including the current Public Audit (Wales) Bill, were subject to pre-legislative scrutiny and were improved as a result. Perhaps I might take this opportunity to remind everybody—especially the nationalists and the Liberal Democrats, who want to rush ahead with this agenda—how much legislation has gone through in the past year under the existing settlement: nine Bills, containing 163 Welsh clauses. That is a very important achievement that this Labour Government have delivered for the people of Wales under the current devolution settlement.

Adam Price (East Carmarthen and Dinefwr) (PC): The Government's proposed regional assemblies will be granted borrowing powers. The Northern Ireland Executive already have such powers and have raised more than £200 million in the past two years. Does the Secretary of State agree that granting such powers to the National Assembly would be of great benefit to Wales, and that it would be one of the few positive changes that would not split the Welsh Labour party?

Mr. Hain: The Assembly has a huge budget, which is devolved from Westminster. I should remind the hon. Gentleman, whose party advocates independence for Wales, that if that policy were adopted, Wales would be permanently borrowing from just about every bank in the world, because it would be bankrupt as a result of the Mickey Mouse economics that underpin that policy. In fact, since the nationalists have come out totally, transparently and honestly in favour of independence, their vote has actually fallen by 12 per cent.

Dee Estuary

3. **Mr. Ben Chapman** (Wirral, South) (Lab): What discussions he has had with the First Secretary regarding the necessity of dredging the Dee estuary. [181914]

The Parliamentary Under-Secretary of State for Wales (Mr. Don Touhig): My right hon. Friend and I have regular discussions with Assembly Ministers about issues relating to the application to carry out dredging in the Dee estuary.

Mr. Chapman: While nobody appreciates more than I do the importance of jobs at Airbus—many of my constituents work there—the Dee estuary is one of the most important and highly protected nature conservation sites in the United Kingdom. Can my hon. Friend assure me that when decisions are taken about dredging, the Government will balance the views of the English and Welsh sides of the estuary, take account of the balance of interests of ecology and of commerce, examine alternatives and check the extent to which dredging is actually necessary for the purpose claimed?

Mr. Touhig: All alternatives must be fully and properly assessed before any decision can be taken, and the process must robustly meet the current relevant legislative requirements. I have no doubt that that will happen.

Mr. Martyn Jones (Clwyd, South) (Lab): Is my hon. Friend aware that most of this precious habitat appeared only in the last 50 years and that it would be utterly insane to jeopardise 6,000 top-quality jobs within Wales for the sake of some marsh land that has appeared only recently?

Mr. Touhig: All those factors will be taken into account as the assessment is made, but I appreciate my hon. Friend's point. British Aerospace employs 6,000 people and it is a crucial player in the economy of north-east Wales—and, indeed, of Wales as a whole. The A380 superjumbo Airbus project will further raise the area's profile and will protect, secure and increase job opportunities in that part of Wales. All those matters must be taken into account before a decision is taken.

Health Spending

4. **Mr. Andrew Turner** (Isle of Wight) (Con): When he last discussed with his Cabinet and Welsh Assembly colleagues the per capita level of health spending in Wales. [181915]

The Secretary of State for Wales (Mr. Peter Hain): I regularly meet the Assembly First Minister and the health service in Wales is one of the topics that we frequently discuss.

Mr. Turner: As the Secretary of State will know, expenditure per head in Wales is 9 per cent. above that in England, yet there are worse health outcomes in Newport, Monmouthshire than in Newport, Isle of Wight. Is that because the number of administrators has increased by 15 per cent. since 1996?

Mr. Hain: I do not accept the hon. Gentleman's comparison. In fact, under the Welsh Assembly Government, many more nurses have been recruited. Indeed, there are 4,061 more qualified nurses and 305 more qualified equivalent consultants under Labour, after years of cuts that involved hospital closures, the sacking of nurses and doctors and a decrease in hospital beds under the Conservatives. Wales is moving forward under Labour with increased health investment and more treatment for the patients of Wales.

Chris Bryant (Rhondda) (Lab): Is not health spending per head one of the silliest ways of measuring health spending? Should not health spending match health need? In the words of Matthew, one of the children in the House today from Llwyncelyn primary school, "Can we have more money for the hospital in Llwynypia?"

Mr. Hain: I am sure that the Minister with responsibility for health in Wales will look seriously at Matthew's bid, transmitted through my hon. Friend, but the truth is that, whether in his constituency or across Wales, there has been a massive increase—a near doubling—of the Welsh health budget under Labour after years of Conservative cuts. If the Conservatives won the next general election, the result of their patients passport policy would be an immediate cut of £60 million in the Welsh health budget. That would mean either 2,400 nurses or 660 consultants losing their jobs. What a dreadful policy to inflict on the people of Wales.

Mr. Bill Wiggin (Leominster) (Con): Despite the extra health spending, does the Secretary of State agree with the First Minister that choice in the NHS is not relevant in Wales?

Mr. Hain: The real choice for the people of Wales is between Tory cuts, privatisation and charges and Labour investment, resulting in more nurses and doctors, more facilities and more patients being seen. About 250,000 more patients are being seen in Wales under the Labour Government. That is a fantastic record compared with a miserable Tory record.

Mr. Wiggin: Perhaps the Secretary of State can explain why the number of finished consultancy episodes has decreased by 1 per cent. since 1999.

Mr. Hain: It is time that the hon. Gentleman asked some sensible questions at Welsh questions—questions with some relevance to the people of Wales. The fact is that, under the Labour Government, we have seen nursing and midwifery places increase by 25 per cent. compared with the Tory policy of cutting them by 25 per cent. We have seen a doubling of investment in the NHS in Wales and, as I have said, waiting times for key procedures coming down. Ten new hospitals have been pledged and some are already open. That is a really good record. Of course there is room for improvement and the policy will be driven forward.

Mr. Wiggin: If the record is so good, why have waiting lists increased by 82 per cent. since 1999?

Mr. Hain: The truth is that 250,000 more patients have been seen in Wales under Labour than was the case under the Tories. If we set that against the background of a population of 3 million, that is an extraordinary achievement. It has been built on the back of record investment, and the recruitment of more nurses and doctors compared with the Tory programme of cuts, privatisation and charges. That is what the people of Wales would get if the Tories won the next election.

Llew Smith (Blaenau Gwent) (Lab): As my right hon. Friend will know, in Blaenau Gwent we have some of the worst health problems in Wales, including heart and respiratory diseases, lung cancer and mental health problems. At the same time, we have difficulty in attracting the appropriate number of doctors to the community. Will he say what is being done to rectify that wrong?

Mr. Hain: Under this Labour Government, health services in Blaenau Gwent and elsewhere in Wales have improved. My hon. Friend has been a consistent champion for his constituency, which is one of the poorest parts of Wales, and we obviously need even more improvement. That will be achieved in future years, and I hope that he will continue to support it.

Dentistry

5. **Mr. Andrew Robathan** (Blaby) (Con): What recent discussions he has had with National Assembly for Wales Ministers on funding for dentistry in Wales. [181916]

7. **Mr. Elfyn Llwyd** (Meirionnydd Nant Conwy) (PC): What discussions he has had with the First Minister of the National Assembly for Wales on ways of increasing the number of students studying dentistry; and if he will make a statement. [181919]

The Parliamentary Under-Secretary of State for Wales (Mr. Don Touhig): I discussed dentistry in Wales with the Assembly Health Minister on 16 June, at one of our regular bilateral meetings.

Mr. Robathan: Does the Minister remember that the Prime Minister said, in September 1999, that in two years everyone in the UK would be able to have access to an NHS dentist? However, only just over 50 per cent. of the Welsh population are registered with an NHS dentist. How does the Minister square those two facts? When will the people of Wales be able to get an NHS dentist?

Mr. Touhig: The Welsh dental initiative, a funding scheme to increase access to NHS dentistry, has provided more than 23,000 extra places in the NHS in Wales in the past 12 months. We need no lessons from the Conservatives about the NHS in Wales. When they

were in power, they closed 70 hospitals, slashed nursing and midwifery training and cut a third of general acute beds. Eighteen years of under-investment—that is what we are putting right.

Mr. Llwyd: To be fair, the reality is that the crisis in NHS dentistry in Wales has been going on for about 10 or 12 years. However, this Government have been in power for nearly seven years. Will the Minister consider two very important initiatives? First, it is very important to incentivise students to study dentistry. Secondly, rural practices in particular should be assisted to take on trainees so that they can stay on in due course. Those two important measures could easily be put in place. I urge the Minister to discuss them with the First Minister.

Mr. Touhig: I am aware of those initiatives, which the hon. Gentleman has raised a number of times in the past. Indeed, the all-Wales work force development steering group has given support in principle to expanding the numbers of undergraduate dental students in Wales. A business case for that expansion has been passed to the Assembly and is under consideration. I am also aware that the hon. Gentleman met my right hon. Friend the Secretary of State, who has taken up the matter with the First Minister. I hope that we will be able to take the agenda forward.

Mr. Huw Edwards (Monmouth) (Lab): Will my hon. Friend the Minister acknowledge that the Assembly's Health Minister has put £5.3 million into dentistry in Wales? Indeed, a new practice was opened in Brecon road in Abergavenny last November by Dr. Mohamed Gazi. Will my hon. Friend join me in congratulating him, and wishing him every success in providing, under the NHS, the sort of service that local people deserve?

Mr. Touhig: Indeed, eight new dental practices offering NHS treatment have been opened in Wales. In north Wales, they are at Barmouth, Wrexham and Llanrwst; in mid-Wales, they are at Machynlleth and Crickhowell; and in west Wales, they are at Carmarthen and Abergavenny—the area to which my hon. Friend referred—and Merthyr Tydfil.

Denzil Davies (Llanelli) (Lab): Is my hon. Friend aware that AXA Insurance and Denplan are the main private providers of dentistry in Britain, with about 30 per cent. of the dentistry market? In Llanelli, the market share is close to 100 per cent. If the trend continues and is not arrested, does he agree that there will be very little left of NHS dentistry, in Wales or Britain as a whole?

Mr. Touhig: I take my right hon. Friend's point very seriously, and I am aware that we have discussed it in the past. However, the Welsh dental initiative provides grants of up to £50,000 to practices in designated areas and is aimed at increasing NHS dentistry provision in Wales. Grants of up to £20,000 are available to establish new vocational training practices. Working in partnership with colleagues in the Assembly, we are seeking to push the agenda forward but, as I said in reply to the hon. Member for Meirionnydd Nant Conwy (Mr. Llwyd), we have a long road to travel to make up for the under-investment of 18 years of Tory Government.

BBC Wales

8. **Kevin Brennan** (Cardiff, West) (Lab): What discussions he has had with ministerial colleagues on the future of BBC Wales in relation to renewal of the BBC charter. [181920]

The Secretary of State for Wales (Mr. Peter Hain): The charter review is still at an early stage. While I cannot prejudge its outcome, I think that the importance of the national and regional dimensions of the BBC's work is well recognised.

Kevin Brennan: I know that my right hon. Friend recognises the important contribution of the BBC to the civic and economic welfare of Wales. Was he as concerned as I was when the BBC recently cut the post of nations and regions from its executive committee? Will he ensure in his discussions with colleagues that the role of the nations—*[Interruption.]*

Mr. Speaker: Order. The right hon. Member for Manchester, Gorton (Sir Gerald Kaufman) should not walk in front of an hon. Member who is speaking.

Kevin Brennan: Thank you, Mr. Speaker. Will my right hon. Friend ensure that the role of the nations and regions is robustly included in charter renewal discussions by him and his colleagues?

Mr. Hain: Like my hon. Friend, I am a little troubled by the fact that although each of the nations is represented by a national governor on the BBC's board of directors, the nations are no longer directly represented on the executive board. I understand that management restructuring may be part of the explanation, but I have raised the matter with the director-general. I agree that BBC Wales has a fantastic record of achievement and excellence and that is one of the reasons why Wales is driving forward the digital television agenda, with my support, and why it is fast establishing a reputation as a centre for creative industries in the multi-media field. I know that that will continue under the present director-general, and I hope that he will be as generous to Wales as the previous one was.

Mr. Roger Williams (Brecon and Radnorshire) (LD): BBC Wales is highly regarded for its public service broadcasting, but S4C is also highly regarded in Wales. What actions has the Secretary of State taken to ensure that it receives adequate funding to continue its excellent programme making?

Mr. Hain: S4C has had a very good record and is currently in the middle of a review—at its request—of its future in the digital age. I am working closely with the company to ensure that it gets a good deal. I also want to ensure that S4C's Welsh language broadcasting continues to move forward, alongside BBC Wales, which provides much of the programming that S4C puts out. All of it is of a very high standard.

Performance Data

9. **Mr. Jon Owen Jones** (Cardiff, Central) (Lab): What discussions he has had with National Assembly for Wales Ministers about the implications for local authorities in Wales of the Freedom of Information Act 2000, concerning the publication of performance data. [181921]

The Parliamentary Under-Secretary of State for Wales (Mr. Don Touhig): My right hon. Friend and I have regular discussions with Assembly Ministers on a range of matters. Local authorities in Wales are subject to the requirements of the Freedom of Information Act 2000. However, they are already required to publish information annually on their performance in accordance with an order made by the National Assembly for Wales under the Local Government Act 1999.

Mr. Jones: But the data that are published are far less full than the performance data that are published in Scotland and in England. Does my hon. Friend agree that a healthy democracy is a well-informed one? Is it not regrettable that the Freedom of Information Act 2000 is needed to extract information so that the public can judge how their local authorities perform?

Mr. Touhig: My hon. Friend raised that matter directly with the First Minister recently at a meeting that I also attended. It is of course for the Assembly to determine the indicators to be measured by Welsh local authorities, and those indicators take account of the Assembly's priorities for improving the performance of local government in Wales. It is for the Audit Commission to decide how their reports should reflect local authority performance in Wales. I understand that it has done that in consultation with the Assembly and local government.

Entrepreneurs

11. **Julie Morgan** (Cardiff, North) (Lab): What steps he is taking to help entrepreneurs in Wales. [181923]

The Parliamentary Under-Secretary of State for Wales (Mr. Don Touhig): Besides creating a stable macro-economic environment to enable entrepreneurs to start up and prosper, the Government and the Assembly, working in partnership, have introduced a wide range of measures to support businesses in Wales, from grants to a free business advisory service.

Julie Morgan: Is my hon. Friend aware of the success of V and A Marketing, based in Llandaff North in my constituency, in producing an award-winning line of feeding equipment for children in conjunction with Dr. Miriam Stoppard? Is he aware that that company is likely to double its work force and will he join me in congratulating the managing director, Mr. Vic Davies, on his achievements?

Mr. Touhig: I have been aware of that for the last 10 seconds, but I congratulate the company and wish it well. The entrepreneurship action plan, which is the Assembly's strategy, has contributed to 6,700 business starts in 2003–04, which is an almost 60 per cent. increase over 2001–02. In the 2004 Budget, my right hon. Friend the Chancellor of the Exchequer announced incentives to benefit small and medium-sized enterprises, including improvements to research and development tax credits. All that will benefit entrepreneurs and business in Wales and shows that this Government are on the right track to make Wales into a world-class economy.

PRIME MINISTER

The Prime Minister was asked—

Engagements

Q1. [182469] **Mr. Andrew Love** (Edmonton) (Lab/Co-op): If he will list his official engagements for Wednesday 7 July.

The Prime Minister (Mr. Tony Blair): Before I list my engagements, I would like to express our condolences on behalf of the Government and the House following the death of the Austrian President, Thomas Klestil. He will be sadly missed, and our thoughts are with his family at this time.

This morning, I had meetings with ministerial colleagues and others. In addition to my duties in the House, I will have further such meetings later today.

Mr. Love: Will my right hon. Friend join me in welcoming the proposal for a city academy in my local area? Will he support that application in the Department for Education and Skills? When he publishes his education plans shortly, as well as expanding the academy programme, will he guarantee that there will be no tax concessions for those who wish to take their children out of the state system?

The Prime Minister: First, I am delighted about the proposal for a city academy in my hon. Friend's constituency. I know that he is working, as we are, with the local authority to ensure that that happens and that it will be a great advance for education in his area. I can assure him that we will carry on with the record investment in education in this country. I want to make it clear on behalf of the Government that there will be no return to the 11-plus and selection. There will be no subsidy to private schools. Instead, there will be an education system providing excellence not for a privileged few, but for all.

Mr. Michael Howard (Folkestone and Hythe) (Con): There are 21,000 state schools in Britain. Two years ago the Government launched a flagship policy, which they called the power to innovate, to give schools freedoms over the way that they manage themselves. How many schools have been granted freedom under that initiative?

The Prime Minister: I do not know the precise number that have been granted freedom, but what I do know is that, under this Government, all schools have got greater freedom and independence than they had before; that is absolutely right. But let me make it clear to the

right hon. and learned Gentleman that, alongside the extra investment that we are putting in, what we will not grant is the freedom that he wants, which is the freedom to give a subsidy to those who send their children to private schools.

Mr. Howard: I thought that the Prime Minister was in favour of a choice of providers. That is what he said just a short time ago, and that is what we would give parents, but he did not answer the question that I put to him, which was about a specific policy—the power to innovate. The answer is that, out of 21,000 schools, just four have been granted those freedoms.

Now, let us look at another of the Prime Minister's initiatives. The Government have boasted that they have provided the opportunity for the most successful schools to expand. How many schools are expanding under that initiative?

The Prime Minister: Actually, many schools in the country are expanding their numbers, because we have given them a power to expand. However, it is absolutely right that, at the same time, we will not allow a situation to develop where schools are cut adrift and where failing schools are not given the help that they need to succeed.

If I may just go back to the point that the right hon. and learned Gentleman made about choice in education—*[Interruption.]* Oh yes—choice in education depends on raising standards in schools, does it not? Let me just remind him that, when we came to power, there were 450 failing schools in this country. Today, the number is less than half of that. The results at primary schools are up. The results at GCSE are up. The results at A-level are up. All because of an investment in a reform programme that he opposed.

Mr. Howard: And one in three children who leave primary school in our country still cannot read, write and count properly.

Now, the Prime Minister has not answered the question that I just put to him. It was a very specific question on one of his specific policies. He really must do better and try to answer the questions. He is not setting a very good example to the children in our schools. The answer is that, under that initiative, just four schools are benefiting.

Now, let us look at another of his initiatives. Two years ago, he launched another flagship policy, which he called earned autonomy, and which the Secretary of State for Education and Skills promised to promote energetically. How many schools have benefited from that initiative?

The Prime Minister: All 2,000 of the specialist schools in the country are indeed getting more autonomy, as are foundation and voluntary-aided schools. Since we are debating statistics and who is in need of remedial treatment, the right hon. and learned Gentleman said that a third of children left school at 11 without the requisite standards in literacy and numeracy, but I think that he could go on a literacy and numeracy course, because actually 75 per cent. of children are now up to the standard in English with 73 per cent. in maths. What were the figures when he left office? The cheek of the Conservatives is that they are going round the country saying, "Isn't it a scandal that we still have 11-year-olds leaving school without the best results they could get?" Yes, it is, but it is a scandal that we are putting right—measures he opposed. Of all the extra investment going into our education system, he opposed every single penny piece.

Yes, thankfully, results are going up under this Government, but that contrasts with another record—let me read it to the House. [HON. MEMBERS: "No."] Yes. In 1997, teacher numbers had fallen by 36,000, funding per pupil had been cut, barely half of all 11-year-olds were up to the standard in reading, writing and maths and fewer than half of all children got the right GCSEs. That is the difference between a Tory record and Labour achievement.

Mr. Howard: The Prime Minister has just admitted that the state of our education is a scandal, but he has been in office for seven years. He has not answered a single one of the questions that I have put to him today. The answer to the last question that I asked about his earned autonomy initiative was that not a single school has been granted earned autonomy—not one! Not a single school has been allowed the freedom that the Prime Minister promised the country at the last election. When parents hear him talking today about school freedom, expanding popular schools and giving parents more choice, all of which we have long called for and supported, will they not recognise that we must judge the Prime Minister not by what he says, but by what he does, and that what he does is never what he says?

The Prime Minister: First, let me repeat that all the specialist schools have greater autonomy and freedom, which I pointed out to the right hon. and learned Gentleman a short time ago. Since we are talking about scandals in the education system, yes, I think that every single child who is deprived of a decent education in this country represents a loss and social injustice to that child and the country. Let us look at what we have achieved. In seven years, the number of failing schools has halved and the number of state schools getting over 70 per cent. good GCSEs has doubled. The city academies are a great innovation in our system, as are the specialist schools. We have put up the results in primary schools, at GCSE and for A-levels.

All that has happened, but it is true that we need to do far more. The way to do that is to carry on putting money into, and changing, our public services. The truth is that the right hon. and learned Gentleman wants to give people a subsidy to go out of the public services. Let me make the situation clear, since we are again having the debate that I hope we will carry on having from now until election day. The difference is between extra investment in the public services by this side, and cuts in public investment by that side. The difference is excellence for all, not a return to selection. It is no tolerance of failure, as opposed to his policies, which would cut our children adrift. Let us carry on having this debate.

Tom Levitt (High Peak) (Lab): My right hon. Friend might be aware of reports in today's press showing that the constituency with the fastest growing rise in affluence in the country is the High Peak of Derbyshire. That clearly has a lot to do with Labour's management

of the economy and also high-quality local representation. Does he agree that the people who have gained most from an increased quality and standard of living are the pensioners who are receiving pension credit and the 9,000 families in High Peak who are now benefiting from child tax credit?

The Prime Minister: It is important that we are giving special help to those who need it most through the working families tax credit, through the pensioner credits and through the other things that we have done for pensioners over the past few years, which amount to many billions of pounds a year.

The other point that my hon. Friend makes is also right. Over the past seven years, we have seen 2 million extra jobs, dramatic falls in unemployment and the longest period of stability that the country has enjoyed in economic policy for many years. Contrast that with just 10 or 15 years ago, when constituencies such as that of my hon. Friend were often facing interest rates of 10 per cent. or even 15 per cent. We had 3 million people unemployed when the right hon. and learned Member for Folkestone and Hythe (Mr. Howard) was sitting in the Cabinet, and an economy that went from boom to bust. [HON. MEMBERS: Hooray!] I am delighted to return to that theme. That is precisely why we will continue with the policies of economic stability, low unemployment and investment in our services.

Mr. Charles Kennedy (Ross, Skye and Inverness, West) (LD): What guarantees can the Prime Minister give us that his education plans will not result in a two-tier state system, with chosen schools getting the lion's share of the money and the rest being left behind?

The Prime Minister: I can give the right hon. Gentleman the guarantee that we will ensure that there is not a return to selection, which will end with schools choosing parents rather than parents choosing schools. That is why we reject the policy of the Conservative party. We will also ensure that we carry on giving investment to all our schools. The vast bulk of the investment that we have put into our education system has gone on a fair basis to all the schools in the country, and most of it has gone, to, for example, excellence in cities programmes, to some of the most disadvantaged schools in our community.

I do not accept that we do not have a two-tier system now. Unfortunately, we have a many-tiered system. We must improve the quality of all our schools.

Mr. Kennedy: Following on from that, is the Prime Minister guaranteeing that he will run a common admissions system for all state-funded schools? If he does not, he will get into exactly the difficulty to which he has just been referring. Surely he will acknowledge that people want high-quality local state schools. They do not want a Labour Government trying to outbid the Tories when it comes to selection.

The Prime Minister: We already have specialist schools. In the secondary education system, more than half of the schools are specialist schools. I do not know whether Liberal Democrats are still opposed to specialist schools. Are they?

Mr. Phil Willis (Harrogate and Knaresborough) (LD): We have never been opposed.

The Prime Minister: Never been opposed. I think that we will check that one out.

The rules on selection are exactly the same as those for specialist schools, and they have not led to anything like that which the right hon. Member for Ross, Skye and Inverness, West (Mr. Kennedy) is talking about. We are making sure that where schools are failing, we intervene and we help them. That is why we introduced specialist schools and excellence in cities. The city academies that the right hon. Gentleman now appears to be opposing—*[Interruption.]* Am I right in that? So the right hon. Gentleman is not opposed to specialist schools, he is not opposed to city academies and he does not want to return to selection. I think that he should cross the Floor.

Mr. Hilton Dawson (Lancaster and Wyre) (Lab): This Government are leading the world—*[Interruption.]* It happens to be true. They are leading the world in their response to the desperate humanitarian situation in Darfur in the west of Sudan. Having, along with other members of the all-party group on Sudan, witnessed the shocking plight of hundreds of thousands of people who are facing disease and death over the next few months as the rains come, I ask my right hon. Friend whether the Government will do even more, whether they will encourage other European Governments to do much more, and whether they will join in a united appeal throughout the nation to top up the support that individual people from across the United Kingdom can contribute to relieve the suffering of those who are in the most desperate and appalling plight imaginable.

The Prime Minister: We will do everything that we possibly can in respect of Sudan and the situation there. The United States and the UK are leading the aid effort in Sudan. I spoke to Kofi Annan yesterday to develop the right strategy. Colin Powell, as my hon. Friend will know, has been in Sudan. My right hon. Friend the Secretary of State for International Development has visited the country. The food is there now but we need to be able to get it through to people. We also need to be able to control the activities of the militias there. We have a set of plans and proposals for both, but I want to make it quite clear that we expect the Government of Sudan to co-operate and, if they do not do so, we will have to consider what further measures to take. It is not acceptable, however, if the aid is there that it does not get through to the displaced people.

Q2. [182470] **Angus Robertson** (Moray) (SNP): Despite global instability and military overstretch, Treasury bean counters are undermining Scottish regiments. Defence Ministers are acting like fearties, and the Labour First Minister Jack McConnell will not even stand up for Scottish service personnel, their families or veterans. Will the Prime Minister give the House an assurance that not one Scottish regiment will be amalgamated or disbanded?

The Prime Minister: First, the hon. Gentleman will have to await the outcome of the spending review, and any proposals for our military based on it will be set out in future. However, we have increased defence spending in real terms, and we take immense pride in our armed forces, in Scotland as elsewhere in the UK. I regard it as a bit of cheek for the Scottish National party to complain about the state of the British military.

Mr. Robert N. Wareing (Liverpool, West Derby) (Lab): Does my right hon. Friend still believe that there are weapons of mass destruction in Iraq?

The Prime Minister: I told the Liaison Committee yesterday that, although I was confident that those weapons existed last year, I have to accept that they have not been found. However, let me tell my hon. Friend that there is clearly no doubt at all that Saddam Hussein had weapons of mass destruction, and I suppose that he would accept that. It is the case that he used them against his own people, but it is also true that we have not found weapons of mass destruction in Iraq, although we have found plenty of evidence of intention, capability and intent. I simply say to my hon. Friend that it is sensible to wait for the outcome of the work of the Iraq survey group, but I certainly do not accept in any shape or form that Iraq was not a threat to the region and the wider world. I repeat again what I have said on many occasions: I believe that the world and this country are safer without Saddam Hussein in power.

Mr. Michael Howard (Folkestone and Hythe) (Con): Does the Prime Minister agree that someone who backs child suicide bombings and is banned from the United States because of his alleged terrorist links should not be allowed into this country?

The Prime Minister: I assume that the right hon. and learned Gentleman is referring to the situation reported in the newspapers overnight and today concerning a particular cleric. My right hon. Friend the Home Secretary has already indicated that we will keep this under strict review. There are rules that must be applied, and they will be applied to this particular individual. I do not want to comment at the moment on his case—that is a decision that my right hon. Friend must make, and he will make it according to the criteria that have been set out. Let me make it clear, however, that we want nothing to do with people who support suicide bombers, whether in Palestine or elsewhere, or terrorists. My right hon. Friend must make his decisions according to the relevant criteria, and he will do so. I will not comment further on the case.

Mr. Howard: But why has the decision not already been taken? When I was Home Secretary—*[Interruption.]* Oh yes, crime went down—*[Interruption.]*

Mr. Speaker: Order.

Mr. Howard: When I was Home Secretary, I used my powers to ban people whose presence here was not conducive to the public good. I banned them. Why does not the present Home Secretary do the same?

The Prime Minister: It is not a party political issue, for goodness' sake. We are totally opposed, as is everyone, to people coming to this country and using their visit as a platform to express views in support of terrorism or extremism of any sort. My right hon. Friend the Home Secretary—the right hon. and learned Gentleman should know this from his time as Home Secretary—must consider the issue and apply certain criteria. He will do so and make the decision accordingly. We have to be sure, however, that if someone is excluded from this country, that is done in a lawful way. That is my right hon. Friend's job, and he will carry it out.

Mr. Piara S. Khabra (Ealing, Southall) (Lab): President Bush vowed to capture Osama bin Laden, dead or alive. In view of the latest tape recordings apparently made by bin Laden, what progress have the armed forces made in their search of the border regions of Pakistan and Afghanistan?

The Prime Minister: Along with the Pakistani authorities, we continue to search for bin Laden, and there has been nothing to report since the last time I spoke about the matter. My hon. Friend knows that that border region is extensive, and it will take some time until we are sure that we are on bin Laden's track.

Q3. [182471] **Andrew Selous** (South-West Bedfordshire) (Con): Lord Steel, who introduced the Abortion Act 1967, now says that the limit on abortions performed for social reasons should be halved to 12 weeks. What does the Prime Minister think?

The Prime Minister: That is a matter of free vote and conscience on both sides of the House. I have not had an opportunity to study the evidence in detail, but if the situation has changed, it would be advisable to re-examine the question. Certain criteria set out when abortions are lawful, and if the scientific evidence has shifted, it would be sensible to take that into account. I have not had an opportunity to study the evidence in detail, but I am sure that the Government will study it, and if we have proposals to put before the House, we will put them.

Q4. [182472] **Keith Vaz** (Leicester, East) (Lab): The Prime Minister will recognise that pockets of antisocial behaviour still exist, even in the great city of Leicester—I am not referring to the visits over the past few days by so many hon. Members, who behaved quite well. Does the Prime Minister propose to introduce new legislation to toughen up the law on antisocial behaviour, which will help many of our constituents who face that menace, and does he expect to receive cross-party support?

The Prime Minister: I hope that there is cross-party support on the issue, and it would be good to receive cross-party support. It would be good to think that all parties in this House had combined in order to defeat the menace of antisocial behaviour, but I must say that the Liberal Democrats have disappointed us up to now. I hope that the Liberal Democrats are honest enough to own up to their policies: they opposed closing down crack houses in 48 hours, they opposed fixed penalty notices for antisocial behaviour, they opposed the

speeding up of the process to evict noisy neighbours and they opposed fines for the parents of truants. We are working on the better education of the Liberal Democrats, but as my hon. Friend knows, it is a hard task.

Q5. [182473] **Mr. Simon Thomas** (Ceredigion) (PC): If the Government get their way, at the end of this Parliament it will be illegal to swat a pet insect, but it will still be legal to swat a child. How can the Prime Minister justify that approach to the most vulnerable in our society?

The Prime Minister: I am still working out the point about the insect. Above all else, people should apply a modicum of common sense—I know that that is an alien concept to the hon. Gentleman and his party. To be frank, I think that most people know the difference between abusing a child and administering parental discipline in a sensible way, and I do not believe that we cannot find a common-sense way through the issue. Most people in the country think that there are serious issues to discuss in relation to the abuse of children, and yes, we must make sure that the law is in a proper state, but in this instance, more than any other, the law would benefit from the application of a lot of common sense.

Vera Baird (Redcar) (Lab): Does my right hon. Friend welcome this week's Supreme Court ruling that US courts have jurisdiction over the detainees in Guantanamo bay, which at least makes the situation clear? That means that the US courts, and not the President, would set the rules by which the detainees could be tried in the States, and those rules would be fair. Is it my right hon. Friend's preference that the British detainees should be tried over there, or does he still intend that they will return to British courts?

The Prime Minister: Our position remains the same: if the Attorney-General is not satisfied that the rules applying to the trials of the detainees at Guantanamo are consistent with the standards that we expect, we need the detainees to return here. That is not the issue at the moment; the issue is making sure that if the remaining detainees—five are back already, but four are still there—are returned to this country, we have proper mechanisms in place, so that we are sure of our own security and can protect our own security, which is also an obligation of Government.

Q6. [182474] **Mr. Christopher Chope** (Christchurch) (Con): What have the Government got against the 4.4 million people in this country who are aged over 75? Why are they specifically excluded from the NHS improvement plan target relating to reducing deaths from cancer, heart disease and stroke?

The Prime Minister: I think that the position of the hon. Gentleman's party is to get rid of all targets in the national health service, so I assume he is saying that there should be no targets for anyone, not that we should extend them to people over 75. I am delighted that he raises the issue, however, because as a result of this Government's measures cancer deaths among people over 75 are down by 10 per cent. and heart deaths are down by 20 per cent. We have nothing against people over 75—on the contrary, we have introduced special help for those over 75 who are in poverty, and free TV licences for all. That is more than the Tories ever did for them.

Q7. [182475] **Mr. Keith Bradley** (Manchester, Withington) (Lab): In the light of the recent research on the census by the university of Sheffield, which shows that there is continuing inequality in health between the north and the south, will the Prime Minister have a word with the Secretary of State for Health with a view to returning to Manchester the millions of pounds that were stolen from its health services as a result of the appalling failure of the Office for National Statistics during the census to count the thousands of extra people who live in the city of Manchester?

The Prime Minister: Apparently—because it says so here—my hon. Friend will be pleased to hear that the report of the findings on reviewing the population estimate for Manchester will be published tomorrow. I hope that that means he will be pleased with the findings as well as with their publication. I know that he and other hon. Members from Manchester have raised this issue before; obviously, the Office for National Statistics must undertake to consider it.

I am sure that my hon. Friend will accept, however, that whatever his concerns about the impact of the census estimates, we still put a major amount of additional investment into Manchester. As a result, as I recently saw for myself on a visit to Manchester, there is an enormous amount of new hospital building and equipment, as well as extra nurses and doctors. I hope that my hon. Friend will be at least partly, if not wholly, satisfied with what he hears tomorrow.

Mr. Jonathan Sayeed (Mid-Bedfordshire) (Con): Does the Prime Minister believe that Senator Kerry would make a good President of the United States?

The Prime Minister: I believe that just as the choice for the British people is a choice that they make, the choice for the American people is a choice that they make.

Q8. [182476] **Ms Karen Buck** (Regent's Park and Kensington, North) (Lab): This week, Dame Shirley Porter handed over £12 million of the £40 million that she owes for her part in the illegal Conservative homes for votes policy. Will my right hon. Friend join me in congratulating Labour councillors, including Labour leader Councillor Paul Dimoldenberg, and others on their part in exposing and pursuing the scandal over the past 15 years? Does my right hon. Friend understand that most people believe that Shirley Porter is indeed nothing like a dame, and that steps should be taken to remove from her the title of which she has proved so unworthy?

The Prime Minister: It says here:

"The Government has no powers to intervene in or judge the settlement that Westminster City Council has reached with Dame Shirley."

So there it is. I think that I had better leave it to my hon. Friend to make any other comments.

Q9. [182477] **Mr. David Cameron** (Witney) (Con): Is the Prime Minister aware that the Government's policy of inclusion is being prayed in aid by educationists and health authorities in order to close special schools? Does he understand that many parents with severely disabled children—I speak as one of them—feel that the only place outside home where their children will get the care, therapy and chance to blossom that they need is in a special school? Will the Prime Minister ask the Education Secretary to consider that; and will he ensure that common sense prevails and these schools are kept open?

The Prime Minister: I agree that some children's needs are obviously best met in special schools. Certainly, the purpose of any policy of inclusion is neither to abolish special schools nor to take children out of an appropriate environment: it is to ensure that if those children are able to be in mainstream schooling, they can be. Of course, I agree that that should not lead to a situation whereby children for whom it is not appropriate to be in mainstream schooling lose the possibility of a special school. I am perfectly happy to ask the Secretary of State for Education and Skills to respond to the hon. Gentleman directly on the points that he raises.

Q10. [182478] **Gareth Thomas** (Clwyd, West) (Lab): How important is our membership of the European Union to British jobs and overseas investment in the United Kingdom? What would the Tory policy of getting out mean—*[Interruption.]*

Mr. Speaker: Order. Just the first part of the question.

The Prime Minister: First, my hon. Friend the Member for Clwyd, West (Gareth Thomas) knows that it is good news that foreign investment is still coming into the country. Much of that is specifically geared to our membership of the European Union and to the activities of companies in Europe. Any proposal that Britain marginalise itself in decision making in Europe or withdraw from the European Union would be disastrous for jobs, industry and investment in this country.

Domestic Tradable Quotas (Carbon Emissions)

12.30 pm

Mr. Colin Challen (Morley and Rothwell) (Lab): I beg to move,

That leave be given to bring in a Bill to introduce a domestic trading scheme for carbon emissions; to set a national ceiling for carbon emissions; and for connected purposes.

The principle that underpins domestic tradable quotas—DTQs—has been largely accepted internationally and nationally. Everyone who has taken a keen interest in combating climate change will be aware of the principles of emissions trading.

Many know that the United Kingdom has been a leader in such matters, that we have already established a limited emissions trading scheme and that it is augmented by similar action at European level, as well as by our national allocation plan, which is due to be operational next year. Emissions trading schemes generally work partly on the principle of what is known as contraction and convergence—we set a target to reduce or contract our emissions each year, and eventually our emissions are no greater than anybody else's. The concept of convergence means that we have a right to use only our fair share of carbon-emitting resources.

The Bill would extend those principles to the domestic market—that is, to members of the population at large. To date, the vast majority of schemes that any Government have introduced to address the terrible and overriding problem of global warming have relied on getting industry or organisations to adjust their ways. For individual citizens, there has been little more than encouragement, piecemeal energy efficiency grants or other forms of cajoling designed to inspire voluntary activity. However, that does not go far enough, fast enough.

There are too many opposite influences, which seem counter-intuitive to the ordinary consumer when it comes to doing something about global warming. The first of those influences is, frankly, cheap energy prices. The market has successfully driven down the price of energy in the past few years. At times, it has seemed as though that has been the energy regulator's only policy. Consequently, many people have come to believe that their energy is and always will be cheap. That means that any major investment, either in the grid, in combined heat and power or in renewables is perceived as some sort of imposition, which if pressed with any sense of urgency will lead to unacceptably high energy bills.

That is the worst form of short-termism, the implication being that, provided that the other costs of climate change do not hit us too hard—as happened, for example, with higher insurance premiums—we can dither on as before without worrying too much about the day after tomorrow, to coin a phrase. There is also an all-pervasive influence on the way in which individuals react to questions such as those posed in recent years by the Department for Environment, Food and Rural Affairs, namely, "Are you doing your bit for the environment? Are you turning off your light switches, TV and computer stand-bys? Are you recycling, composting and so on?"

The trouble is that when somebody who does all those things discovers that most people are not doing their bit—as indeed most people are not—it is incredibly depressing. People end up feeling that their little bit will not make the slightest jot of difference to the environment. Getting people—all 60 million of us—to act collectively is never easy, and it is even less easy, I acknowledge, when we feel it will cost us more, especially if a privileged few are seen to benefit.

Increased fuel duties have had a disproportionate impact on the worse off, as better-off people will always be able to afford higher petrol costs or electricity bills. In what we do to protect the environment, we should always seek to avoid giving an apparent benefit to one group as opposed to another just because they can afford it. So I am not keen on carbon taxation, which would have precisely that effect. The environment is something that we all share and enjoy, and Government policy should ensure that today's generations have equal opportunities to do so fairly and with respect to future generations.

The Bill stems from an idea that has been worked on by the Tyndall centre for climate change research, and I would like to pay homage especially to the work of Dr. Kevin Anderson and Dr. Richard Starkey on this subject. They are part of a group of people who are exploring ideas and methods for tackling climate change and seeking solutions through changing the way we run things, rather than simply pursuing the technological route—although the two are, of course, not mutually exclusive, and indeed in this case are highly complementary.

Domestic tradable quotas would extend the principle of emissions trading to individual citizens. All of us would be issued with our own equal share of the national carbon emissions cake. In the early years of the scheme, the allocation for most of us would be more than we required. For others it would be less. Between the two, a market in surplus carbon units would be established. The market would determine the price, and those who used less energy would obviously stand to make a gain. Carbon units would expire as the consumer used energy, so their opening allocation would reduce as they went along. Energy utilities would automatically deduct units from the individual's carbon allocation account each time they calculated a consumer's invoice.

Consumers would also have a transaction card—a smart card—that they could, for example, present at petrol stations, just as they now present their reward points cards to get air miles, free cutlery, the collected works of Elvis, or whatever. The technology needed to support the carbon emissions market is no longer a barrier. Those already familiar with reward cards would have no difficulty with this scheme, and the reward in this case would be incalculable. The technology for issuing these smart transaction cards could be combined with that used for another card currently under consideration by the Government, which could make that card even more popular than I think it will be.

In these 10 minutes it would be impossible to address all the detailed issues that arise from the Bill, and I would not deny that more work is needed on it. But as the realisation continues to sink in that global warming is no longer just a threat but a dangerous reality, we will certainly have to extend our response to it beyond the merely voluntary. To do that, we must have a scheme

[Mr. Colin Challen]

that is equitable, fair and efficient. This is not rocket science; it is common sense. More people will do their bit for the environment if they know that it will make a difference, and understand that by the strength of our common endeavour we achieve more than we achieve alone.

I am not suggesting that we print those words—fine though they are—on the back of our smart cards, but when our Prime Minister takes the chair of the G8 summit next year, and indeed the presidency of the European Union, it would be the most serious challenge imaginable to his fellow leaders if he were able to say that the 60 million citizens of the UK were doing their bit for the environment, because that commitment alone would demonstrate that we had understood our uncompromising responsibility to face this challenge urgently and equally. In commending the Bill to the House, I urge hon. Members to take a look at the Tyndall centre's website; where they will find recent material explaining more fully how domestic tradable quotas might work.

Question put and agreed to.

Bill ordered to be brought in by Mr. Colin Challen, Mr. Peter Ainsworth, Mr. David Chaytor, Ms Joan Walley, Mr. Tony McWalter, Brian White, Mr. John Battle, Mr. Andrew Stunell, Mr. Simon Thomas, Sue Doughty and Mr. Gordon Prentice.

DOMESTIC TRADABLE QUOTAS (CARBON EMISSIONS)

Mr. Colin Challen accordingly presented a Bill to introduce a domestic trading scheme for carbon emissions; to set a national ceiling for carbon emissions; and for connected purposes: And the same was read the First time; and ordered to be read a Second time on Friday 15 October, and to be printed [Bill 136].

Sue Doughty (Guildford) (LD): On a point of order, Mr. Speaker. This is not the first time that when a ten-minute Bill has been introduced, the Minister from the relevant Department has not been on the Treasury Bench to hear what was said—*[Interruption.]* The Minister was not present at the commencement of the speech by the hon. Member for Morley and Rothwell (Mr. Challen), and did not arrive for three minutes, by which time a substantial part of the speech had been missed. Can we ensure that Ministers hear the full speech on a ten-minute Bill, so that they can take account of the content?

Mr. Speaker: When I was in industry, the first three minutes were not counted: you were considered a good timekeeper, and the Minister is a good timekeeper.

Orders of the Day

Finance Bill

[2ND ALLOTTED DAY]

As amended in the Committee and in the Standing Committee, further considered.

Clause 5

RATES

12.40 pm

Mr. Andrew Tyrie (Chichester) (Con): I beg to move amendment No. 16, in page 4, line 24, at beginning insert

'Subject to the provisions of subsection (7).'.

Mr. Speaker: With this it will be convenient to discuss amendment No. 17, in page 4, line 24, at end insert—

'(7) On any occasion when the average closing spot price of Brent crude oil has been at or above 37.84 US dollars per barrel for a period of fourteen days, the Chancellor of the Exchequer shall make regulations suspending the operation of subsections (1)(a) and (1)(c) of this section.

(8) In this section—

"Brent crude oil" means oil from the Brent oilfield in the North Sea; and

"average closing spot price" means the mean of the closing spot prices for Brent crude oil quoted on the International Petroleum Exchange on each day on which that exchange is open for trading within the period of fourteen days.'.

Mr. Tyrie: The purpose of the amendment is to make sure that the Government implement their stated policy. The Prime Minister, the Chancellor and the Economic Secretary, who is with us today, have all promised that if oil prices remain high, they will remove in August their planned increase of tuppence—the increase they intend to put through, and have announced in the Budget they will put through, in September.

Unfortunately, instead of giving a clear statement in the House, or even an unambiguous press release, this review has been announced through some unattributable press briefings, whose status it is difficult to know. It is not difficult to work out what headlines the Government wanted, which is what they got. I have some here: for example, "Brown confirms plan to scrap rise in fuel duty", and, in *The Daily Telegraph*, "Brown plans to abandon fuel duty increase".

Our amendment would force the Government to deliver on the promises that they have made to the public. It will work in this way: if the average closing spot price of Brent crude, the leading benchmark, rises back to the price at the time that the Government did their press briefings, the duty hike will be suspended. On 3 June, the day of those briefings, the closing spot price was $37\frac{3}{4}$, as indicated in the amendment. Under the amendment, the oil price will have to remain high for a period of two weeks before it triggers the suspension of the duty rise; a blip for a day or two will not be sufficient. Incidentally, today's price is less than $1 away from the price at the time of that announcement; we are back in the danger zone for oil prices and duty hikes again.

The Economic Secretary may have some technical objection to my amendment. I have no doubt that he will have been heavily briefed on such things, but I should be grateful if he would address the principle. If oil prices return to the levels at which they stood when the Chancellor authorised those friendly noises for road users, will the Government suspend the duty hike? If the Economic Secretary cannot say yes, all those press briefings and reassurances that road users have heard will begin to look a bit hollow. People will be forgiven for thinking that they are just another ploy to acquire a few weeks' respite while prices were high.

We know the level of fuel prices that is needed to trigger friendly noises from the Government. What we really want to know is what increases are needed to trigger action. At the time of the Budget, the Brent crude spot price was over $34 a barrel. At the time of the press briefings, it was just over $37½. That tells us that when the Government set the rates, at the time of the Budget, they already knew that the price was at the very edge of what was tolerable. They knew that a mere 10 per cent. rise would be too much—hence their press briefings.

From the Government's response to the amendment, we will find out whether they really meant what they briefed or whether it was another case of media spin. We have had quite a bit of that. The Prime Minister has done the rounds, saying on several occasions that he sympathises with road users. Road users do not need sympathy from the Prime Minister. We would rather have firm commitments, which is what we would get from our amendment. If the Government will not accept it, the public will see that they are saying no to their own promises.

It is worth reflecting for a moment on how we got where we are. How did the Government get themselves into a position where a mere 10 per cent. rise in the oil price after a Budget can lead them to start briefing the press that they will reverse their policy of an increase in September? The short answer is that they are scared stiff of a repetition of the fuel protests that we saw during the last Parliament. The reason there might be protests is that petrol and diesel prices are already higher in Britain than in almost any other country. We have those levels because the Government took the price there. Under the Labour Government over the past seven years petrol prices at the pumps have risen from about 60p to 80p. Two thirds of that increase has been tax going to the Government.

The longer answer is that, in taking any decision, the Government are susceptible to opinion polls. I have no doubt that they have been doing their own private polling, which was subsequently supported by an ICM poll shortly after the Chancellor's press briefings. *The Sunday Telegraph* reported:

"An ICM poll for The Telegraph reveals a high level of support for demonstrations similar to those that brought chaos to Britain four years ago. It also shows widespread public anger at plans by Gordon Brown, the Chancellor"

to add 2p to the duty on a litre of petrol in September.

It is clear that the Government were getting signals like that from their focus groups and private polling. That is the reason for their announcement in June.

Mr. Alex Salmond (Banff and Buchan) (SNP): As I recall, there was some confusion a few weeks ago about whether the Leader of the Opposition supported such protests. Can the hon. Gentleman clarify the position of the Leader of the Opposition, as he was not able to do so?

12.45 pm

Mr. Tyrie: It is for the Government to decide what they intend to do about fuel duty, rather than for the Opposition to decide what they intend to do about fuel protests. I take the hon. Gentleman's point. By implication, he is just as concerned and upset as I am about the scale of the fuel price hikes.

The Economic Secretary and the Government have embarked on a substantial campaign to convince us that the price hikes are something to do with world oil prices, not anything to do with the rise in fuel duty. He said in Westminster Hall that high petrol and diesel prices are

"a problem of world fuel prices, not UK fuel duty."

That is clearly not true. The key cost to the motorist is the taxman, not OPEC. As the AA pointed out,

"What Gordon Brown does is more important than what the world price does."

What the Economic Secretary should have said is that high petrol prices at the pumps are a problem of UK fuel duty, not world fuel prices. That would have been a much more accurate statement.

The Economic Secretary may say he needs the money. That is what he should say about the hikes. He came close to it in Westminster Hall when he said, rather revealingly:

"It is important . . . that we have the strength to get the balance right between a fair deal for the motorist and the haulier"

and

"the stability of public finances."—[*Official Report, Westminster Hall*, 8 June 2004; Vol. 422, c. 29–30WH.]

The public finances are no longer stable. The Chancellor is faced with a rise in borrowing, even though the economy is doing well. Tax revenues are short, which they should not be in an upswing. Raising money from motorists and road hauliers is one way of filling that hole, which is a hole of the Chancellor's making. He cannot easily afford to make concessions on petrol prices, but in what may become an election year, he cannot afford another fuel protest either. I fear that that is why we have had all those press briefings.

All the same, the Minister can reassure us, as I hope he will. He can accept the amendment or table one of his own that will have a similar intended effect. He can back the promises of his own boss with a statutory requirement, and he can give the motorist and the road hauliers a little more certainty in the months ahead, at least for the second half of this year. I very much hope that he feels able to do so.

Mr. Alex Salmond (Banff and Buchan) (SNP): I am rather sympathetic to the idea of trying to establish a link between the world oil price and uncertainty within it, and the tax position in relation to fuel; but I am not convinced that the amendment is the best way of doing that. In what purports to be a substantive amendment, the proposal that, on the basis of the date of a supposed spin or leak from the Chancellor or the Prime Minister,

[Mr. Alex Salmond]

a device should kick in in response to a set international price of oil strikes me as rather on the light side. Front Benchers nod. Indeed, like crude oil, the amendment is extremely light.

I do not think that the argument behind the amendment has been advanced very powerfully, so I shall take the opportunity to advance it now. In fact, the argument in favour of such a link emanates from the Chancellor himself. As I recall, he delayed the duty increase until September as a result of instability in world oil markets. Presumably he is now considering carefully whether they are stable or unstable; any such consideration is, I think, likely to result in the conclusion that they are unstable, and subject to a variety of events. The Government's intervention in Iraq seems to have made things no better in that regard. According to the Chancellor's own logic, there is clearly a case for a review or assessment of the fuel increase that was due in September.

Another option would be to base the world oil price not on the date of leaks from the Government, but on the forecast in the Red Book, which, if I remember correctly, was $27.5 a barrel. The price has clearly exceeded that for some time. As the projection in the Red Book has been overtaken by events, I hope that Ministers will give us the latest projection for corporation tax and North sea revenues for the current financial year.

Mr. Tyrie: I am perplexed by the figure of $27.5. I should be grateful for sight of the SNP's heavier amendment; I should also like to know which marker crude the hon. Gentleman is referring to.

Mr. Salmond: I am speaking from memory, but I thought that $27.5 for Brent crude was the assumed price underlying the Treasury projection of oil revenues amounting to £3.6 billion in this financial year. Conservative Front Benchers shake their heads. I hope that Ministers can clarify the matter, but my recollection is that $27.5 was the underlying price assumption at the time of the Budget. Now Conservative Front Benchers are agreeing with me. That is terrific: I have managed to swing them round.

I am not talking about the price itself. I am talking about the price assumed by the Treasury for the coming year, on the basis of which it projected the corporation tax from oil and gas revenues. Is that now established in Conservative Members' minds? Surely that price is the key, because on the basis of that price the Government assumed that there would be £3.6 billion of corporation tax revenues from North sea oil. The take will clearly be substantially higher. We may argue about whether it will be £500 million higher, £1 billion higher or even more, but it will be substantially higher almost regardless of any foreseeable change in the price for the rest of the year. Most of this year's corporation tax has already been set on the basis of current and past oil prices.

The Government ought now to be able to judge whether that additional windfall justifies a move to stop the increase in duty this September. Given the Chancellor's own argument that he delayed the increases in order to judge the extent of instability in the world markets; given the acknowledged instability and high prices that prevailed; and given that the Government are due for a windfall over and above Treasury expectations at the time of this year's Budget, they should now be in a position to come up with not a leak, suggestion or assumption, but a firm assessment and some sort of decision. With respect to Conservative Front Benchers, I feel that that is a better benchmark than the prevailing price of Brent crude on a day when the newspapers suggested that the Chancellor was trying to leak the fact that he was about to do something.

The Government have implicitly acknowledged that there should be some relationship between the prevailing level of duty and the world oil price. If that were not the case, the Chancellor would not have postponed his announcement until September. The Government should now be able to estimate the amount of the expected windfall, and should be able to give the information to us and our hard-pressed constituents—especially in Scotland, which suffers the double whammy of receiving no benefit from the additional oil and gas revenues flowing from our sector of the North sea, and being the part of the UK most exposed to rising fuel costs affecting not just consumers but industry and the retail and distribution chain.

On behalf of the people of Scotland and of Members of Parliament, let me ask Ministers whether they are in a position to tell us that they will negate this year's planned rise in fuel duty.

Dr. Vincent Cable (Twickenham) (LD): The amendment is useful if it helps to persuade the Minister to clarify his intentions. I rather agree with the hon. Member for Banff and Buchan (Mr. Salmond) that this is not the most helpful way of framing legislative change, but the exercise itself has been useful.

We should not, however, lose sight of the fundamentals. Putting aside the question of an oil price spike and how the Government might respond to it, I think it eminently sensible for the Government to introduce the basic principle of a duty price increase. In normal circumstances that would have been unexceptionable, and I doubt that we would have been dealing with amendments like this had there not been an oil price spike.

It is worth reiterating the underlying reasons. The cost of motoring has fallen considerably below the cost of using other modes of transport, as the Government's own transport advisers have been pointing out since 1997. The cost of motoring—admittedly, that includes vehicles as well as fuels—has fallen by about 5 per cent. in real terms, while the cost of bus travel has risen by 8 per cent. and household incomes by about 20 per cent. During the much longer period since the first oil shock about 30 years ago, the cost of motoring has fallen in real terms while the cost of public transport has risen by between 70 and 80 per cent., depending on the mode of transport involved. The system of price incentives is heavily skewed against public transport.

The proposed arrangement for duty increases makes perfect sense in terms of both transport and environmental policy, and I do not criticise it on those grounds. There is, however, a problem over how that is handled in the event of sudden oil price shocks. There are a couple of reasons why the Government must

respond in such circumstances. First, as the hon. Member for Banff and Buchan pointed out, at such times the Government enjoy a windfall, partly from a rise in VAT in proportion to the price and partly from the taxation of the upstream. I think the sense of injustice at the revenue windfall enjoyed by the Government, which prompted the original oil price protests, led to a cross-party consensus that we must move away from the escalator.

The other problem at times of high oil prices is that they feed directly into inflation. If inflation goes up, even on a once-and-for-all basis, interest rates rise with all the attendant consequences for the British economy. So when the oil price shock occurred a few weeks ago, I took the view that the Government would be wise to announce a postponement of the duty increase, were such conditions likely to continue. I still take the view that that is the right policy.

1 pm

The international oil market conditions suggest that we may well experience a much worse shock in the coming weeks; indeed, that is entirely plausible. As of today, prices are back above $40, and the basic conditions are very serious. There is hardly any spare capacity in the system. Saudi Arabia—a country that is potentially highly unstable and vulnerable to sabotage in various ways—has a spare capacity of some 1 million barrels a day. The situation is quite different from that which pertained 10 years ago. As a result of the war, Iraq's own production has fallen rather than risen since the days of Saddam Hussein, and the conditions for increasing it are not promising.

So the world oil economy is poised on a very difficult knife edge. Demand is rising and there is very little spare capacity. It is easy to see how prices could simply go through the roof in such circumstances. If that happens, it is obviously right that the Government withdraw the tax increase until the market stabilises. I am not arguing for a cancellation—that would be irresponsible—but that the increase should be postponed until conditions are more stable.

It would be useful if the Minister explained a little more precisely what the Chancellor of the Exchequer actually meant by a postponement. What would be the conditions under which a postponement would take place, and when will he announce it? If the amendment succeeds in getting a little clarity in that regard, it will have been worth tabling. That said, in the light of the way in which it is phrased, my colleagues and I would not want to vote for it.

Mr. Christopher Chope (Christchurch) (Con): I congratulate my hon. Friend the Member for Chichester (Mr. Tyrie) on his ingenuity in tabling this amendment and thereby putting the Government on the spot. Their policy on this issue is very confused. For years, they have been telling us that, in order to restrict demand for fuel in this country, they have to raise the price, and that such increases are being implemented for environmental reasons. We then had the spectacle of the Chancellor pleading with the countries of the Organisation of Petroleum Exporting Countries to increase the volume of fuel that they produce. To a simple soul such as me, that seemed incompatible with the Government's earlier approach.

We must remember that we are fortunate in having a petroleum industry that delivers incredibly efficient services, which is why we have the cheapest pre-tax fuel prices in Europe. But because of the Government's taxation policy, we have by far the most expensive post-tax fuel prices in Europe. The amendment tabled by my hon. Friend amounts to relatively small beer; none the less, when motorists feel that they are being put upon by the Government, it is the straw that breaks the camel's back. As has been pointed out, the Government are gaining both from increased taxation and from the windfall resulting from the increase in the raw material price. As the hon. Member for Banff and Buchan (Mr. Salmond) rightly said, the Government will receive a windfall from North sea oil revenues and, as the hon. Member for Twickenham (Dr. Cable) pointed out, we should also consider the big windfall arising from the payment of VAT on the pump price.

If the Government accepted the amendment, there would be no overall loss of revenue because they will in any case be making those windfall gains. Perhaps that is why the Chancellor was able to suggest that the Government might think again about increasing the price of fuel in the autumn. However, as with most things that this Government are doing, I suspect that it has more to do with the possible situation in the autumn. The Prime Minister has made it clear that he might want to run for cover and have an early general election, if he thinks that he can get away with it. He has instructed the Cabinet to clear the decks and one way to avoid the embarrassment associated with imposing a fuel price hike during a general election campaign is for the Government to make the announcement that they suggested they might make. The amendment enables us to get the Government to come clean on this issue. Instead of giving off-the-record briefings to sympathetic journalists, they should be up-front and tell the House exactly what they have in mind.

We should remind our constituents of the very high fuel taxes and overall taxes on motorists, which have gone up from some £31 billion when this Government took office to some £44 billion. Precious little of that is actually being spent on the road infrastructure. Yesterday's feeble announcement, which was grandly entitled "Roads Policy", amounted merely to a consultation document on the possible widening of the M6, using private finance rather than taxpayers' money, and extra lanes for those with chauffeurs, so that they can gain an advantage over the ordinary motorist who cannot afford a chauffeur. The announcement covered up the fact that, while raising these extra revenues from the motorist, this Government are failing to deliver improved services.

As I have said before in this House, one reason why more people are being killed on our roads under this Government is that they have failed to invest in engineering improvements on our highways. It has long been recognised that there are three elements to reducing accidents and increasing road safety: education, engineering and enforcement

Mr. Speaker: Order. As the hon. Gentleman might know, the amendment is somewhat tighter than that. He is going wide of it.

Mr. Chope: I certainly accept, Mr. Speaker, that I am getting carried away in my enthusiasm for articulating the concerns of the motorist. Motorists have to pay these extra taxes, but they are getting nothing in return. My hon. Friend the Member for Chichester has suggested that the Government are being coy about this issue because they want to use the extra revenue to fund the black hole in their figures and their extra borrowing. But it is clear from what has been said that they will in any event make a windfall profit from the increase in the price of Brent crude, which is likely to stay high.

The amendment is modest, and in that regard I am attracted by much of the argument of the hon. Member for Banff and Buchan. There is indeed a case for going much further, but my hon. Friend the Member for Chichester is making a modest proposal in the hope that we can persuade the Government to accept it. My constituents and I will certainly be very disappointed if this modest amendment is not accepted.

Mr. Michael Weir (Angus) (SNP): It will come as no great surprise to discover that I agree with the comments of my hon. Friend the Member for Banff and Buchan (Mr. Salmond). I have some reservations about amendment No. 17, which states that, if the price of Brent crude stays

"above 37.84 US dollars . . . for a period of fourteen days, the Chancellor of the Exchequer shall make regulations".

I wonder whether that is really strong enough, because when fuel prices start to rise, what is required is quick action.

The recent spike in fuel prices has had a devastating effect on many parts of the rural economy. In areas such as my own, petrol has gone up by well in excess of 20p a gallon in a very short time. Such an increase affects everything. It affects private motorists such as us, who need our cars to get about in rural areas because the alternative transport infrastructure simply is not there. It is all very well to argue on environmental grounds that we should take the train or the bus; that is fine if such transport exists and can get people to where they want to go, when they want to go there. I can take a train from Montrose to Arbroath, or a bus from Montrose to Brechin, but I cannot get from Brechin to the top of Glenisla. We need to travel all around our constituencies and many of our constituents have to do the same in the course of their occupations.

Worse still, the fuel price rise affects everything that has to be transported around our constituencies. For example, shop goods have to be transported by road because there is no alternative. A spike in the fuel price means that everything, including the loaf of bread in the local shop, goes up because such increases have to be passed on to the consumer.

We are told that this is an environmentally sound policy, but I am not sure what is environmentally sound about adding to rural depopulation. I read an interesting article in *The Times* during the oil price hike. I hope that it was tongue-in-cheek, but it argued that, if people living in rural areas could not afford the price of petrol, they should move to the cities. That is a terrible indictment of how rural areas are seen by some metropolitan areas. Rising oil prices affect us greatly.

Fuel tax is a huge part of the price of petrol. What interested me about the recent hike in oil prices was the speed at which the price at the pumps went up, following the increase in the price of oil in the international markets. I am no oil expert, but I imagine that there is a time gap between buying oil and the international market refining it and selling it on as petrol. I cannot help wondering whether there has been profiteering by some of the oil companies, which is a wider issue that the Government should examine.

The level of fuel duty is important. In my view, it must be brought down in rural areas. As pointed out to the Government on many occasions, provision exists under European law for derogations to allow lower fuel taxes in rural and remote areas where road travel is an essential service. That has been used very successfully in the Greek islands, but not in the islands or remote highland areas of Scotland. *[Interruption.]* My hon. Friend the Member for Banff and Buchan reminds me that Greece went on to win Euro 2004, so perhaps there is a huge impetus for Scotland to follow suit if we can revive our football team.

Joking aside, this is a serious issue, because the cost of transport in rural areas is so large. In the island areas of Scotland, it is even larger and derogations could be used to help overcome the problem. The Government should look further into using derogations from fuel duty in certain defined areas and deal with the activities of oil companies. I do not share the faith of the hon. Member for Christchurch (Mr. Chope), who spoke about the oil companies. There has been an element of profiteering, as the price has gone up instantly at the pumps when the oil price has increased in the international market. It could be argued that the point is to level up the prices over a period, but more should be done to examine what is going on.

Just a few oil companies govern petrol in this country and it was interesting to note that the supermarket chains were able to bring the price down again very quickly. Only then did the oil companies follow suit. It is a complex matter and fuel duty is at its heart. The Government should do more to look into what is going on, because the problem is a matter of huge concern in rural areas. That will continue, as oil prices are rising again. We were told that the last spike was the result of terrorist raids in Saudi Arabia. We are now told that the price could rise substantially because of the problems of the Yukos oil company in Russia and as a result of incidents in parts of the middle east. Our whole economy is affected and the Government must get it right if they are to avoid serious problems.

The Economic Secretary to the Treasury (John Healey): Amendments Nos. 16 and 17 would remove the duty increase for ultra-low sulphur diesel and petrol planned for September this year at a time when the international price of Brent crude oil is at or above $37.84 per barrel. For the benefit of the hon. Member for Chichester (Mr. Tyrie), today's Brent crude price is almost $2 lower, not $1 lower, than his level. At noon today, it was $35.97 a barrel.

I have to tell the hon. Member for Christchurch (Mr. Chope) that this is not a modest amendment. On the contrary—*[Interruption.]*

Mr. Tyrie: I do not know what prices the Economic Secretary is using. It shows why we really need Bloomberg in the Library—I requested it, but it was turned down—to ensure that we have accurate and up-to-date market prices for debates. It would cost £5,000 a year, which I believe would be a good investment. I am glad to have been able to get that point on the record. I checked the prices at 11.45 am and unless something dramatic has happened, the Brent spot price is $36.7 a barrel and the forward price for August—when the Economic Secretary says he is going to conduct his review—is $37.1. That is less than a dollar away from the price stipulated in the amendment.

1.15 pm

John Healey: No doubt the House authorities will study closely the hon. Gentleman's remarks. On the apparent discrepancy, it may be something for Bloomberg to take up with Reuters. Those two market sources may have different figures.

My serious point is that the amendment is not modest, as the hon. Member for Christchurch claimed that it was. It is an extraordinary declaration of new policy from the shadow Chancellor and his team. I take it that Conservative Members will back it up by voting for the amendment this morning. They are seriously saying that, if the price of oil is above $37.84, they will not implement the usual inflation increase in fuel duty each year. The usual inflation increase simply ensures that fuel duty maintains its value and its contribution to the public purse. Let me tell the hon. Member for Chichester that that approach amounts to another hole in the Tory spending plans of at least £750 million a year and that many of his shadow colleagues who are responsible for sectors already facing deep cuts will not be best pleased with his arguments today.

Mr. Tyrie: The Economic Secretary knows that that will not wash. He knows perfectly well that the amendment will not take effect until the next Budget—six months away. He also knows that, as the hon. Member for Banff and Buchan (Mr. Salmond) said, though I did not agree with all his points and I am not sure that he fully understood some of mine, that the net effect of the increase—

Mr. Speaker: Order. The hon. Gentleman will have a chance to reply and he is supposed to be making an intervention, which should be very brief and also about petrol duty.

Mr. Tyrie: The hon. Member for Banff and Buchan correctly said that the overall revenue effects of changes in oil prices over the last few months are highly favourable to the Government, who will benefit by a ratio of at least 2:1 and possibly 3:1 on my calculations. That is the ratio of increased revenue for every pound lost under the amendment.

John Healey: Clearly this is a six-month measure, not a serious one. It is simply a short-term reaction to complex current events and not a sensible way to make policy. The Tory plans mean that when the daily oil price goes up, the inflation increase is withdrawn. Presumably, when the oil price goes down, the duty increase will be reintroduced—though we are not told that. It is a hopeless hokey-cokey provision. I must tell the hon. Member for Chichester that it is not possible to manage economic policy and the public finances on such a simplistic and unstable basis.

Mr. Salmond: It may well be a hokey-cokey amendment, but its weakness is not that it is too bold, but that it is far too modest. Will the Treasury Front Benchers address themselves to the question of how much additional revenue they now expect, given that international oil prices are way beyond the Budget assumptions? What do they intend to do about the windfall revenue in the light of the September rise?

John Healey: If the hon. Gentleman can be patient, I intend to come on to the points that he and the hon. Member for Angus (Mr. Weir) have raised.

We are conducting a serious debate on the amendment before the House and it is important to realise that there is no historical precedent for such an approach when the Conservatives were in government. There has, of course, been a precedent for higher oil prices. However, unlike during the periods when oil prices were high under the Conservative Government, the UK economy now has the strength and stability to withstand some of these difficulties.

In late 1980, for example, when oil prices reached $40 a barrel, inflation was above 15 per cent., interest rates 14 per cent., and gross domestic product had contracted by 4 per cent. over the year. In 1990, when oil prices reached $40 a barrel, UK inflation was almost 11 per cent., interest rates 14 per cent., and the British economy had once again entered recession. Today, as a result of Labour's management of the economy, the UK enjoys the longest continuous growth on record, the lowest sustained inflation for 40 years and unemployment at its lowest level in a generation.

Turning to the points raised by the hon. Member for Banff and Buchan, if he consults the Red Book and my right hon. Friend the Chancellor's Budget statement, he will see that the delay in the usual increase in inflation is designed to coincide with the differential that we determined to introduce on 1 September to encourage the switch to sulphur-free road fuels.

The hon. Gentleman asked about revenue projections. He has been in this House a long time—a very long time, in some people's books—and will know that such projections are updated and published at the time of every pre-Budget report and Budget. We do not do those calculations or publish the projections on a day-to-day basis.

Based on assumptions audited by the National Audit Office and published at the time of the Budget, the crude oil price from which the 2004 figures were derived was 27.40p a barrel. The hon. Members for Banff and Buchan and for Twickenham (Dr. Cable) both talked about a windfall for the British economy resulting from the rise in oil prices. While it is true that North sea revenues increase as the oil price rises, the broader effect on public finances is much more complex.

Mr. Salmond: I think that the Economic Secretary meant to say that the oil price was $27.40 a barrel. However, it was suggested that the matter was under review. If so, that review must include the Treasury's new expectations of what would be a reasonable assumption for corporation tax and other oil receipts for this year. With respect to the Economic Secretary, I maintain that any responsible Treasury must do those calculations if an assessment has to be made soon about whether to go ahead with the duty increase. So where are they?

John Healey: The review by my right hon. Friend the Chancellor, and the decision that he takes, will take into account all the economic, social and environmental factors in such a complex decision. North sea revenues may rise with the oil price, but the broader effect on the public finances is much more complex. The overall effect in respect of the economy, business profitability and Government expenditure is broadly neutral.

Mr. Chope: On 3 June, a few days before the European and local government elections, the Chancellor of the Exchequer led us to believe that he was thinking seriously about not increasing fuel duty this autumn. Was he speaking through his hat?

John Healey: My right hon. Friend was not speaking through his hat. In fact, I do not think that I have ever seen him wearing one.

The hon. Member for Angus (Mr. Weir) described vividly the journeys that he can and cannot make across his constituency. I was almost there with him, but derogations for road fuel duty based on regions are, basically, prevented by European law. To get them, we would need the agreement of all 25 EU member states. That is not a viable policy proposition.

The amendments are flawed in both principle and practice. They do not recognise that, if duty on ultra-low sulphur diesel and petrol were reduced because of increases in the Brent price, the duty on sulphur-free diesel and petrol would be higher than that on the ultra-low sulphur fuels. That would wreck our aim to introduce those fuels at the earliest possible point and our plans to get the environmental benefits that would follow.

The amendments adopt the wrong approach. The right approach is the one pursued by the Chancellor. It has not been set out in private briefings, but placed on the public record by the Chancellor and the Prime Minister. The problem that we face is the world oil price, not UK duty rates. Therefore, it is right that we concentrate on oil supplies and on ensuring that OPEC meets its targets for sustainable prices.

The Chancellor has been at the forefront of those discussions. He and other Finance Ministers will continue to press OPEC to meet the increased production targets that have been set and to argue that we should go further still.

We have said that we will review progress in reducing oil prices and that we will make a judgment on the planned duty change due on 1 September. I urge the House to reject the amendments.

Mr. Tyrie: As my hon. Friend the Member for Christchurch (Mr. Chope) said, my amendment is modest. The hon. Member for Banff and Buchan (Mr. Salmond) was less charitable, and called it light. The amendment is short, but its clarity seems to have elicited some information from the Government. I shall come to that in a moment. The hon. Gentleman did not offer a clear alternative, only general suggestions for a more rigorous approach.

Mr. Salmond: The clear alternative is for the Government to say how much of a windfall they expect. I am concerned by what the Economic Secretary said about the effect being neutral and I presume that that is based on an assumption of lower economic growth. If so, he should tell us how much of a direct windfall the Government expect and the size of the fall in economic growth that they now forecast. The Economic Secretary's message was very negative.

Mr. Tyrie: The hon. Gentleman and I seem to be working together more closely than a moment ago.

Mr. Salmond *indicated dissent.*

Mr. Tyrie: I do not want to wreck his party's prospects, but I agree with what the hon. Gentleman just said. It would be extremely helpful if the Government made a clear statement, perhaps in a letter, of the overall effect of oil price rises on the public finances. I should be grateful if the Economic Secretary would publish the detailed calculations on which his remarks were based.

John Healey: I made it clear in my remarks that our main assumptions are audited by the NAO. We publish them in the pre-Budget report and the Budget. That is the time scale to which we work and when the information is made available. A broadly neutral effect is more likely than the large windfall that Opposition Members seem to think will benefit the British economy.

Mr. Tyrie: The Economic Secretary has alluded to some publications with which I am familiar, but I would not feel able easily to draw the same conclusions. I do not want to linger on this point, but I hope that he will help us by sending a letter pointing out where we can find numbers that are clear and unambiguous. The point at issue is valuable, and the House and the country should have deeper knowledge of it.

The hon. Member for Twickenham (Dr. Cable) delivered a typically elegant and interesting speech. He is always thoughtful, but today he seemed almost to be pointing in two directions at once. *[Interruption.]* It is rare for Liberal Democrat Members to do that, but occasionally it can happen inadvertently. Initially, he seemed to support the principle behind the amendment, even if he did not accept the detail. Those were more or less the words that he used, but almost in the same breath he quoted figures that implied that motorists are undertaxed and that they should pay more in tax.

Dr. Cable *indicated assent.*

Mr. Tyrie: The hon. Gentleman is nodding in agreement. Motorists should therefore know that the Liberal Democrat party's policy is to increase taxation

and to impose higher levels of duty on diesel and motor spirit. That message will not be lost on people in the months ahead.

The Economic Secretary said that my amendment was a short-term measure and could not be supported. If that is so, why have the Government briefed the press about their willingness to introduce just such a short-term measure—to suspend the duty rise for six months? Why are they doing exactly what they say should not be done? They are considering a measure along the lines of the amendment, or at least they are trying to get the best publicity that they can for doing so.

The Economic Secretary called the amendment hokey-cokey. I am not sure what he meant, but the only hokey-cokey activity going on here has been the Government's briefing of the press, when they should have explained their policy to the House. We still do not know exactly what their policy is.

I come back to my central point and give the Economic Secretary one last opportunity. Will the Government give us a clear commitment that, if prices rise and stay at the level that they were when the Chancellor gave his friendly press briefings, they will set aside the September increase in fuel duty? Will they give us a clear answer to that question? If they will not, we will be forced to divide the House on the issue.

Question put, That the amendment be made:—

The House divided: Ayes 109, Noes 250.

Division No. 218] **[1:30 pm**

AYES

Amess, David
Ancram, rh Michael
Arbuthnot, rh James
Atkinson, David *(Bour'mth E)*
Bacon, Richard
Baron, John *(Billericay)*
Beggs, Roy *(E Antrim)*
Beresford, Sir Paul
Bottomley, Peter *(Worthing W)*
Brady, Graham
Brazier, Julian
Burns, Simon
Burt, Alistair
Cameron, David
Cash, William
Chapman, Sir Sydney *(Chipping Barnet)*
Chope, Christopher
Clappison, James
Conway, Derek
Cormack, Sir Patrick
Curry, rh David
Davis, rh David *(Haltemprice & Howden)*
Donaldson, Jeffrey M.
Duncan, Alan *(Rutland)*
Evans, Nigel
Ewing, Annabelle
Fallon, Michael
Field, Mark *(Cities of London & Westminster)*
Flight, Howard
Flook, Adrian
Forth, rh Eric
Gibb, Nick *(Bognor Regis)*
Goodman, Paul
Greenway, John
Gummer, rh John
Hague, rh William
Hammond, Philip
Hawkins, Nick
Hayes, John *(S Holland)*
Heald, Oliver
Heathcoat-Amory, rh David
Hendry, Charles
Hermon, Lady
Horam, John *(Orpington)*
Howarth, Gerald *(Aldershot)*
Jackson, Robert *(Wantage)*
Jenkin, Bernard
Key, Robert *(Salisbury)*
Knight, rh Greg *(E Yorkshire)*
Laing, Mrs Eleanor
Lait, Mrs Jacqui
Leigh, Edward
Letwin, rh Oliver
Liddell-Grainger, Ian
Lidington, David
Lilley, rh Peter
Loughton, Tim
McIntosh, Miss Anne
McLoughlin, Patrick
Malins, Humfrey
Maples, John
Mawhinney, rh Sir Brian
May, Mrs Theresa
Mercer, Patrick
Mitchell, Andrew *(Sutton Coldfield)*
Moss, Malcolm
Murrison, Dr. Andrew
Norman, Archie
O'Brien, Stephen *(Eddisbury)*
Osborne, George *(Tatton)*
Page, Richard
Paice, James
Paterson, Owen
Prisk, Mark *(Hertford)*
Randall, John
Robathan, Andrew
Robertson, Angus *(Moray)*
Ruffley, David
Salmond, Alex
Sayeed, Jonathan
Selous, Andrew
Shephard, rh Mrs Gillian
Shepherd, Richard
Simpson, Keith *(M-Norfolk)*
Smyth, Rev. Martin *(Belfast S)*
Spelman, Mrs Caroline
Spink, Bob *(Castle Point)*
Spring, Richard
Stanley, rh Sir John
Steen, Anthony
Streeter, Gary
Swayne, Desmond
Swire, Hugo *(E Devon)*
Taylor, John *(Solihull)*
Taylor, Dr. Richard *(Wyre F)*
Taylor, Sir Teddy
Tredinnick, David
Trimble, rh David
Turner, Andrew *(Isle of Wight)*
Tyrie, Andrew
Walter, Robert
Waterson, Nigel
Weir, Michael
Whittingdale, John
Widdecombe, rh Miss Ann
Wiggin, Bill
Wilshire, David
Winterton, Sir Nicholas *(Macclesfield)*
Wishart, Pete

Tellers for the Ayes:
Gregory Barker and
Mr. Peter Atkinson

NOES

Abbott, Ms Diane
Adams, Irene *(Paisley N)*
Ainger, Nick
Ainsworth, Bob *(Cov'try NE)*
Alexander, Douglas
Allen, Graham
Anderson, rh Donald *(Swansea E)*
Anderson, Janet *(Rossendale & Darwen)*
Armstrong, rh Ms Hilary
Atherton, Ms Candy
Atkins, Charlotte
Baird, Vera
Banks, Tony
Barnes, Harry
Battle, John
Beard, Nigel
Beckett, rh Margaret
Begg, Miss Anne
Bennett, Andrew
Benton, Joe *(Bootle)*
Berry, Roger
Best, Harold
Blackman, Liz
Blair, rh Tony
Blizzard, Bob
Borrow, David
Bradley, rh Keith *(Withington)*
Bradley, Peter *(The Wrekin)*
Brennan, Kevin
Bryant, Chris
Buck, Ms Karen
Burgon, Colin
Byers, rh Stephen
Cairns, David
Campbell, Mrs Anne *(C'bridge)*
Campbell, Ronnie *(Blyth V)*
Caplin, Ivor
Casale, Roger
Chapman, Ben *(Wirral S)*
Clapham, Michael
Clark, Mrs Helen *(Peterborough)*
Clark, Dr. Lynda *(Edinburgh Pentlands)*
Clark, Paul *(Gillingham)*
Clarke, rh Tom *(Coatbridge & Chryston)*
Clarke, Tony *(Northampton S)*
Clelland, David
Clwyd, Ann *(Cynon V)*
Coaker, Vernon
Coffey, Ms Ann
Cohen, Harry
Colman, Tony
Corbyn, Jeremy
Corston, Jean
Cousins, Jim
Cranston, Ross
Crausby, David
Cryer, John *(Hornchurch)*
Cummings, John
Cunningham, Jim *(Coventry S)*
Cunningham, Tony *(Workington)*
Curtis-Thomas, Mrs Claire
Darling, rh Alistair
Davey, Valerie *(Bristol W)*
Davies, rh Denzil *(Llanelli)*
Davies, Geraint *(Croydon C)*
Dawson, Hilton
Dean, Mrs Janet
Dhanda, Parmjit
Dismore, Andrew
Dobbin, Jim *(Heywood)*
Dobson, rh Frank
Doran, Frank
Dowd, Jim *(Lewisham W)*
Drew, David *(Stroud)*
Drown, Ms Julia
Dunwoody, Mrs Gwyneth
Eagle, Angela *(Wallasey)*
Eagle, Maria *(L'pool Garston)*
Edwards, Huw
Efford, Clive
Ennis, Jeff *(Barnsley E)*
Farrelly, Paul
Field, rh Frank *(Birkenhead)*
Fisher, Mark
Fitzpatrick, Jim
Fitzsimons, Mrs Lorna
Flint, Caroline
Flynn, Paul *(Newport W)*
Follett, Barbara
Foster, Michael Jabez *(Hastings & Rye)*
Foulkes, rh George
Gapes, Mike *(Ilford S)*
Gerrard, Neil
Gibson, Dr. Ian
Goggins, Paul
Griffiths, Jane *(Reading E)*
Griffiths, Nigel *(Edinburgh S)*
Grogan, John
Hain, rh Peter
Hall, Mike *(Weaver Vale)*
Hamilton, David *(Midlothian)*
Hamilton, Fabian *(Leeds NE)*

Hanson, David
Havard, Dai *(Merthyr Tydfil & Rhymney)*
Healey, John
Henderson, Doug *(Newcastle N)*
Hendrick, Mark
Hesford, Stephen
Heyes, David
Hinchliffe, David
Hoey, Kate *(Vauxhall)*
Hood, Jimmy *(Clydesdale)*
Hoon, rh Geoffrey
Hope, Phil *(Corby)*
Hopkins, Kelvin
Howarth, George *(Knowsley N & Sefton E)*
Hughes, Beverley *(Stretford & Urmston)*
Hughes, Kevin *(Doncaster N)*
Hutton, rh John
Iddon, Dr. Brian
Illsley, Eric
Jackson, Glenda *(Hampstead & Highgate)*
Jackson, Helen *(Hillsborough)*
Johnson, Miss Melanie *(Welwyn Hatfield)*
Jones, Jon Owen *(Cardiff C)*
Jones, Kevan *(N Durham)*
Jones, Lynne *(Selly Oak)*
Jowell, rh Tessa
Kaufman, rh Sir Gerald
Keeble, Ms Sally
Keen, Alan *(Feltham)*
Keen, Ann *(Brentford)*
Kelly, Ruth *(Bolton W)*
Kennedy, Jane *(Wavertree)*
Khabra, Piara S.
Kidney, David
King, Andy *(Rugby)*
Kumar, Dr. Ashok
Ladyman, Dr. Stephen
Lammy, David
Lawrence, Mrs Jackie
Lepper, David
Leslie, Christopher
Levitt, Tom *(High Peak)*
Lewis, Terry *(Worsley)*
Liddell, rh Mrs Helen
Linton, Martin
Lloyd, Tony *(Manchester C)*
Love, Andrew
Lucas, Ian *(Wrexham)*
Luke, Iain *(Dundee E)*
Lyons, John *(Strathkelvin)*
McCafferty, Chris
McDonnell, John
MacDougall, John
McFall, rh John
McGuire, Mrs Anne
McIsaac, Shona
McKechin, Ann
McKenna, Rosemary
McNamara, Kevin
McWalter, Tony
Mahon, Mrs Alice
Mandelson, rh Peter
Marris, Rob *(Wolverh'ton SW)*
Marsden, Gordon *(Blackpool S)*
Marshall-Andrews, Robert
Martlew, Eric
Meale, Alan *(Mansfield)*
Michael, rh Alun
Milburn, rh Alan
Miliband, David
Miller, Andrew
Moffatt, Laura
Mole, Chris
Moran, Margaret
Morgan, Julie
Mountford, Kali
Munn, Ms Meg
Murphy, Jim *(Eastwood)*
Naysmith, Dr. Doug
O'Brien, Bill *(Normanton)*
O'Hara, Edward
Olner, Bill
O'Neill, Martin
Osborne, Sandra *(Ayr)*
Owen, Albert
Perham, Linda
Picking, Anne
Pickthall, Colin
Pike, Peter *(Burnley)*
Plaskitt, James
Pollard, Kerry
Pond, Chris *(Gravesham)*
Pope, Greg *(Hyndburn)*
Pound, Stephen
Primarolo, rh Dawn
Purnell, James
Quinn, Lawrie
Robertson, John *(Glasgow Anniesland)*
Ruane, Chris
Russell, Ms Christine *(City of Chester)*
Ryan, Joan *(Enfield N)*
Sarwar, Mohammad
Savidge, Malcolm
Sawford, Phil
Sedgemore, Brian
Sheerman, Barry
Sheridan, Jim
Skinner, Dennis
Smith, rh Andrew *(Oxford E)*
Smith, Geraldine *(Morecambe & Lunesdale)*
Smith, Jacqui *(Redditch)*
Smith, Llew *(Blaenau Gwent)*
Soley, Clive
Southworth, Helen
Starkey, Dr. Phyllis
Stevenson, George
Stewart, David *(Inverness E & Lochaber)*
Stewart, Ian *(Eccles)*
Stinchcombe, Paul
Stoate, Dr. Howard
Strang, rh Dr. Gavin
Stringer, Graham
Stuart, Ms Gisela
Sutcliffe, Gerry
Taylor, Dari *(Stockton S)*
Thomas, Gareth *(Clwyd W)*
Todd, Mark *(S Derbyshire)*
Touhig, Don *(Islwyn)*
Trickett, Jon
Truswell, Paul
Turner, Dennis *(Wolverh'ton SE)*
Turner, Dr. Desmond *(Brighton Kemptown)*
Turner, Neil *(Wigan)*
Tynan, Bill *(Hamilton S)*
Walley, Ms Joan
Ward, Claire
Wareing, Robert N.
White, Brian
Whitehead, Dr. Alan
Wicks, Malcolm
Williams, rh Alan *(Swansea W)*
Williams, Betty *(Conwy)*
Wills, Michael
Winnick, David
Wood, Mike *(Batley)*
Woodward, Shaun
Wright, Anthony D. *(Gt Yarmouth)*
Wright, Tony *(Cannock)*

Tellers for the Noes:
Derek Twigg and Gillian Merron

Question accordingly negatived.

Mr. Peter Kilfoyle (Liverpool, Walton) (Lab): On a point of order, Madam Deputy Speaker. When the last vote was taken, a number of right hon. and hon. Members were in the Marquee. No bell rang down there. May I ask you to ensure that the bells are put into effect? It is obviously rather disconcerting to hear that there is a vote when the information on that vote does not extend throughout the Palace.

Madam Deputy Speaker (Sylvia Heal): I thank the hon. Gentleman for bringing that matter to the attention of the occupant of the Chair, and I will ensure that the Serjeant at Arms is aware of his comments.

Clause 28

THE NON-CORPORATE DISTRIBUTION RATE

Dr. Cable: I beg to move amendment No. 38, in page 23, line 26, leave out '19%' and insert '5%'.

My hon. Friend the Member for Yeovil (Mr. Laws) spoke on this subject at some length in Committee, and I should like to say a few words on it now. Our aim is to find a somewhat more elegant way to back down than the Government have found in their retreat on the zero rating of incorporated companies in respect of corporation tax. We know the story—I need not rehearse it at length—but the policy has had disastrous consequences. There was a 45 per cent. increase in incorporation in a year and an estimated revenue loss of £1 billion. The Government have had to retreat, and they have chosen to do by introducing a differential tax rate, with a 19 per cent. duty on distributed profits from small incorporated companies, which affects hundreds of thousands of companies that draw their incomes from distributions.

1.45 pm

The issues of principle have been debated backwards and forwards. What has emerged very clearly is that the Government's U-turn has managed to antagonise several groups of people simultaneously for different reasons. First, there are all those people who incorporated their companies in good faith because they believed the Government's arguments in support of incorporation. They invested in financial advice and the associated costs. Having followed the Government's advice and responded to the incentive that they were given, the overwhelming bulk of those who draw their income in the form of dividends now find themselves penalised by a high rate of tax.

Secondly, those whose small companies were already incorporated before the tax inducement and were perfectly happy with that status now face an additional, different and more complex tax regime than before. Thirdly, those with unincorporated companies who felt a sense of grievance that they were treated differently from incorporated companies still feel that they are

treated differentially. If they plough back their profits into their companies, they are taxed in a way that incorporated companies are not.

There has been a general sense of frustration about the way that the matter has been handled. Clearly, the Government have had to beat a retreat; the issue is, how should they do that while causing minimum disruption and complexity? We tabled the amendment—my colleagues tabled a similar one in Committee—to try to find a somewhat better way.

There are two fundamental problems with the route that the Government have taken. First, they have introduced another change to a system that must almost certainly change again in the future. I understand that they are undertaking a review of the issue—that is prudent and necessary—but the review will probably take a year to complete. There will presumably be a consultation document, and the tax regime may well change again. The context is that the tax on such companies has already changed four times in quick succession: from a rate of 20 per cent. to one of 10 per cent; to a zero rate; and now to a zero rate plus the extra tax on dividend distributions. There is a high rate of flux, with all the associated costs of accountancy and financial advice. The Government propose to make another big change. Would it not better to hold off and make a much more modest adaptation of the type that we propose?

There is a second complexity. Those in industry and the Inland Revenue have been involved in a vigorous debate about tax complexity and whether the Government's proposal will make life extremely difficult for those in small businesses. The Select Committee on Economic Affairs produced a thorough report on the issue. It has no particular axe to grind. It is an all-party report and no voting was involved, so we are dealing with people who considered the issue in a fairly detached way. I shall simply quote a couple of references from the House of Lords report, which gives a reasonably balanced assessment of the complexity produced by the Government's changes. Paragraph 135 says:

"From the evidence we have received on the issue of technical complexity we noted that there was no meeting of minds between our private sector respondents and the Revenue. In our view, this issue falls to be judged in the context of the population of taxpayers (up to 332,000 owner-managed companies . . .) who are going to be affected by it".

The report continues:

"all our witnesses from the private sector who spoke on this subject expressed the view to us that a straightforward abolition of the 0 per cent. rate would be a much simpler way of achieving essentially the same end result as will be produced by these provisions."

It is clear from those whom the change will affect that it will be complex and disruptive, and there will almost certainly have to be another change after the review. The amendment would ease the process, making it somewhat more elegant, and less costly and difficult for people who run small companies.

Mr. Howard Flight (Arundel and South Downs) (Con): This saga is illustrative of some of the main problems with the Government. The original zero rate was introduced as a piece of spin to try to claim that the Government were small-business friendly. Indeed, we all remember the Paymaster General telling small businesses not to look a gift horse in the mouth. The Government failed to heed warnings given at the time by everyone, including the official Opposition, that they were distorting the tax system in favour of incorporation. Unsurprisingly, the tax loss when thousands of sole traders incorporated has turned out to be far too great, so a piece of tax complexity is required to negate that—the Lord giveth, and He taketh away, so the gift horse has gone.

I believe that the Paymaster General attended a recent conference for small businesses, and as the hon. Member for Twickenham (Dr. Cable) pointed out, many small businesses said that they would rather abolish the zero rate and return to a simple situation rather than being burdened with complex arrangements while the Government undo their mistake. The amendment would not solve the problem and it has tax-revenue implications. It would be far better if the Government were to be a little more brave and honest by addressing the problem of their own making more satisfactorily.

The Paymaster General (Dawn Primarolo): The hon. Members for Twickenham (Dr. Cable) and for Arundel and South Downs (Mr. Flight) advanced two sets of opposing arguments, and I shall deal first with the points made by the hon. Member for Twickenham. It is a complete fallacy that the introduction of the small companies rate makes calculations for companies more complex—it does not. The scheme is extremely simple and it works through the corporate tax system. The system is straightforward for companies that start as micro-companies, reinvest in themselves and grow, because the zero rate will be left in place to assist such companies.

I know that the hon. Gentleman would agree that small businesses promote growth and enterprise. They are part of a modern, dynamic economy that needs a strong entrepreneurial base and vibrant small businesses. The Government's policy is designed to ensure that the significant engine for future growth in the economy, which generates the competitiveness that drives innovation, is rewarded when profits are reinvested in companies.

The fact that the amendment would change the rate to 5 per cent. suggests to me that the hon. Gentleman accepts the principle regarding companies that are driven to incorporate only to access low corporation tax rates when taking a dividend as private income rather than reinvesting in themselves. He is merely quibbling about whether the rate should be 19 per cent. or 5 per cent., but he does not address how costly his scheme would be, as the hon. Member for Arundel and South Downs pointed out, despite the fact that it would have no purpose. The measure would cost about £500 million in 2006–07, and there would be a substantial cost due to those who were driven to incorporate not because they wanted to reinvest profits in their companies to promote growth, but so that they could access a 5 per cent. tax rate and thus reduce their liability for tax on their incomes. That cannot be right.

The hon. Member for Twickenham set the two benchmarks of complexity and a further change, but he contradicted himself. He would increase complexity by setting a rate of 5 per cent., for which there is no parallel in the tax system for corporates, and would also make a change, which he says that he does not want. For reasons of cost, fairness and the need to reward companies that reinvest profits in themselves to promote growth, the Government's policy is the fairest and the most straightforward option. The changes to which he

[Dawn Primarolo]

referred have nothing to do with small businesses that try to invest their profits for growth. Specific aspects of the tax system needed to be addressed because some companies were trying to remove profit in other ways, and thus escape tax, which cannot be fair.

The hon. Member for Arundel and South Downs talked about the zero rate, but his party did not vote against that proposal. It agreed with the principle that we should assist companies that reinvest their profits in themselves in order to grow. I fail to understand how removing the zero rate, yet keeping the 19 per cent. rate, would assist such small companies.

Mr. Flight: With the greatest respect, I think that the Paymaster General was present when I said that several small companies have commented that they would prefer to be rid of the 19 per cent. rate, which can be complicated in some circumstances, at the price of giving up the zero rate. She knows that one rate essentially offsets the other. Secondly, when the zero rate was introduced, we said that if the Government wanted to give tax incentives to small businesses, they should not distort the tax system, but give incentives, whether companies were sole traders or incorporated.

Dawn Primarolo: I am glad that the hon. Gentleman mentioned what was said at the meeting of the all-party group on small business—that was the occasion to which he referred—because much mischief has been made, so I would like to put the facts on record. I am not a member of the all-party group, but the hon. Gentleman's colleague, the hon. Member for Hertford and Stortford (Mr. Prisk), is. Several professional organisations attended the meeting, including one lobbyist and two, three or perhaps four representatives of such bodies as the Institute of Chartered Accountants. The Federation of Small Businesses was also represented at the meeting. The hon. Member for Hertford and Stortford asked me, as a courtesy, to attend the meeting to hear what those bodies had to say. They did not purport to represent, or speak on behalf of, all small businesses, and they did not suggest that they wanted the zero rate to be removed. I made no comment on that at the meeting, so let us be clear that people are not lobbying for that measure.

The amendment is an attempt to buy—literally—a few friends with taxpayers' money. It would affect only a small sector of companies that would prefer not to pay the same tax as everyone else has to. I do not think that that is fair. It is complex and the Exchequer, on behalf of all taxpayers who pay their fair rate of tax, rejects it as a principle. However, I look forward to debates in future with both hon. Gentlemen about the most appropriate way for the tax system to respond to micro, small and medium-sized companies with regard to their contribution to the economy. If the amendment is put to a vote, I shall ask my right hon. and hon. Friends to oppose it.

2 pm

Dr. Cable: There is an element of common ground. All three of us—the Minister, the hon. Member for Arundel and South Downs (Mr. Flight) and myself—are concerned about how best to create an environment in which entrepreneurs can flourish. One of the painful lessons of the Government's attempts at tax reform is that simply switching artificially from incorporation to unincorporation, treating them as entirely different animals, merely results in distortions of the system and does not promote entrepreneurship.

Neither the Minister nor I are the best people to judge the issue of complexity; it is those on the receiving end who are best able to judge complexity. It is clear from the evidence that has come forward from the various representative and professional bodies that an enormous amount of complexity is involved. The Inland Revenue describes its three-step process for calculating tax liability as extremely simple. However, it is extremely complex for many people who cannot afford to employ an accountant and have to go through the process themselves. Clearly, there is a difference of interpretation of complexity in this context, but it is clear to most people who run businesses that the arrangement is extremely complex.

As for reinvestments, it is a little simple to say that there are good and virtuous companies that reinvest their profits and others that take dividends. Until the Government started tinkering with tax arrangements in this area, where many small companies were highly entrepreneurial, some people took their income in the traditional way and paid income tax on it, and others took their income in the form of dividends. That reflected the old system. It does not mean that one company was better than another or that one was more committed to growth than the other. The argument about reinvestment and non-reinvestment is artificial.

As for the amendment's revenue implications, it is fair to say that the Government's track record of predicting the revenue implications of tax changes have not been particularly good. They lost £1 billion as a result of the inadvertent changes from their own proposals, so to tell us that the amendment would somehow be depriving the Treasury of revenue is a little rich. The problem that the Government now face is how to extricate themselves, as sensibly as possible, from a mistaken initiative. We know that within a year or so the regime will have to change again, and we are looking for the most sensible transitional arrangement. The Government have proposed a complicated one, and ours is rather simpler.

I do not intend to push the amendment to a vote, but it is worth reminding the Government that they created the problem. We are trying to help them to find a way out of it. I beg to ask leave to withdraw the amendment.

Amendment, by leave, withdrawn.

Clause 29

SPECIAL RATES OF TAX APPLICABLE TO TRUSTS

Mr. Flight: I beg to move amendment No. 224, in page 23, line 40, at end insert—

'(5) This section shall not apply to the income of a settlement in any year of assessment if the trustees of the settlement have elected that section 691(2) of the Taxes Act (certain income of maintenance funds for historic houses not to become the income of the settlor etc) shall have effect in the case of—

(a) the settlement, or

(b) any part of the settlement in relation to that year of assessment'.

Madam Deputy Speaker: With this it will be convenient to discuss the following amendments:

No. 228, in schedule 15, page 366, line 4, at end insert—

'(4) If—

(a) within two years of the death of the chargeable person the relevant property is transferred to a settlement, and

(b) a direction is given in respect of the property under the provisions of paragraph 1 of Schedule 4 to IHTA 1984 (maintenance funds for historic buildings),

sub-paragraph 2(b) shall not apply to the property and the chargeable person shall be treated as the settlor of the property under the provisions of Schedule 4 to IHTA 1984.'.

No. 229, in schedule 15 page 366, line 27, at end insert—

'(4) If—

(a) within two years of the death of the chargeable person the relevant property is transferred to a settlement, and

(b) a direction is given in respect of the property under the provisions of paragraph 1 of Schedule 4 to IHTA 1984 (maintenance funds for historic buildings),

sub-paragraph 2(b) shall not apply to the property and the chargeable person shall be treated as the settlor of the property under the provisions of Schedule 4 to IHTA 1984.'.

No. 230, in schedule 21 page 399, line 10, leave out from 'settlement' to end of line 16 and insert

'in relation to which a direction under paragraph 1 of Schedule 4 to the Inheritance Tax Act 1984 (maintenance funds for historic buildings) has been given.'.

No. 231, in schedule 22 page 407, line 23, leave out from 'settlement' to end of line 30 and insert

'and a direction under paragraph 1 of Schedule 4 to the Inheritance Tax Act 1984 (maintenance funds for historic buildings) was given in relation to a relevant earlier disposal.'.

Mr. Flight: These five amendments arise from discussions that we have had with the Historic Houses Association and relate to maintenance funds. Hon. Members will be aware that 20 or so years after the second world war the UK lost many historic houses. There was really an all-party agreement thereafter. First, people were required to maintain their historic houses; they could not pull them down or let them fall down. Secondly, some fiscal assistance was given to that end, which is where maintenance funds come in, to keep the houses in good repair. We are not talking about clever tax avoidance vehicles. Once houses are owned by maintenance funds, there is no way in which individuals can take them back and get up to clever tricks.

Amendment No. 224 is designed to exclude maintenance fund income from the increased 40 per cent. income tax rate that will apply to trust income under clause 29. It is quite a significant cash flow cost to existing maintenance funds to have their tax rate effectively increased by some 20 per cent., especially when maintenance costs are rising. In 1997, the Labour Government introduced the ability to make an election under section 692 of the Income and Corporation Taxes Act 1988. If the election is in force, the income of the maintenance fund is taxed at 34 per cent. rather than 40 per cent. as the income of the settlor. In 1997, that benefit was far greater than it was before Conservative Governments reduced the ridiculously high rates of personal taxation.

When the notes on the Finance Bill were published—specifically on the reforms of the taxation of trusts, and at the same time as the announcement of the proposed increase in the rate applicable to trusts to 40 per cent.—the recommendations contained suggested provisions to prevent the increase in tax applying to trusts for the vulnerable but not for vulnerable historic houses. There was no reference to the position of maintenance funds.

I submit that maintenance funds for historic houses should be similarly treated. They were set up by the Labour party to give relief from capital transfer tax for property transferred to such trusts. The proposals had all-party support, as did the introduction in 1997 of the right to elect for the income of the maintenance fund to be taxed at the rate applicable to trusts rather than the settlor's rate. The need for maintenance funds has been reduced by the introduction of inheritance tax and potentially exempt transfers in 1986, but they remain an important vehicle for the preservation of heritage. People often die earlier than they expect and historic houses can end up having to be sold and turned into flats.

Amendments Nos. 228 and 229 are designed to prevent the inheritance tax liabilities otherwise payable by the donor on his death following an election if the donee transfers the property to a maintenance fund. This interrelates to the subsequent pre-owned assets proposals.

Amendment No. 228 is similar in form to amendment No. 102, which we discussed in Committee. The amendment has been redrafted because the effect should be to make the election to avoid the pre-owned assets charge and then have the option of either paying the inheritance charge or having exemption by transferring to a maintenance fund. As drafted, the clause appears to enable the Revenue to reclaim the pre-claimed assets charged if the property is transferred into a maintenance fund.

Amendment No. 229 is essentially in the same form, but relates to intangible property, the election of which is dealt with in a separate paragraph.

The argument that the Paymaster General advanced in Committee for rejecting the principle of permitting maintenance funds to be created for property subject to a schedule 15 election was that it would be wrong to treat such property any differently from property in a potentially exempt transfer that had failed, either because the donor fails to survive seven years or because of reserved benefit. The right hon. Lady's point was that the taxpayer should not have his cake and eat it in this context.

During consideration of the Finance Bill 1986 in Committee, the then Conservative Minister advanced a similar argument when rejecting a proposal put forward by a Labour Member to commit the owner of property subject to a failed PET to transfer it to a maintenance fund. In 1986, there was some merit in the argument that the situation to be relieved was of the taxpayer's own making—he did not have to risk the failure of his potentially exempt transfer—but a donor who is now subject to a pre-owned assets charge is not in the same position. He will almost certainly have made what the Revenue said in 1986 was not a gift with reservation, and that would remain effective if he lived for at least seven more years. He is now told that he undertook a contrived arrangement, and must pay a penalty tax to deter others. Whether he pays the tax or elects to suffer the inheritance tax charge on his death, the effect is the

[Mr. Flight]

same for the property and the maintenance of the historic house. Far from his having his cake and eating it, he is in a no-win position. Surely, he ought to be entitled to elect to avoid the inheritance tax charge by taking a conditional exemption and maintenance fund relief. I am aware that the Revenue is in discussions with the Historic Houses Association, and if the Paymaster General is not willing to accept my amendments, I hope that she agrees that maintenance funds should be further discussed.

Amendments Nos. 230 and 231 relate to clauses 111 and 112, which introduce anti-avoidance provisions that are also dealt with in schedules 21 and 22. Clause 111 precludes capital gains tax holder relief on transfers to settlor-interested settlements, and clause 112 precludes principal private residence relief from capital gains tax on the sale of houses that have been the subject of a previous claim for capital gains tax holder relief. Each schedule introduces an exemption for maintenance funds. In the case of schedule 21, it is clearly important that the relief should continue to apply to owners who set up a maintenance fund throughout their lifetime because it is inevitable that the settlor will have interest in the fund to maintain his house. Both reliefs are expected to apply only if an election under section 691 of the Taxes Act 1988 is in force. Under that election, the income of the maintenance fund is subject to the rate applicable to trusts, and is not taxed as the income of the settlor. The Government have just made section 691 redundant. If the rate applicable to trusts is now the same as for individuals, there will be no point in making a section 691 election.

Capital gains tax holder relief on lifetime transfers to maintenance funds should not be dependent on the existence of an election that is now defunct, and neither should the preservation of principal private residence relief. If amendment No. 224 is rejected, the remaining amendments in the group are necessary to ensure that the reliefs for maintenance funds in schedules 21 and 22 are not dependent on a defunct election. In any event, whether or not the settlor makes a section 691 election, the rate of income tax payable by the fund trustees, and therefore the rate of capital gains tax, has no other effect on the status of the maintenance fund. The availability of capital gains tax holder relief for transfers to maintenance funds and the preservation of principal private residence relief should depend on whether or not the fund has been designated under schedule 4 of the Inheritance Tax Act 1984.

My amendments are probing and highly technical. As I have said, if the Minister does not see fit to accept them, I hope that she will assure the House that the issues that they raise will be considered in the discussions between the Revenue and the Historic Houses Association on the wider implications of the relevant tax changes.

Dawn Primarolo: I shall not accept the amendments tabled by the hon. Member for Arundel and South Downs (Mr. Flight), and shall remind the House of the purpose of heritage maintenance funds and trusts: they are designed to maintain historic buildings and other heritage assets. There are fewer than 150 such trusts in the UK, but the Government understand and value their role in preserving the nation's historic buildings and works of art. In his amendments, the hon. Gentleman attempts to tie a beneficial structure with a narrow purpose to the pre-owned assets that we shall discuss later. He is therefore inadvertently allowing some people with access to creative tax planning to reopen their heritage maintenance funds and plan their affairs, following changes introduced by the Bill, so that they are no longer liable for inheritance tax.

2.15 pm

As I have said, we accept the need for heritage maintenance funds, which is why the Government continue to provide certain tax privileges for them that are not threatened in any way by the Finance Bill. The hon. Gentleman's amendments would expand those privileges. Property may be transferred into a settlement free of inheritance tax if the income from that property is used for the preservation of land, buildings or objects of artistic or historic interest. Payments made by a heritage maintenance fund and used for the maintenance of a property are not treated as the income of the person occupying that property. Heritage maintenance funds feature in a number of exclusions from capital gains tax anti-avoidance rules. The Government's position is therefore clear: we support the use of these funds for genuine heritage purposes, but we will not agree to amendments that seek to extend those privileges or allow a small number of extremely wealthy people—there are only 150 trusts—to have a vehicle to circumvent the requirement that property and works of art should be subject to inheritance tax or treated as pre-owned assets.

The hon. Gentleman has not explained why the current structure of the heritage maintenance funds does not work or why it should be amended. He has not revealed any flaws in it or a lack of support for the maintenance of historic buildings. His amendments seek to allow greater benefits than is justified, so I shall not support them should he put them to a vote. However, he sought confirmation of something that I confirmed earlier in Committee. Yes, the Inland Revenue has discussions with the Historic Houses Association. We have similar discussions with the Department for Culture, Media and Sport about how to preserve our heritage, works of art and designated property or land while maintaining the principles and the balance of the tax system. I cannot assure the hon. Gentleman that his amendments will eventually be accepted in those discussions, but I can reassure him that the Government will continue to play an active part by engaging with all relevant bodies to ensure the continued preservation of this country's heritage. The taxpayer can play a role in that, whether through tax exemptions or specific structures. On that basis, I ask the hon. Gentleman not to press the amendment to a vote, but if he feels that he needs to do so, I would ask my hon. Friends to oppose the amendment.

Mr. Flight: The Paymaster General failed to respond to the first and last of the territories that I raised. The first territory has nothing to do with the pre-owned assets charge, and simply concerns the rise in the tax charge on maintenance funds from 34 to 40 per cent.

The full programme of Government changes to the taxation of trusts makes sense in that a full look through will occur, and taxation will fall to the tax rate of the beneficiary, which seems to be a sensible approach. However, that approach is not relevant to increases to the tax rate on maintenance funds. It is inconsistent for the Government to leave the tax charge on vehicles for the vulnerable at 34 per cent., while increasing the tax charge on vehicles for looking after properties. Although buildings are not as important as individuals, it seems unreasonable not to consider that point.

Dawn Primarolo: The hon. Gentleman misses the point. The income and gains arising in respect of the property and heritage maintenance fund will be taxed either at the marginal tax rate of the person who settled the property into the trust or the trust-applicable rate. The basic rate taxpayer will pay tax at the basic rate, and the higher rate taxpayer will pay tax at the higher rate, which is perfectly reasonable. The hon. Gentleman is asking for the higher rate taxpayer to pay at a lower rate and for the basic rate taxpayer to pay at the basic rate, which cannot be fair.

Mr. Flight: The Paymaster General misses the point that those vehicles are not tax wraps from which individuals benefit, because the money goes into the maintenance of a property rather than into an individual's pocket. The point of maintenance funds is to allow people both to own and to look after an historic property. The situation is not analogous to a trust where an individual is the beneficiary and draws the income for their personal benefit.

The second territory is the technical point that the section 691 election becomes redundant as a result of the changes to the taxation of trusts, and it seems to me that it is technically rather inappropriate to have exemptions continuing that are dependent on tax issues that have gone away.

The Paymaster General does not understand this point as I understand it, but if she were involved in the wretched business of maintaining an historic house—not that I own one—perhaps she would. People structure their affairs in various different ways in order to ensure that their properties are looked after and handed on to the next generation to look after. Those arrangements are not about pulling a fast one on the Revenue, and essentially concern the maintenance of historic houses.

Those who were unwise enough to believe what the Inland Revenue told them and the implication of the Government's actions, which we shall debate shortly, and who chose to structure their arrangements in order to fall into the category that the Government are now attacking with their retrospective pre-owned assets tax, will not have enough money to pay for their properties, which will have to be disposed of. If that is what the Government want, then that is fine.

The issue concerns worthwhile buildings rather than people, and a fairer tax system would provide a transition relief to allow people to choose to alienate themselves from their property, which they could put into a maintenance fund with money to look after it. People might have done that in the past, if they had known that the rules would change retrospectively. The situation does not concern people having their cake and eating it, and one must examine who benefits from the individuals involved, who are not individual beneficiaries, alienating the assets.

I tabled the amendments as probing amendments, and in the hope that reasonable people in the Revenue would think about them further. I beg to ask leave to withdraw the amendment.

Amendment, by leave, withdrawn.

Clause 30

PROVISION NOT AT ARM'S LENGTH: TRANSACTIONS BETWEEN UK TAXPAYERS ETC.

Amendment made: No. 71, in page 24, line 10, at end insert

'; and

(c) at the end of the paragraph insert—

"(7) In determining for the purposes of sub-paragraph (1) above the amount that would be taken for tax purposes to be the amount of the profits or losses for a year of assessment in the case of a person who is not resident in the United Kingdom, there shall be left out of account any income of that person which is—

(a) excluded income for the purposes of section 128 of the Finance Act 1995 (limit on income chargeable on non-residents: income tax), or

(b) income to which section 151 of the Finance Act 2003 applies (non-resident companies: extent of charge to income tax).".'.—*[Dawn Primarolo.]*

Clause 44

INSURANCE COMPANIES: TRANSITIONAL PROVISIONS

Amendments made: No. 72, in page 53, line 23, at end insert '(a), (c) or (ca),'.

No. 73, in page 53, line 32, after '76(1)(aa)', insert ', (a), (c) or (ca)'.—*[Dawn Primarolo.]*

Schedule 8

LOAN RELATIONSHIPS: MISCELLANEOUS AMENDMENTS

Amendments made: No. 74, in page 303, line 26, leave out 'Schedule' and insert 'Chapter'.

No. 75, in page 303, line 38, leave out 'Schedule' and insert 'Chapter'.—*[Dawn Primarolo.]*

Schedule 10

AMENDMENT OF ENACTMENTS THAT OPERATE BY REFERENCE TO ACCOUNTING PRACTICE

Amendments made: No. 76, in page 308, line 40, after 'debit' insert

'(in the case of an asset) or credit (in the case of a liability)'.

[Mr. Flight]

No. 77, in page 308, line 42, after 'credit' insert

'(in the case of an asset) or debit (in the case of a liability)'.

No. 78, in page 309, line 6, after 'credit' insert

'(in the case of an asset) or debit (in the case of a liability)'.

No. 79, in page 309, line 8, after 'debit' insert

'(in the case of an asset) or credit (in the case of a liability)'.

No. 80, in page 310, line 4, leave out paragraph 10 and insert—

'10 Omit section 92A of that Act (convertible securities etc: debtor relationships).'.

No. 81, in page 311, line 11, after 'instruments' insert 'or equity instruments'.

No. 82, in page 322, line 1, leave out from beginning to 'derive' in line 10 and insert—

'Power to make further provision by regulations

17C (1) The Treasury may by regulations make provision—

(a) excluding amounts of a prescribed description from paragraph 17B(1);

(b) requiring amounts of a prescribed description that do not fall within paragraph 17B(1) (by virtue of regulations under paragraph (a) above or otherwise) to be brought into account in determining a company's profit or loss for a period in prescribed circumstances;

(c) as to the manner in which any such amounts are to be brought into account.

(2) The regulations may (in particular) make provision by reference to the fact that amounts'.

No. 83, in page 322, line 16, leave out from beginning to end of line 18 and insert—

'( ) Regulations under this paragraph may apply, exclude or modify any of the provisions of this Schedule in relation to cases for which provision is made by the regulations."'.

No. 84, in page 329, line 24, leave out paragraphs 77 and 78 and insert—

'77 For sections 92 to 94AB of the Finance Act 1993 (c. 34) (corporation tax: currency) substitute—

"Corporation tax: currency

92 The basic rule: sterling to be used

(1) For the purposes of corporation tax the profits of a company for an accounting period must be computed and expressed in sterling.

(2) The following sections contain further provision as to the application of subsection (1) to certain profits or losses falling to be computed in accordance with generally accepted accounting practice—

section 92A (company operating in sterling and preparing accounts in another currency);

section 92B (company operating in currency other than sterling and preparing accounts in another currency);

section 92C (company preparing accounts in currency other than sterling).

92A Company operating in sterling and preparing accounts in another currency

(1) This section applies if, for a period of account, in accordance with generally accepted accounting practice, a company resident in the United Kingdom—

(a) prepares its accounts in a currency other than sterling, and

(b) in those accounts identifies sterling as its functional currency.

(2) Profits or losses of the company for the period that fall to be computed in accordance with generally accepted accounting practice for corporation tax purposes must be computed in sterling as if the company prepared its accounts in sterling.

92B Company operating in currency other than sterling and preparing accounts in another currency

(1) This section applies if, for a period of account, in accordance with generally accepted accounting practice—

(a) a company resident in the United Kingdom prepares its accounts in one currency,

(b) in those accounts it identifies another currency as its functional currency, and

(c) that currency is not sterling.

(2) Profits or losses of the company for the period that fall to be computed in accordance with generally accepted accounting practice for corporation tax purposes must be computed in sterling by—

(a) computing those profits or losses in the functional currency as if the company prepared its accounts in that currency, and

(b) taking the sterling equivalent of those profits or losses.

(3) Where this section applies, it shall be assumed that any sterling amount mentioned in the Corporation Tax Acts is its equivalent expressed in the functional currency of the company.

92C Company preparing accounts in currency other than sterling

(1) This section applies in relation to a company resident in the United Kingdom if, for a period of account—

(a) the company prepares its accounts in a currency other than sterling (the "accounts currency"), and

(b) neither section 92A nor section 92B applies.

(2) This section also applies in relation to a company that is not resident in the United Kingdom if, for a period of account, the company prepares its return of accounts in a currency other than sterling (the "accounts currency").

(3) Profits or losses of the company for the period that fall to be computed in accordance with generally accepted accounting practice for corporation tax purposes must be computed in sterling by—

(a) computing those profits or losses in the accounts currency, and

(b) taking the sterling equivalent of those profits or losses.

(4) Where this section applies, it shall be assumed that any sterling amount mentioned in the Corporation Tax Acts is its equivalent expressed in the accounts currency of the company.

92D Translating amounts into equivalent in different currency

(1) Where, for the purposes of computing the profits or losses of a company for an accounting period, an amount is required by section 92B or 92C to be translated—

(a) into its sterling equivalent, or

(b) into its equivalent expressed in the functional currency or the accounts currency of the company,

the translation must be made by reference to the appropriate exchange rate.

(2) The "appropriate exchange rate" is—

(a) the average exchange rate for the current accounting period, or

(b) an appropriate spot rate of exchange for the transaction in question.

92E Meaning of "accounts", "return of accounts" and "functional currency"

(1) References in sections 92A to 92C to the "accounts" of a company resident in the United Kingdom are to—

(a) the annual accounts of the company required by Part 7 of the Companies Act 1985 or Part 8 of the Companies (Northern Ireland) Order 1986; or

(b) if the company is not required to prepare such accounts, the accounts which it is required to keep under the law of the country or territory under whose laws the company is incorporated; or

(c) if the company is not so required to keep accounts, such of its accounts as most closely correspond to accounts which it would have been required to prepare if the provisions of Part 7 of the Companies Act 1985 applied to it.

(2) The reference in section 92C to the "return of accounts" of a company not resident in the United Kingdom is to a return of such accounts of its permanent establishment in the United Kingdom as may be required by the Inland Revenue under paragraph 3 of Schedule 18 to the Finance Act 1998 (company tax returns).

(3) References in sections 92A, 92B and 92D to a company's "functional currency" are to the currency of the primary economic environment in which the company operates.".

Consequential amendments

78 (1) Section 730BB of the Taxes Act 1988 (exchange gains and losses on sale and repurchase of securities) is amended as follows.

(2) In subsection (2)(c) for the words from "section 93 of the Finance Act 1993" to "sterling)" substitute "section 92B or 92C of the Finance Act 1993 (company preparing accounts or operating in currency other than sterling)".

(3) In subsection (3)—

(a) in paragraph (a) for "section 93 of the Finance Act 1993" substitute "section 92B or 92C of the Finance Act 1993 (company preparing accounts or operating in currency other than sterling)";

(b) in paragraph (b) for the words from "relevant foreign currency" to "the company" substitute "relevant currency".

(c) in paragraph (c)(i) and (ii) for "relevant foreign currency" substitute "relevant currency".

(4) After subsection (3) insert—

"(3A) In subsection (3), references to the relevant currency are—

(a) in cases in which section 92B of the Finance Act 1993 applies, to the functional currency (within the meaning of that section), and

(b) in cases in which section 92C of the Finance Act 1993 applies, to the accounts currency (within the meaning of that section)."

(5) Omit subsection (12).'—*[Dawn Primarolo.]*

Schedule 11

CONDITIONS FOR REGISTRATION FOR GROSS PAYMENT

Amendments made: No. 85, in page 333, line 42, leave out

'periods ending at a time within that period when'

and insert

'the period or periods within the qualifying period during which'.

No. 86, in page 334, line 20, leave out 'ending'.

No. 87, in page 334, line 37, leave out

'ending after the end of'

and insert 'after'.

No. 88, in page 336, line 23, leave out

'ending after the end of'

and insert 'after'.

No. 89, in page 339, line 2, leave out

'ending after the end of'

and insert 'after'.—*[Dawn Primarolo.]*

Clause 67

REGISTRATION FOR GROSS PAYMENT: APPEALS

Amendment made: No. 90, in page 70, line 7, leave out 'High Court' and insert

'appropriate court.

(6) In this section "the appropriate court" means—

(a) in relation to England and Wales, the High Court;

(b) in relation to Scotland, the Court of Session, as the Court of Exchequer in Scotland;

(c) in relation to Northern Ireland, the Court of Appeal in Northern Ireland.'.—*[Dawn Primarolo.]*

Schedule 15

CHARGE TO INCOME TAX ON BENEFITS RECEIVED BY FORMER OWNER OF PROPERTY

Mr. Flight: I beg to move amendment No. 1, in page 356, line 20, at beginning insert

'Subject to sub-paragraph (6) below,'.

Madam Deputy Speaker: With this it will be convenient to discuss the following:

Amendment No. 2, in page 356, line 26, leave out '17th March 1986' and insert '19th June 2003'.

Amendment No. 45, in page 356, line 26, leave out '17th March 1986' and insert '9th December 2003'.

Amendment No. 3, in page 356, line 35, leave out '17th March 1986' and insert '19th June 2003'.

Amendment No. 46, in page 356, line 35, leave out '17th March 1986' and insert '9th December 2003'.

Amendment No. 4, in page 356, line 48, at end insert—

'(6) This paragraph will not apply where the chargeable person occupies the relevant land pursuant to a right or interest granted or acquired at least seven years before the earliest date on which the disposal condition or the contribution condition was met.'.

Amendment No. 5, in page 358, line 36, leave out '17th March 1986' and insert '19th June 2003'.

Amendment No. 47, in page 358, line 36, leave out '17th March 1986' and insert '9th December 2003'.

Amendment No. 6, in page 358, line 44, leave out '17th March 1986' and insert '19th June 2003'.

Amendment No. 48, in page 358, line 44, leave out '17th March 1986' and insert '9th December 2003'.

Amendment No. 7, in page 360, line 17, at beginning insert

'Subject to sub-paragraph (4) below,'.

Amendment No. 8, in page 360, line 30, leave out '17th March 1986' and insert '19th June 2003'.

Amendment No. 49, in page 360, line 30, leave out '17th March 1986' and insert '9th December 2003'.

[Madam Deputy Speaker]

Amendment No. 9, in page 360, line 34, at end insert—

'(4) This paragraph shall not apply where—

(a) the chargeable person has a reversionary interest in the settlement (as defined by section 47 Inheritance Tax Act 1984); or

(b) the chargeable person's interest in the settlement arises only on the termination of the settlement; or

(c) in the case of a settlement where there is no subsisting interest in possession, the chargeable person is not currently a member of the class of beneficiaries of the settlement; and

(d) where the chargeable person has no other interest in the settlement.'.

Amendment No. 225, in page 360, line 40, leave out

'of any income tax or capital gains tax'

and insert

'on which any income tax or capital gains tax is'.

Amendment No. 10, in page 361, line 36, at end insert—

'(f) it is a sale of an interest in land or an undivided share of an interest in land for full consideration in money or money's worth.'.

Amendment No. 226, in page 361, line 48, leave out from 'and' to the end of line 2 on page 362 and insert

'the gift and the acquisition referred to in the said paragraphs were not associated operations as defined by section 268 of IHTA 1984.'.

Government amendment No. 91.

Amendment No. 227, in page 362, line 44, leave out 'and' and insert 'or'.

Government amendments Nos. 92 and 93.

Amendment No. 44, in page 363, line 45, leave out '£5,000' and insert '£50,000'.

Government amendments Nos. 94 to 108.

Amendment No. 11, in page 366, line 41, at end insert—

'24 (1) This paragraph applies where—

(a) the provisions of paragraph 3 (land), paragraph 6 (chattels) or paragraph 8 (intangible property) apply to a person during the year of assessment 2004–05 ("the current year") by reference to any property ("the relevant property"); and

(b) the relevant property is transferred absolutely to the chargeable person during the current year or during the year of assessment 2005–06 either directly or by "associated operations" (as defined by section 268 of the Inheritance Tax Act 1984).

(2) Where this paragraph applies, no operation by which the relevant property is so transferred shall—

(a) be a disposition or transfer of value for the purposes of the Inheritance Tax Act 1984,

(b) be subject to Inheritance Tax under section 65(1) of the Inheritance Tax Act 1984,

(c) be a disposal for the purposes of paragraphs 3 and 6 above,

(d) be subject to Stamp Duty Land Tax; and

(e) the receipt of the relevant property by the chargeable person shall not be subject to Income Tax.

(3) If any operation by which the property is so transferred constitutes a disposal for the purposes of the Taxation of Chargeable Gains Act 1992, the person making the disposal and the person acquiring the property shall be treated as if the asset was acquired from the person making the disposal for a consideration of such amount as would secure that on the disposal neither a gain nor a loss would accrue to the person making the disposal.'.

Mr. Flight: The Government's pre-owned assets measures, which are embodied in clause 84 and schedule 15, have elicited more complaint from constitutional lawyers and others than anything else in the Bill. I have been deluged with letters, e-mails and other communications from eminent lawyers, a group of whom are considering taking the matter to the European Court of Justice. Those complaints are made with good reason. What the Government saw as a clever manoeuvre raises major issues of principle in relation not only to the basis of taxation, but to the rule of law; and all sorts of unfairnesses were not fully remedied by the amendments that were passed in Committee. I accept that the Government have addressed some of the worst effects—unintended, I trust—of the measures, but there is still a lot to be considered.

2.30 pm

One aspect of the provision that has given rise to objections is its application to individuals whom the Inland Revenue has previously accepted as being outside the gifts with reservation rules. Its alleged intent is to recoup the tax and punish people who had avoided the gifts with reservation rules. It also applies to some individuals who fall within statutory gifts with reservation exemptions, which were introduced by this Government.

However, the main objection to the provision is that it is retrospective in principle, even if cleverly designed to be retroactive in method. It undermines the traditions of British tax law because the legitimate and reasonable expectations of taxpayers have been denied. It is clearly a piece of inheritance tax legislation in substance, if not in form. The Government's previous policies on inheritance tax cannot be ignored, and must be examined in relation to these proposals.

Rob Marris (Wolverhampton, South-West) (Lab): Will the hon. Gentleman explain how his intellectual proposition differs from what his party did in government when they tapered off, then completely abolished, mortgage interest relief? When we took out our mortgage in 1984, we got mortgage interest relief—that was the reasonable expectation, to use the hon. Gentleman's words. When that was done away with, I happened to support it, but one could have advanced the same argument about retrospectivity in that case.

Mr. Flight: I ask the hon. Gentleman, whose contributions I greatly respect, to be patient, as I was about to go on to explain just that point. As he is well aware, the issue was raised in Committee.

Amendments Nos. 2, 3, 5, 6 and 8 would restrict the starting date of the measure to 19 June 2003, as that was the date on which the Government last amended the gifts with reservation rules. They gave no indication that those changes should have retrospective effect.

Correspondingly, and perfectly reasonably, any taxpayer who had undertaken planning under previous versions of the gifts with reservation rules would have been led to understand that their planning had achieved its objectives. Indeed, in summer 2000, Mr. Peter Twiddy of the Inland Revenue capital taxes office specifically confirmed to the Society of Trust and Estate Practitioners that that was the case. That differs greatly from what Governments do in relation to various tax reliefs, whether to mortgages or pension savings. Individuals who had completed their planning would have acted accordingly. Many took out life policies on a seven-year-term basis to cover the tax liability were they to die within seven years of their gift, but they could have reduced their whole of life cover. They would not have organised their financial affairs on the basis that they would need to pay a rent to live in their own homes.

If the Government had wished to introduce a new income tax in relation to occupation, it would not, much as one might have generally objected to it, have been seen as retrospective. The issue here is that the provision is concerned in substance with inheritance tax and that it is narrow and penal.

Rob Marris: As the hon. Gentleman knows, I served on the Standing Committee that considered the Bill. My recollection—he will correct me if I am wrong—is that under these provisions the taxpayer is put to an election as to whether they go into the new regime or, so to speak, have the house back and do not pay a rent or quasi-income tax on it. The taxpayer is not forced into one position or the other, but has a choice.

Mr. Flight: Again, the hon. Gentleman anticipates me, because one of my subsequent points deals with what would be a fair transitional relief. The whole principle underlying British law in this territory is that in such circumstances transitional relief is fair; for reasons that I will deal with later, in this case it is not fair.

Mr. John Burnett (Torridge and West Devon) (LD): Does the hon. Gentleman agree that the choice is not as simple as that, but is more like Hobson's choice in certain circumstances? For example, to avoid French inheritance tax laws, shares may be owned by a company that owns property in France. In those circumstances, the shares might attract relief but the property does not. That has most unfortunate consequences.

Mr. Flight: I thank the hon. Gentleman for his intervention; again, I will come to that in due course.

Amendments Nos. 9 and 7 would exclude from a pre-owned assets charge those interests in trusts that have never been treated as gifts with reservation, or may not be gifts with reservation depending on the facts. Where the settlor has settled property in a trust for a limited period after which the property reverts to him, the inheritance rules have always included a settlor's future right—his reversionary interest—as part of his estate, valuing it on an actuarial basis. That is, if the settlor recovers the property in a month's time, his interest is more valuable than if he recovers it in 25 years' time; that is perfectly rational. As a result, the gifts with reservation rules have never needed to apply.

Under the pre-owned asset rules, however, the settlor effectively gets a credit for the value of the reversionary interest, but is nevertheless subject to income tax on the property in the trust, notwithstanding that he cannot benefit for another 25 years. Surely that is perverse.

Rob Marris: I venture to the hon. Gentleman that he is confusing a gift with a reservation of benefit—a concept that was introduced by his Government in the late 1980s—with a reversionary interest of a settlor. Those are two separate things, but he is eliding them.

Mr. Flight: Gifts with reservation of whatever kind have all been subject to the existing rules. The application of inheritance tax in relation to all the different situations involving gifts with reservation is covered by one territory. The hon. Gentleman says that these provisions date from when the Conservatives were in power, but I do not see why that makes much difference.

Mr. Burnett: I fail to perceive the relevance of the previous intervention. My understanding is that gifts of reversionary interest do not attract inheritance tax.

Mr. Flight: That is precisely the point—we are considering something that previously did not attract inheritance tax. I look forward to an engaging debate between the hon. Member for Torridge and West Devon (Mr. Burnett) and the hon. Member for Wolverhampton, South-West (Rob Marris) on the subject.

When a settlement is badly drafted, the settlor frequently retains no interest in it while it subsists. However, if it comes to an end and there are no living beneficiaries, the settled assets revert to the settlor by operation of law, by way of what is known as a resulting trust. In all likelihood, the settlor will never benefit from the settled assets but the possibility of benefits means that section 660A of the Taxes Act 1988 applies. If it is accepted that such circumstances do not constitute gifts with reservation, the amendment would ensure that such arrangements escaped the pre-owned assets charge.

It could be argued that a person who is not a beneficiary of a discretionary settlement but can be added as a beneficiary does not reserve a benefit in the settled property for gifts with reservation purposes, notwithstanding that section 660A would apply. Again, the amendment would keep settlors who are not currently beneficiaries out of a pre-owned assets charge. Of course, they would be covered by the charge if and when they were added as beneficiaries.

Amendment No. 10 would tackle the most ridiculous aspect of the pre-owned assets rules: that sales of part interest in property for full consideration are caught by the rules. If a child moves in with a parent, who gives the child half a share in the property, there is currently no pre-owned assets charge. However, if the child pays full consideration for the half share, there is such a charge. The Paymaster General suggested that she was worried about opening the door to possible avoidance but it appears that she is far more concerned about the possibility of catching innocent parties. She has failed to identify the mischief that she claims she intends to counter.

[Mr. Flight]

As matters stand, the arrangements have a serious impact on equity release schemes, which are a growing source of revenue for the elderly in the light of the disastrous effect of the Government's policies on pensions saving. The Paymaster General promised to come back to me about that matter, which I raised in Committee, but the Government have tabled no amendment to paragraph 10(1)(a). That means that someone who has an equity release scheme either with a member of the family or a commercial provider will be caught by income tax. That is ridiculous. I have been told confidentially that the Government's view is that not many people have yet prepared equity release schemes and therefore the schemes do not matter. However, many more, in ignorance of the extraordinary tax trap, will take them up. Even if the numbers are not great, new laws should be fair and reasonable.

The problem is that the pre-owned assets legislation merely requires a disposal, not necessarily a gift, and occupation of the property. The paragraph 10 exemption lets people off pre-owned asset income tax only if there is a sale of their entire interest in the property, except for any right expressly reserved over it. That would not cover sales of, for example, a half share in the freehold, which is part of the typical equity release scheme contract.

The reference to non-exempt sales that was made in Committee does not deal with the problem because a sale of the entire interest in the land is required and we are referring to sales below value. The contrary aspect is that someone who had arranged to retain a lease and sell the freehold, subject to that lease, for full consideration, would not be affected by the pre-owned assets charge. The result would be essentially the same but via a different legal route. By contrast, selling half the unencumbered freehold in the property—a more typical transaction for the ordinary elderly citizen—is not covered.

2.45 pm

In the past, the *Financial Times* has discussed equity release schemes and the pros and cons in some detail. The Government have supported measures to get equity release schemes satisfactorily regulated by the Financial Services Authority. They are a growing fact of life today. However, many people who have done equity release schemes will not realise that there is an income tax, pre-owned assets charge in those circumstances.

Amendment No. 11 deals with the transition that the hon. Member for Wolverhampton, South-West raised. It would allow arrangements for those who are caught by the pre-owned assets rules to be unwound without incurring any tax charges and with any potential capital gains in the assets intact. That means that there would be no capital gains tax disadvantage in the process and that the basis of unwinding would be fair.

The Government's current policy of expecting people who are caught by the new rules to elect into a gifts with reservation charge is penal because the property would be back in the estate for inheritance tax purposes but would continue to belong to the donee. There is therefore an element of double inheritance taxation. As I argued at great length in Committee, there would be no capital gains tax uplift for the asset on death. Historically, only the ignorant or badly advised got into gifts with reservation positions. The amendment would introduce fairness into the transitional arrangements by giving people a genuine opportunity to unwind the clock. The Paymaster General complained that only those who wanted to effect new planning would want to do that, but that is unreasonable. People who have to unwind their arrangements will be reluctant to embark on new planning, unless it is specifically endorsed as acceptable. Indeed, that is the Government's intention with the pre-owned assets charge penalty.

I come now to amendment No. 225. As drafted, the schedule charges tax on the notional annual value after deducting the tax already paid. Surely the deduction should be based on the value on which the tax is paid so that there is no double charge to tax. In other words, 40 per cent. of 100 per cent. net of tax already paid produces a tax charge of 64 per cent., not the intended 40 per cent.

Amendment No. 226 relates to paragraph 2(b) of schedule 6 of the Inheritance Tax Act 1984, which provides that the reserved gift-tracing provisions do not apply to a gift that is a sum of money in sterling or another currency. That provision follows the former estate duty tracing provisions in section 38 of the Finance Act 1957. The purchase of a property from a benefit may be reserved with a cash gift, which is chargeable only if the purchase and the gift can be regarded as associated operations.

The problem of tracing cash gifts was discussed in Committee but the pre-owned assets charge should not be used to rewrite schedule 20 of the Finance Act 1986. A gift of cash that is unconnected with a subsequent purchase by a donor from which the donee may benefit is not and never has been a gift with reservation.

I want to consider problems with the interpretation of section 102C(3) of the Finance Act 1986. It deals with disposals of land after March 1999 and states that there is no reservation of benefit when a donor reverts to occupation due to unforeseen hardship. Paragraph 6 to schedule 20 of the 1986 Act deals with all disposals since March 1986, and states that there is no reservation of benefit where the donor occupies land or chattels for full consideration or reoccupies land due to hardship.

Paragraph 11(3)(d) to schedule 15 states that the provisions

"would fall to be so treated but for section 102C(3) of, and paragraph 6 of Schedule 20 to, the 1986 Act".

The intention is to ensure that, in those circumstances, there is also no income tax charge, but there has been confusion about the use of the word "and" in the above sentence. The effect of the word "and", inserted by amendment No. 141, appears to require both the reliefs covered to apply together to avoid the income tax charge, which most legal specialists believe is not the Government's intention. Does this mean that the conditions of section 102C(3) and paragraph 6 have to be satisfied? If so, the relief from income tax is confusing because it would apply in extremely limited circumstances. Or does it mean that if either section 102C(3) or any of the paragraph 6 conditions are satisfied, there is no income tax charge? This is an important point, because people frequently make gifts

of chattels or land, and pay a full market value for their use and occupation, and they need to know whether they are in the income tax charge or not.

Rob Marris: Will the hon. Gentleman remind me from whose brief he is reading?

Mr. Flight: The hon. Gentleman will pleased to know that it is from an eminent tax counsel.

The Inland Revenue has confirmed that section 102C(3) covers circumstances not covered by paragraph 6, and that the "and" should therefore be read disjunctively, so that it covers the two distinct cases. I would therefore ask the Paymaster General to confirm that what was previously paragraph 11(1)(d) and is now paragraph 11(3)(d), which states

"would fall to be so treated but for section 102C(3) of, and paragraph 6 of Schedule 20 to, the 1986 Act"

refers to two distinct cases, with the effect that the "and" in the sentence should be read disjunctively?

There also seems to be an omission, because the provision does not cover gifts of land made post-1999, which might be caught only by section 102A or 102B, but where the donor pays full consideration for his occupation of gifts of a share in land. This point has been raised with the Revenue. I trust that the Paymaster General will be aware of these somewhat exotic legal points. More seriously, they illustrate the mistake of not thinking through all the implications of these provisions in such complicated tax areas.

Dawn Primarolo: I would not describe them as exotic legal points. I would describe them as probing the limits of possible future ways of getting round the legislation.

Mr. Flight: I am afraid that the Paymaster General's slant on that is incorrect. The law needs to be clear, and many aspects of the Bill are not clear. It is the duty of the Paymaster General to ensure that the law is clear.

The reaction of the lawyers to Government amendment No. 91 is that it is another case of a lack of clarity. Is the intent that if a property falls within paragraph 11(3)(b), there will be no pre-owned assets charge to be adjusted under 11(3)(a), even though the amendment does not appear to affect amendment No. 227?

There are other more straightforward areas of the Bill that have yet to be sorted out fairly. I understand that the Revenue is talking to the Historic Houses Association about the issue of historic chattels that belong to a property, and that it now understands the issue and is considering addressing it in its continuing consultations. It seems simple to me that, when chattels are settled and on public view for the normal number of days required for them not to be exempt, and when there is a heritage connection with the building, it would be foolish not to exempt them. They would simply be stored in a barn where no one would be able to see them and they would come to no good, or they would be sold. There would be no benefit to anyone.

It is still not clear whether a full repairing lease at fair market rent would be acceptable—

Madam Deputy Speaker: Order. Will the hon. Gentleman help the Chair and other Members by telling us to which amendment he is speaking?

Mr. Flight: In truth, I do not think that I can. These points relate to all the amendments to schedule 15, which still await clarification. I am about to conclude, but I was giving examples of areas that still need to be tidied up. A lot of problems and unfairnesses need to be addressed. I understand that the Government and the Inland Revenue intend to address these and other issues that have not yet been resolved, either through guidance notes or, if necessary, through legislative changes to schedule 15, before the Bill passes into law.

This whole area is regarded too lightly by the Government on the ground that it apparently affects only a small number of people. Important issues of principle in relation to retrospection are involved, and important issues of practice in relation to fair transition arrangements and to other areas not intended to be caught by the changes being thus caught.

Mr. Burnett: I hope that the House will understand that this part of the Bill is causing widespread disquiet, and that, far from affecting only a few people, it could affect many millions of people in this country. I shall return to that point later. I hope that you will allow those of us who catch your eye, Madam Deputy Speaker, to range fairly widely on this matter. It is complex, and it is therefore difficult to be confined purely to the amendments before us.

We support the Conservative amendments and the comments that have been made about the retrospective element of these provisions, which we believe is grossly unfair. It does not enable people to change and modify their personal affairs in time to meet what are effectively very punitive arrangements, as the hon. Member for Arundel and South Downs (Mr. Flight) has said. He referred particularly to the element of taxation on net rather than gross figures.

It is a grave mistake to deal with actual as well as perceived inheritance tax defects by using income tax. The reason for that is pretty clear: it is ludicrous to have a nil rate band of inheritance tax of £250,000 and an income tax charge to overcome inheritance tax avoidance on pre-owned assets with a capital value of about £100,000. The Government increased the de minimis limit from £2,500 per annum to £5,000 per annum, but that is still too low. The Government seem to believe that a multiple of 20 is about the right amount, which would mean that we are talking about capital assets worth about £100,000 yielding £5,000.

I want to make a couple of mundane points that will nevertheless be important to practitioners. Will the Paymaster General confirm whether the £5,000 per annum de minimis limit operates with a slab effect, as with stamp duty? If the £5,000 per annum de minimis limit is exceeded, does the whole sum come into taxation? In addition, will she let the House know whether it is possible to add to that £5,000 per annum de minimis limit the annual exemption and any other exemption, such as the exemption on gifts to children on marriage?

3 pm

Dawn Primarolo: This is a complex area. With regard to the £5,000, the hon. Gentleman asked whether it had a slab effect. I would call it a cliff-edge effect: essentially, if the value is £5,001, taxation would be paid on the

[Dawn Primarolo]

whole £5,001, not just on the £1 excess. On the issue of gifts for children, I will answer when I reply to all the amendments, as some amendments deal with that issue.

Mr. Burnett: I am grateful to the Paymaster General. I think that she is saying that it has the cliff-hanger effect—[HON. MEMBERS: "Cliff edge."] I am grateful. We call it the slab effect with stamp duty, and it is the cliff-edge effect with inheritance tax.

What horrifies me about this tax is that it criminalises the innocent. I referred to that in Committee, and I cannot understand why the Government are not sympathetic. The prices of property in this country are high, and it is prosperous—

Dawn Primarolo: I understand that the hon. Gentleman feels strongly about this issue, but the proposed arrangements do not criminalise anyone. There are something like 32,000 IHT estates each year: five out of every 100 deaths. When people seek to avoid paying their tax, the arrangements make provision to bring it back in. While not wishing him to reduce the passion that he feels for this subject, I ask him not to mislead anyone: there is no criminality, and no criminal offence, in those proceedings.

Mr. Burnett: I acknowledge that what the Paymaster General says is right: it would be criminal only if the taxpayer, who was held to have to pay tax, refused to do so. That would present possible criminal liability. Perhaps the language that I have used is slightly exaggerated. What I am saying is that the proposals will bring into account for taxation a number of people who had absolutely no idea whatever that the arrangements that they had innocently made brought them to account for an income tax charge. That is not criminal.

Dawn Primarolo: I must press the hon. Gentleman on this point, because anyone listening to this debate will be entirely misled. There is not a criminal offence under those proposals. Evasion is a criminal offence that can be prosecuted, but those offences under the tax law are dealt with as civil offences. What is being proposed, however, is that people are not allowed to avoid the tax in the first place, and all good, fair taxpayers comply with that anyway.

Mr. Burnett: I think that I made it quite clear that what the Paymaster General said in her first intervention on me was correct, and that perhaps I was using slightly exaggerated language. My point is that individuals will innocently be brought to account for income tax without the slightest inkling that the arrangements that they were making would involve any charge to taxation whatever. If she will allow me, I shall elaborate further on that point.

This is not criminal liability—it could be if the tax was not paid, if a court order to pay the tax was made, and if, thereafter, it was not paid. Conceivably, that could be criminal liability. I shall give the example of a mother and her carer daughter. The daughter forsakes the opportunity to get on the housing ladder and moves in with her mother, who says to her daughter, who might be married or unmarried, "This house will be yours when I die." The daughter spends a considerable amount of money improving the property, and I know from my constituency experience that there are many such families. I reckon that there are many such families throughout the country. There are hundreds of thousands or perhaps even millions of people in those circumstances.

The mother and daughter—or people in any other relationship—do not realise that at that stage, or as the money is spent, the daughter has acquired an equitable interest in the property. The daughter owns some of the property. *[Interruption.]* Before the hon. Member for Wolverhampton, South-West (Rob Marris) intervenes, I will tell him that the gifts with reservation provisions would not bite in those circumstances, because owners of equitable interests would be entitled to enjoy property equally, disregarding the shares that they had, and they would not be caught with a reservation of benefit charge.

As I said, the mother and daughter do not realise that the daughter has an equitable interest in the property. They have received no professional advice, because, of course, they did not know that there was any possible income tax charge that could have been accruing for years after those arrangements had been made. The mother dies, and this charge then falls into account. That is outrageous, and grossly unfair. The least that the Government could do, given the high prices of real estate and high rents, is to increase substantially the de minimis limit.

Dawn Primarolo: We covered that point in Committee with regard to cases in which the carer moves into the home of the person receiving care, and in relation to the more unusual cases in which somebody moves into a house that they used to own to care for somebody, with the result that they end up with such an interest. He knows that that interest will not be enjoyed for no consideration, and that the schedule 15 charge is most unlikely to arise. We went through that in Committee, with examples, and I implore the hon. Gentleman, while he wishes to discuss this clause, not to raise issues that he knows are settled, and that will not arise under the arrangements provided for. He could be frightening people totally and utterly unnecessarily.

Mr. Burnett: I am grateful to the Paymaster General for saying that, but she chose her words carefully: she said that the charge is most unlikely to arise. It should not arise at all. I have been to meetings with professional bodies to discuss this matter, and I have asked the question that I have posed to the Paymaster General. At those meetings were some of the most eminent tax lawyers and tax accountants in the country. They could not give me a definitive ruling one way or another. It is absolutely wrong and outrageous that those people should be in any jeopardy whatever. It should be made entirely clear in the Bill that there is no jeopardy.

Dawn Primarolo: I am grateful to the hon. Gentleman for giving way again, but I have given him this explanation and assurance both as a Minister and on the advice from the Inland Revenue. He seeks to counter-pose advice that he has from some tax experts. I say to him again: that may be their view, but it does not make it right. People listening to these proceedings would get

the wrong impression, and many could be frightened by the suggestion that something is going to happen to them when it is not.

Mr. Burnett: I repeat the Paymaster General's words. She told the House a moment ago that the charge is most unlikely to arise. It should not arise, and that should be absolutely clear.

Mr. John Gummer (Suffolk, Coastal) (Con): Is not the hon. Gentleman right not only on the specific point that the Minister should be able to say that the charge will not arise, but on the more general point that people will be frightened because the legislation is too complicated to make it reasonable for ordinary people leading ordinary lives to deal with it? The complexity of the legislation frightens people.

Mr. Burnett: The right hon. Gentleman is exactly right and I entirely agree. The self-assessment aspect of this stuff is even more confounding and difficult. Goodness knows what the average person will think when confronted by their liabilities, and so on. It is difficult enough for specialist professional lawyers and accountants. The provisions are a sledgehammer to crack a nut. The matter should have been resolved not by the income tax route, but by the inheritance tax route. The legislation is an appalling mess.

I am grateful to you, Mr. Deputy Speaker, for allowing us to range fairly widely in this debate. I shall raise one or two other points. There is a mismatch between the gifts with reservation of benefit exemption and the pre-owned assets provision. I alluded to it in an intervention on the hon. Member for Arundel and South Downs. I gave the example of a private company—say, a French property company—owned by a father who give shares to his children but continues to live in the house owned by the company. He thus reserves the benefit of the assets—that is, the shares gifted—and those, quite properly, remain subject to inheritance tax in his estate. Paragraph 11(3)(a) of schedule 15 seeks to prevent a double charge by exempting from the pre-owned assets provisions property so subject to the gifts with reservation rules. However, the relevant property for the pre-owned assets provisions is not the shares, but the house. Will the Paymaster General correct that defect in the legislation?

On the complexity of the self-assessment regime and the de minimis provisions, I referred to the problem that could affect many thousands of people and I have not received a precise answer from the Minister on that point. The provisions in paragraph 15 will lead to incredible expense for a great many individuals, who will have to take professional advice. The gifts with reservation of benefit rules at least fell to be interpreted mainly by those who dealt with estate planning professionally or as executors.

In general, the provisions are a highly complex attempt to patch up deficiencies in one tax code by introducing a different code altogether or attempting to fit the two together. The pieces of the jigsaw do not fit. The provisions are unfair and over-complex, and the Government should think again.

Rob Marris: I shall try to clear up one point. There was a three-way debate on amendment No. 9 before you arrived, Mr. Deputy Speaker. There is a difference between a gift with a reservation of benefit, and a reversionary interest. A gift with a reservation of benefit means that one does not quite give it all away. A reversionary interest means that one gives it all away, but one might want some of it back later. There is a difference.

Mr. Flight: The House understands that. The issue is whether, how and when the latter falls within the gifts with reservation rules. That is what I was referring to.

3.15 pm

Rob Marris: The House understands the difference. It seemed clear that the hon. Gentleman did not understand it when he was explaining the reasons behind amendment No. 9. I am glad we now have some clarity on the matter. Amendment No. 9 may not address all the issues that the hon. Gentleman wishes it to address because, I suspect, it may be technically deficient, leaving aside the question of whether the concept is desirable or not.

The debate on this group of amendments has been revealing. At heart Conservative Members do not like inheritance tax, but they will not say so. There is a flavour of that in the remarks of the hon. Member for Torridge and West Devon (Mr. Burnett). The right hon. Member for Suffolk, Coastal (Mr. Gummer) speaks about ordinary people leading ordinary lives. Most people who die in the United Kingdom do not even leave a will, let alone get involved in estate planning, tax planning and so on. Those who get involved in the kind of schema that will be addressed by the proposals are people who have thought about estate planning, or death duties, to use the old phrase, and about capital transfer tax, as was, or inheritance tax, as now is. Unless they are professionals, they will almost invariably have sought professional advice.

Mr. Burnett: The hon. Gentleman made some fine contributions in Committee. From the thrust of my remarks, he will understand that not everyone will take professional advice in certain circumstances. What is his philosophy about this tax? Does he think the tax is fair, when the very richest people can escape it and middle income is caught by it? Is that not grossly unfair?

Mr. Deputy Speaker (Sir Michael Lord): Order. We are in danger of getting into a wide-ranging debate on taxation generally. I should be grateful if the hon. Member for Wolverhampton, South-West (Rob Marris) avoided the temptation to respond to that intervention and stuck to the points that he was making.

Rob Marris: I am grateful to you for your guidance, Mr. Deputy Speaker. The comments that the hon. Member for Torridge and West Devon made in his speech, not in his interventions, reveal something about the concept with which some right hon. and hon. Members approach the amendments.

On two occasions the hon. Member for Torridge and West Devon referred to a French property company. While the House ought to be cognisant of the tax affairs of and possible inequities to all the citizens and taxpayers of the United Kingdom, the number who

[Rob Marris]

have French property companies to own their holiday home in France is minuscule. The reason they do that is almost invariably to try to get round French inheritance law.

Those are individuals who are wealthy. They can afford a property overseas. They have had professional advice, and that advice is, "Get a French property company in which you will own shares as a way to get round French inheritance laws", because French inheritance laws not only have tax consequences, but have a certain family succession built into them, such as we would have for death with intestacy. Under French inheritance law, on which I am not an expert, whatever the terms of the will of the deceased husband, for example, his wife must have a certain share in the estate and so do the children.

Mr. Burnett: I chose that as an example because hundreds of thousands of people in this country have properties abroad. They enter into corporate arrangements, as the hon. Gentleman acknowledged, not for tax avoidance or, for that matter, tax evasion, which is unacceptable, but as bona fide arrangements made to avoid, as he says, the French inheritance laws. That has nothing to do with taxation.

It would not matter if there were one or two people in that position, but there are hundreds of thousands of people who have such arrangements. Surely the law should recognise that if those are reciprocal arrangements to cancel out one tax disadvantage with a tax advantage—that is, gifts with reservation and this pre-owned assets provision—they should be complete and they should not sting in part people who make—

Mr. Deputy Speaker: Order. That is an extremely long intervention and we are again straying away from the amendments. Will the hon. Member for Wolverhampton, South-West (Rob Marris) come back precisely to the amendments before the House?

Rob Marris: I will endeavour to do so, Mr. Deputy Speaker. The point that I was making about the amendments, in relation to the French property issue, was to suggest—I cannot prove it—that the individuals to whom the hon. Member for Torridge and West Devon referred have almost invariably received professional advice. The hon. Gentleman will know that professional advice of that sort almost invariably involves not only the legal but also the taxation aspects. If a solicitor giving such advice does not feel comfortable about also giving some taxation advice, he or she should, and usually does if acting professionally, refer that individual to a professional tax adviser. The examples given by Opposition Members do relate not to individuals who have wandered into a UK minefield created by schedule 15 and the amendments to it but to individuals who have had professional advice.

Mr. Burnett: It is not a minefield. I am saying not that individuals in those circumstances do not know what they are doing, but that the legislation is wrong. If there is to be proper choice, they should be able to elect for one thing or the other—they should not be stung by both.

Rob Marris: I concede that I used the word "minefield" and that the hon. Gentleman did not. However, he took up the word complexity, which was introduced by the right hon. Member for Suffolk, Coastal, and I concede that I elided that into "minefield". That was the flavour I understood, but I apologise to the hon. Member for Torridge and West Devon if that was not his meaning; he was talking about complexity and the flavour picked up by me and, I think, by my right hon. and hon. Friends was that innocents abroad—in both senses of that word—would experience the horrible tax regime to be introduced by schedule 15, even with the wonderful amendments.

Mr. Greg Knight (East Yorkshire) (Con): A few moments ago, the hon. Gentleman asked my hon. Friend the Member for Arundel and South Downs (Mr. Flight) whose brief he was reading. May I ask the hon. Gentleman the same question, because it sounds rather as though he were reading the Government Whips Office narks' brief? When the hon. Gentleman moves on to amendment No. 10, can he tell us what possible objection there could be to the Government accepting it? Did not my hon. Friend make out an unanswerable case?

Rob Marris: I have in front of me the amendment paper—not a narks' brief. There is a Whip sitting on the Treasury Bench, but I freely confess that I am not aware of whether there is a Government brief on this series of amendments. I have no idea, and I can assure the right hon. Gentleman that I am not reading from anything. Indeed, if he knew me a little better, my comments would ring all too true; I am not prone to reading out Government briefs in the House, nor are most of my hon. Friends. Of course, I do not know what Opposition Members do—perhaps they read out the Conservative narks' briefs.

Dawn Primarolo: Just in case my hon. Friend thinks he might have missed out on something, I assure him that there is no Government brief for anybody in the Chamber—apart from the explanatory notes to which all Members have access.

Rob Marris: I am grateful to my right hon. Friend for that comment.

I should like to look at the amendments in their totality, starting with amendment No. 10, to which the right hon. Member for East Yorkshire (Mr. Knight) referred. The hon. Member for Arundel and South Downs raised some points about equity release schemes and I hope that my right hon. Friend the Paymaster General can reassure us all about them. The hon. Gentleman put a good question and based on my experience of my right hon. Friend, I am sure that she will have an extremely thorough and satisfactory answer that will probably calm my fears and those of the hon. Gentleman.

Several of the amendments raise retrospective and retroactive points; some of them, including amendments Nos. 6 and 48, refer to dates in 1986 and to dates in June and December 2003. I am uneasy about provisions that go back to 1986 and I hope that my right hon. Friend can again calm my fears. To echo one of her points in the Standing Committee, it would be for the taxpayer

concerned to elect whether they wanted to unbundle the inheritance tax avoidance scheme in which they were involved—in some cases, from 1986 onwards—or whether they wanted to pay the assessed income tax that would come in under the proposed regime. I must tell my right hon. Friend that 1986 seems a long time to go back. Coupled with that, can she give us some assurance about transitional arrangements? If there is to be a slab effect, or a cliff-edge effect, on tax changes such as these, it could be most unsettling for some people.

I do not think that these proposals will have a huge effect in the constituency that I currently have the honour to represent, because house prices in Wolverhampton are not high. I am not aware that any house in the entire city is worth more than £1 million. It was of considerable amazement to the hon. Member for Arundel and South Downs when I made that point in Committee, but I have checked and I still cannot find one. None the less, house prices are rising throughout the country—I do not need to rehearse that—and more and more people could be above the current threshold of £255,000 or £260,000, or whatever the figure is under the Bill.

Mr. Knight: The hon. Gentleman is raising some important issues. If he does not receive the assurances he seeks from the Paymaster General and if we push the amendments to a Division, will he vote with us? If he does so, I shall be happy to withdraw reference to the word "nark".

Rob Marris: I am not troubled by references to "nark"—among some of my constituents they would probably go down quite well. As I said about three minutes ago, I have every confidence in my right hon. Friend the Paymaster General. As in the stock market, past performance does not always indicate future performance, but based on my right hon. Friend's past performance, I think she will be able to give me the assurances I seek in her usual lucid way. I am eager to hear those reassurances because there are concerns about transition, about the 1986 date and about equity release schemes. However, I am sure that, armed with her fantastic preparation, my right hon. Friend will be able to reassure me on those points and I await her response.

Mr. Gummer: I shall not detain the House too long, but I want to make two simple points relating to the apprehension of what we have been discussing.

The hon. Member for Wolverhampton, South-West (Rob Marris) accused me of intervening from a pre-stated position on the subject of inheritance tax. However, as we are discussing these particular amendments, it would be wholly improper for me to delight the House with my views on inheritance tax, which may be different from the expectations of the hon. Gentleman although probably in a more radical direction.

Having said that, I should add that I have some clear views on the Government's responsibility to produce legislation that is seen by ordinary people to be fair. I am not keen on the argument that, because the amendments will not affect many people, they are not important. The issue is the fairness—or, even more important, appreciation of the fairness—of the tax system to ordinary people. I do not quite follow the Paymaster General's argument that those who have sought to avoid tax must pay it, although I think it reasonable to say, "From now on, we will have a system whereby this, that or the other may not be done, but the tax will have to be paid."

3.30 pm

Let me return to the retrospection issue, which some of the amendments try at least to ameliorate. The difficulty is that people have made decisions about their future in the context of the law as it was at a particular time, for all kinds of reasons. They may be esoteric reasons. People may, for instance, consider the Napoleonic code in France to be a peculiar concept. As an enthusiastic pro-European, I think it entirely reasonable for us to have a different view from the French. If I wish to make arrangements—which are legal in France—to ensure that some operation that seems to be peculiar can be protected, that strikes me as perfectly reasonable.

I agree with the hon. Member for Torridge and West Devon (Mr. Burnett) that there is something offensive in the Government's suggestion that people who have done that have done something wrong, although I realise that he was wrong to use the word "criminal". I have a lot of very decent constituents who do not wish to be judged in this way when the judgment is unfair. The Government are saying, "That which was perfectly all right we now judge not to be all right." Those who have done things that used to be perfectly all right will be brought before the tax system, and the Government seem to be suggesting that although they may not be criminals, they have done something slightly underhand. That is neither the law of England nor, in my view, the morality of England.

The fact that the Government are doing that has caused real concern among constituents of mine who, although they are not in the category that is being caught by this provision, feel—as is so often the case—that it is not fair. I warn the Paymaster General that the one thing that one must not do in Britain is to be seen to be unfair, and I hope that she will reconsider.

Dawn Primarolo: The right hon. Gentleman's view about fairness is central. The overwhelming majority of taxpayers pay their tax. Following repeated attempts by this Government and the last Government to stop inheritance tax avoidance schemes, we are giving the taxpayer two options. We are not backdating the provision. Under the Bill, either there will be a charge to income tax on people's new arrangements or they can revert to inheritance tax and pay what is due. That will start in 2005. As I have said, there is no retrospection. All Governments change laws in Budgets, and that is all that is being done in this case.

Mr. Gummer: I am sure that the Paymaster General has studied rhetoric. If we agree with the first of her statements, everything else becomes rhetorical truth. Her first statement, however, is not correct. That first statement was "We, in retrospect, have decided that something that was perfectly acceptable at the time is now unacceptable." To unbundle a past decision is not the same as not having made the decision at the time. If

[Mr. Gummer]

what the Paymaster General has said were true in the past, my constituents and others might well have made a series of different decisions.

Equity is not just about saying, "A lot of people think that a lot of other people are getting away with it, and we are going to stop a lot of people getting away with it." Equity is about clarity, and clarity is not something that can be introduced in retrospect. Clarity is about where we are now. The Government are saying that, because they would prefer that people do not do what they did back then, they insist that they undo it. But of course, such people are not in a position to make arrangements of the kind that they might have made in 1970. That is why the provision is retrospective; indeed, it would always have been regarded as such until this Government invented a new definition of retrospection that certainly has not been accepted by the law thus far.

Mr. Burnett: The right hon. Gentleman is making a perfectly valid point: that because of this provision, transactions entered into after 1986 that would have been free of tax will now be subject to tax, one way or another. If that is not retrospection, I do not know what is.

Mr. Gummer: The hon. Gentleman makes the point clearly and I hope that the Paymaster General will think this issue through. In terms of the moment, decent people made particular decisions that were legal. Now, many years later, they are being told that, one way or another, as a result of those decisions, they will be taxed, yet when they made them they would not have been taxed. Had they known at the time that that would happen, they might well have done all manner of things differently, but they cannot now do so because of a decision that was perfectly proper and legal when they made it. Whether the Paymaster General likes it or not, the provision is in that sense retrospective.

I am happy for the Paymaster General to say that she believes in retrospection and considers it perfectly reasonable, but she would be wrong. Such an argument is offensive, but what is more offensive is for her to argue that the provision is not retrospective and that we should therefore accept it. It is a great pity that she has taken that line.

Complexity is indeed the proper word to use in respect of this provision. It is difficult to accept the argument that the people affected are those who have access to advice and are familiar with such matters. Certain people do not fall into that category. There are those whom the Paymaster General suggested need not be worried about the provision, even though they have never had help from specialist advisers. I would be happy to accept the Paymaster General's argument if she were saying that in no circumstances would such people be charged. However, she said that they would not normally be charged—that it is "unlikely" that they would be charged.

There is no word in the English language more frightening to anyone who has been a Member of this House for more than two minutes than the word "unlikely". Let us remember the number of Ministers—both Labour and Conservative—who have told the House that a certain thing was "unlikely" to happen. I remind the Paymaster General of what was said about the European convention on human rights. I was not one of those who took an extreme view about it, but it must be said that a lot of "unlikely" things have become very likely—as in certain—as a result. Curiously enough, in the courts, people are not being given the assurances that they expected in that regard.

If the Paymaster General were to say that the charge will not happen, there would at least be some reason to suppose that she has taken proper advice. But she has used the word "unlikely", and I still wish to stand up for those who cannot rely on any advice other than hers. Such people deserve from her a statement that is without reservation.

The real reason why I find the whole Bill and the various amendments to it profoundly distressing is that, as a result of such legislation, it will be even more essential for people who own a house to obtain professional advice.

I will stray for a moment into the court of the hon. Member for Wolverhampton, South-West (Rob Marris) to say that I do have a prejudice about the profession of solicitors. I think that there are too many of them, that they make too much money and that their operations should be restricted by having laws that are clearly comprehensible—insofar as it is possible—to all of us.

There is another profession about which I have even greater doubts—the accountancy profession, which has been given more jobs under the present Government than under any previous Government ever. The opportunities for accountants to make money have been raised by the constant complications introduced by the Government, but I want those accountants to earn their money in useful ways.

I believe that what brought down the Roman empire was not, as we all know, sodomy but a very significant increase in bureaucracy and in the number of people who did not actually earn wealth. The Government are great organisers of people who do not earn wealth. I am not talking just about 600,000 more civil servants, but about all the others besides who make money without making wealth. That is why I want a simpler system and why I support the proposals.

Rob Marris: I am sure that you, Mr. Deputy Speaker, would not let us stray too far into the decline and fall of the Roman empire, but the undermining of the rule of law was what led to the decline, as evidenced by the sack of Rome by the Visigoths. I declare myself to be a solicitor—though a non-practising one because, unlike many Conservative Members, I do not believe in moonlighting—and solicitors are essential to the rule of law.

My point about realty was that almost all those who engage in transactions involving its sale or lease do so with legal advice, and that the right hon. Gentleman's Government tried to simplify it by getting the solicitors out and introducing what became known as registered conveyancers. I venture to suggest that it is still the case—though I cannot prove it without going to the Library—that well over 90 per cent. of the realty transactions in England and Wales, and

probably in Scotland, are carried out with professional advisers, either solicitors or licensed conveyancers, in attendance.

Mr. Gummer: The hon. Gentleman makes my point. Those people have their professional advisers at a particular point in time. When there were such advisers, professional advice was given, which in large measure seems to have been true. The Government are changing the rules and professional advice may not be necessary at this point. Curiously enough, these people feel that everything is all right. They have had their professional advice and think that things are okay. They do not know that the Government have shoved into the legislation all these complicated matters that totally change their position retrospectively. If they get frightened, perhaps with no need, what do they have to do? They have to go again, perhaps 20 years later, to professional advisers to secure the latest deal.

Those people have never had to do that before in these circumstances. What happened in the past was that the information was necessary only if something was being done afresh. What is wrong is that the professional advice is necessary when something is not being done afresh. That is why the provision is manifestly retrospective. It does not need to be argued in the delicate way of the Paymaster General. The truth is there. Professional advice has to be got when someone is not doing anything. That is retrospective.

I have expressed my concern about the professions in a fairly jokey way, but I mean what I say about the weight that the Government place on them. The amendments are designed to help a little with the problem of the weight that the Government are placing on the productive economy.

I am one who believes that Members of Parliament are better off if they do something else outside this House because it makes them a bit more in touch. Otherwise they have only their memories and theories. I wish that the hon. Member for Wolverhampton, South-West were practising as a solicitor because he would then be able to tell us a little about the real world. It is about time that we fought on that basis. I feel very strongly about it, as do my constituents. It is all very well for the hon. Gentleman to say what he did, but the fact of the matter is that there are too many people who earn their living without adding to the wealth of this nation. A system that means that people need all sorts of help to get through their lives is going to be expensively top heavy.

3.45 pm

The proposals in the Bill are complex, unfair and retrospective. They will impose additional costs and reduce the country's effectiveness by making life unnecessarily complicated for ordinary people. The Paymaster General cannot get away with that. She is part of a Government who cannot get houses built and whose policies in other areas have increased house prices significantly. It is her fault that nothing has been done about inheritance tax levels to deal with that.

That is a great pity, as Britain desperately needs to be competitive. The Government are not in the real world: their members have not had to live in the real world for a long time. They have not had to deal with ordinary people in a detailed way, and so do not realise how difficult the proposals will make their lives.

Dawn Primarolo: I absolutely disagree with the right hon. Member for Suffolk, Coastal (Mr. Gummer). That is why he sits on that side of the House and why I sit on this side. The proposals go to the heart of the Government's views about fairness, taxation and the right of citizens to expect Governments of all political persuasions to act with an even hand. A Government must ensure that, wherever possible, all citizens enjoy a level playing field, so that everyone can have access to the rights conferred on them by Parliament through legislation. This Government do not believe that some citizens' ability to pay for expensive and creative advice should enable them to get more out of the system.

Many hon. Members contributed to the debate and I shall deal with the points that they made in the order of their contributions. First, the House will be aware—although at times I wondered whether some of its Members were—that the proposals in the Bill are needed to tackle a range of artificial avoidance schemes. The essence of those schemes is that wealthy persons appear to give their assets away so that they can take advantage of the inheritance tax exemption for lifetime gifts. The complex legal footwork that they undertake—which is not forced on them by the Government but for which they pay and knowingly enter into—means that the schemes allow former owners to carry on enjoying the use of the assets very much as before.

No Government, and especially not this one, ever intended the inheritance tax regime to be used in that way. This Government, and their predecessor, made successive attempts to block such avoidance by making specific changes to the inheritance tax rules. The most recent attempt was in last year's Finance Act 2003.

I agree with the right hon. Gentleman in one respect, however: previous attempts in this direction led to increasingly complex legislation. Parliament was forced to follow, and mirror, the complexities of avoidance schemes to try to close them off. Parliament has tried before to impose its will by making clear what the inheritance tax regime was intended to achieve and what could be considered legitimate under the law. Despite that, the response of some taxpayers—although not all—has been to develop increasingly contrived schemes that get around the new rules. Such schemes have been marketed as packages and offered by financial advisers to a wide range of clients. As I said in earlier debates, reports suggest that as many as 30,000 such schemes have been sold since—I emphasise the word "since"—the Government declared that they intended to do something about them. That represents a potential tax loss of billions of pounds for the Exchequer.

Faced with avoidance on such a scale, the Government clearly needed to take action—I disagree with the hon. Member for Arundel and South Downs (Mr. Flight) about that. Schedule 15 addresses the common feature of all the schemes, which is that the former owner continues to enjoy the property that they

[Dawn Primarolo]

say they have given away. It is a generic solution to a serious problem, although it has been carefully targeted. The Government have taken on board many of the points made by hon. Members, including the need for choice, the need not to have to unscramble previous arrangements and the need to consider what might happen in the future. The Government have not gone back over the past, despite the fact that the avoidance should not have happened, and any consideration of the debates in the House would prove that.

The amendments that the Government have tabled are minor in nature but complete some of the improvements that were discussed in Committee. Amendments Nos. 91 to 93 refine the exclusions in paragraph 11 of schedule 15 and deal with the point that the hon. Member for Torridge and West Devon (Mr. Burnett) made about overseas property. Paragraph 11 deals with cases in which the property originally disposed of and still enjoyed by the taxpayer is still reflected, directly or indirectly, in the value of the estate for inheritance tax purposes. We have no quarrel with that and have made no change.

Whatever our differences about the broad approach of this legislation, I hope that we are agreed that the charge should not apply to structures that clearly cannot involve inheritance tax avoidance. We have done everything that we can to ensure that.

Until now, we have not covered arrangements that are unusually complex. For example, property might be owned by a company and the taxpayer is made a gift, with reservations, of shares in the company. The value of the shares reflects the value of the underlying property. The right hon. Member for Suffolk, Coastal can see, therefore, that such schemes are not simple arrangements that people wander into. The shares are, therefore, treated as part of the taxpayer's estate under existing rules. The case for exempting such schemes is essentially the same as we discussed in Committee and the amendments complete the process that was started in Committee. I hope that they satisfy the points that the hon. Members for Torridge and West Devon and for Arundel and South Downs made.

Amendment No. 94 corrects an incorrect cross-reference in paragraph 13(3)(c) and does nothing else. Amendments Nos. 95 to 108 refine and improve the election provided for in paragraphs 21 to 23 of the schedule, which allow taxpayers to choose to have the property in question treated as part of their estate for inheritance tax purposes. The election allows people to reverse the tax effects of those avoidance schemes without having to unscramble all the legal machinery that they used to achieve them in the first place.

It is obviously important that the detailed machinery should work smoothly across the full range of cases to which it applies. In particular, it is important that the election should bring back into inheritance tax only values that are commensurate with what the taxpayer originally sought to shelter from tax. In some cases, the taxpayer will have less than a 100 per cent. stake in the caught property. The charge under schedule 15 is rightly scaled down in such cases to reflect the extent of the taxpayer's interest, and it is right that the same should apply to the value brought back into IHT if the taxpayer makes the election. The Government amendments will ensure that, when an election is made, only the appropriate proportion of the property's value is brought back into the person's taxable estate. They also provide the opportunity to clarify the detailed operation of such elections in other respects—for example, what the election applies to if the subject matter changes after the election has been made.

Before I move on to the Opposition amendments, I wish to say that, as hon. Members know, current provisions in the IHT rules will not be disturbed by these rules in the extreme case where a parent moves back owing to ill health, there is a carer and an arrangement is made. None of that will be disturbed with further exemptions. I was chastised for using certain words, but the value of the property would have to exceed twice the allowance to make any difference. So, frankly, we can dispose of that point as well.

Mr. Burnett: Will the Paymaster General give way?

Dawn Primarolo: No, I should be grateful to the hon. Gentleman if he would allow me to make a little progress on the Opposition amendments. I might be able to help with some of those points. If not, of course, I will give way to him.

I now turn to the Opposition amendments. Amendment Nos. 1 and 4 suggest that the charge under schedule 15 should not apply where the potential taxpayer owned the caught property for at least seven years before getting rid of it. Why? If that is the intention, it is difficult to understand what the point is, apart from a desire to wreck the charge. That may be the intention, but why should we set an arbitrary limit? I am not attracted to those amendments.

Amendments Nos. 2, 3, 5, 6 and 8 would disapply the charge under schedule 15 from any arrangement made on or before 19 June 2003, which is the effective date for the anti-avoidance legislation in the Finance Act 2003 and directed at the so-called Eversden schemes. Those amendments represent an attempt to reopen something that the House settled last year in the Finance Act 2003. The Government absolutely reject the thinking behind those amendments. I simply do not understand why the Opposition think that the Eversden case gave a permanent seal of approval throughout the tax system to the future consequences of such schemes. I certainly do not accept that suggestion.

Amendments Nos. 7 and 9 are intended, I imagine, to cover cases where a settlor's continuing interest in the property that he or she once owned is regarded as too remote to justify the charge for one reason or another, but that could be readily exploited to let through cases that we would very much want to be caught by the schedule. Any problem in a case that can be fairly regarded as half innocent will be resolved easily enough using the other means provided in these arrangements. That part of the schedule is directed at very real mischief in the form of artificial—that is, not real—trust arrangements that allow people to put wealth outside their inheritance tax estate, while retaining effective access to those assets. Designers of those schemes have been more than willing to create artificial trust arrangements to exploit loopholes, so we can be quite sure that they would do so again if we were knowingly to leave loopholes in schedule 15, which the amendments would do.

4 pm

We cannot accept amendment No. 10, which also touches on equity release. We drafted the proposal in schedule 15 against the background of the widespread and growing use of avoidance schemes by people trying to protect their wealth against inheritance tax. The amendment would allow the great majority of those schemes, and any such future schemes, to escape any charge under the schedule.

I accept that the amendment also addresses the sale of shares of interests in land. We considered applying the schedule to the sales of part-interests when we discussed the matter in Committee. I agreed that a point deserved thought, so I promised to consider it further, but said that I could not promise to deal with that before Report—I have not been able to do so. However, we accept that an owner could sell a part-interest as an element of an arm's length equity transaction while retaining the right to occupy the property. We are ready to explore that issue further with firms that undertake such transactions to determine whether action is needed and, if so, to establish exactly what needs to be done. Amendment No. 10 demonstrates why we would be wrong to rush into the process, but I am glad to repeat to my hon. Friend the Member for Wolverhampton, South-West (Rob Marris) and the hon. Member for Arundel and South Downs the commitment that I made in Committee to examine part-sales further. If we find that there is a real problem, we will address it either through regulations or a future Bill, and we will cover the time periods that would be relevant.

Rob Marris: I am reassured by what my right hon. Friend says and thank her for it.

Dawn Primarolo: I am relived to hear that. Although I do not wish to embarrass my hon. Friend, he has displayed an acute understanding of the issues in the Bill. He has explained things clearly and sometimes challenged Ministers, which is always unexpected from one's own side, but to be welcomed.

Amendment No. 11 is an attempt to provide a window of opportunity in tax years 2004–05 and 2005–06 for transactions that would otherwise be caught by the charge in schedule 15 to be unscrambled. It would achieve that by undoing the tax consequences that would normally arise—for income tax, capital gains tax, stamp duty land tax and inheritance tax—from any steps taken to get a property back into the hands of a former owner. I must tell the hon. Member for Arundel and South Downs that I would have had sympathy with the thinking behind the amendment if we had not already recognised his underlying concerns and addressed them in a different manner.

We raised the issue of unscrambling in the consultative document that the Inland Revenue published following last year's autumn statement. We asked for representations on how we might best cater for the transitional issues—my hon. Friend the Member for Wolverhampton, South-West raised that point, too. The responses made it clear that unscrambling would not be practicable for most individuals affected, and that guided our approach on the Bill. We concluded that the election provision in paragraphs 21 to 23 of the schedule represented the best way of allowing former owners effectively to take back the value of their properties into their estates for IHT purposes. My hon. Friend will remember that we said in Committee that the election was allowed to roll forward to the point where the income tax charge would arise. It does not necessarily have to be made in 2005—that is, if there were no charge in 2005. I believe that we have provided for the transition as well.

Amendment No. 44 would increase the de minimis limit in schedule 15 for a benefit of £5,000 a year to one of £50,000, assuming that taxable benefits might typically reflect a yield of 5 per cent. on the capital value of the assets involved. That would allow wealthy owners to get rid of assets worth up to £1 million and retain the use of them without attracting a charge under schedule 15.

The existing de minimis threshold is already set at a generous level and corresponds to capital values of about £100,000. Increasing the level would allow people who have a great deal of money to continue to have an unfair tax advantage compared with everyone else.

Mr. Burnett: Will the Minister give way?

Dawn Primarolo: Perhaps the hon. Gentleman will allow me to finish responding to the amendments. It has been a long debate, but of course I will give way to him. I am nearly at the end of my response.

Amendments Nos. 45 to 49 would disapply the charge under schedule 15 from any arrangements made before the date of the pre-Budget report. I referred earlier to the fact that between that report and publication of the Finance Bill, at least 30,000 schemes were marketed to try to get round the legislation, which the House has not yet finished considering. That reflects the view that schedule 15 is retrospective in its effect. However much I may offend Conservative Members, I do not accept that view. People with structures affected by schedule 15 have made arrangements that they fully intended to make for future effects. That is the whole point of the exercise. Anyone doing that must face the possibility that future tax changes will affect the future tax consequences of what they have done. I would be amazed if their financial and legal advisers did not have that little caveat at the bottom of the agreement, pointing out that this is not a guarantee for all time because tax consequences can change.

If schedule 15 brings home the message that avoidance is not a one-way bet—by that, I mean that people do not just get away with it and then do not have to do anything about it—it will be a useful addition to the direction of the benefit in the schedule. We are saying that it is better if people do not attempt change in the first place. The law of the land is that people pay this tax, and we expect them to do that. We as parliamentarians, not as any one political party—

Mr. Gummer: I can accept what the right hon. Lady says if she will admit the simple fact that this is retrospective legislation. It means that somebody who made a change believing that the law would treat them fairly—believing that what they did was legal then and, therefore, was not attacked, as the right hon. Lady is doing—did so on the understanding that the effect of that would start when the change took place. For example, they might have given away their house and

[Mr. Gummer]

not enjoyed it at all. They might have decided that that was a reasonable choice to make. That cannot take place retrospectively. Therefore, the right hon. Lady's actions are retrospective. Will she admit that the provision is retrospective?

Dawn Primarolo: No, I will not. I cannot admit to that because it is not correct. To be retrospective would be to give ourselves legislation and go back over the years during which we are saying that this process should not have been undertaken. We have said all along that this tax planning should not have been undertaken, but it has. We have set a date in the future—April 2005. Assuming that this part of the Bill passes through Parliament, the provision will become the law of the land and it will have to be complied with. If someone has given their property away and receives no benefit from it—inheritance tax allows for that possibility—they are not affected by the schedule, which is aimed at people who say that they have given away their property, but have not. The provision is not retrospective, but as the law of the land is changing, we have established transitional arrangements and have spelt out a long list of exemptions. I am sure that people will continue to argue that retrospection—the previous Government did, in fact, engage in such practices—should apply so that a change in the law can affect the past. The past is left alone, but people can elect to pay inheritance tax when liable—in such cases, there is no income tax charge—or maintain their existing arrangements. If they benefit from an asset that they allegedly gave away, they will be subject to a de minimis charge of £5,000. I therefore disagree with the right hon. Member for Suffolk, Coastal about retrospection.

Mr. Burnett: I shall not tackle the right hon. Lady about retrospection, but the position could be ameliorated. We talked about rhetoric, but what about logic? A major problem with the provision is that income tax is being used to deal with a perceived or actual inheritance tax problem. As I said at the start of my speech, assets or gifts in excess of £100,000 will be caught, because the de minimis level is £5,000. Would it not be logical to have a de minimis level of £12,500, to reflect one twentieth of the current inheritance tax exemption?

Dawn Primarolo: We are using a charge for benefit in kind. If someone has the benefit of something that they claim they no longer own, such as a house or a painting that for centuries has hung in a room and has not left it, the market says that someone else does, so there must be a charge to the former owner for that benefit. The de minimis levels are perfectly reasonable, and I repeat that about 32,000 estates a year are subject to inheritance tax.

We discussed the issues underlying amendment No. 225 in Committee. People use what schedule 15 calls "settlements" for many good non-tax reasons. Unfortunately, however, others use them for avoiding tax such as income tax and capital gains tax, and there are existing provisions to counter that. They are also used to avoid inheritance tax, and schedule 15 introduces a new income tax charge to make that less attractive. Trusts may sometimes fall foul of one or more of the existing anti-avoidance provisions, as well as the new charge under schedule 15. When that occurs, schedule 15 allows a deduction for income tax or capital gains tax already due against the benefit otherwise chargeable under schedule 15. That is generous—arguably, over-generous—but we are content to err on the side of generosity.

4.15 pm

The Opposition want to go further and allow a tax credit against tax, so if one paid enough tax under the existing provision, nothing would be paid under schedule 15. That would encourage the artificial arrangements that schedule 15 is designed to discourage and, indeed, the growth of the inheritance tax industry, which the right hon. Member for Suffolk, Coastal wants to prevent.

Amendment No. 226 is surprising and, perhaps, revealing. It would delete an existing simple relief on straightforward family transactions by people of moderate wealth, and would replace it with a provision that is much less certain in its effects, but much more attractive to wealthy prospective avoiders. It would withdraw relief from many of the innocent cases that Conservative Members purport to want to protect, and is therefore unacceptable.

Amendment No. 227 makes a point about how inheritance tax stands after the Bill was amended in Standing Committee. The provision in question exempts cases that would normally amount to gifts with reservations for inheritance tax purposes. It was pointed out to us that the Bill, as first published, covered only one of the two instances in the current inheritance tax legislation to which the exemption applies, so we amended it in Standing Committee to extend the relief to both possible instances. We all agree that that amendment was necessary; the only question is whether the text, as amended, achieves the required result. I am told that the schedule achieves that objective, so I am happy to assure the hon. Member for Arundel and South Downs that the Revenue understands the matter in that sense and will apply the legislation accordingly.

In conclusion, I apologise to the House for the length of my reply, but the issue is hotly contested. I have dealt with the points raised by the amendments and resisted the wider debate about inheritance tax and fairness. I commend the Government amendments to the House and hope that the Opposition amendments are withdrawn, because they are wrong in principle. If the Opposition amendments are pressed to a vote, however, I ask my hon. Friends to oppose them.

Mr. Flight: The exemption to the gifts with reservations rules to which amendments Nos. 1 and 4 relate was introduced by the Labour Government in 1999 and specifically applies to gifts of farm land, where the donor continues to enjoy the land as a partner under the terms of a partnership that had been in place for at least seven years prior to the gift. That is the simple reason for the reference to seven years, and the amendment is designed to continue an exemption that the Government introduced.

On the bigger issue, amendment No. 11 is not perfectly worded, but the Paymaster General knows that the Government have refused to address the

problem with their unscrambling formula. If one unscrambles, one does not end up in the same position as if one had never made the arrangements in the first place, because the property in question ends up with a base cost for capital gains tax, which goes forward to the next generation and is almost certainly hugely below what it would be if one had never made the arrangements in the first place. The unscrambling arrangements are an extremely damaging form of transitional arrangement.

Without rehearsing all the arguments, my hon. Friends and I remain of the view that the legislation is retrospective. It applies substantial taxation to transactions entered into as far back as 18 years ago, when they were perfectly legal and, indeed, when the Inland Revenue said that they were perfectly legal. If that is not retrospective, I do not know what is.

We do not wish to put amendment No. 1 to the vote, because the issue is very clear, so long as the Government understand what it is. However, we wish to press to a vote amendment No. 2, which relates to the fundamental issue of retrospection.

I beg to ask leave to withdraw the amendment.

Amendment, by leave, withdrawn.

Amendment proposed: No. 2, in page 356, line 26, leave out "17th March 1986" and insert "19th June 2003".—*[Mr. Flight.]*

Question put, That the amendment be made:—

The House divided: Ayes 153, Noes 265.

Division No. 219] **[4:20 pm**

AYES

Ainsworth, Peter *(E Surrey)*
Allan, Richard
Amess, David
Ancram, rh Michael
Arbuthnot, rh James
Atkinson, David *(Bour'mth E)*
Bacon, Richard
Baldry, Tony
Barker, Gregory
Baron, John *(Billericay)*
Beggs, Roy *(E Antrim)*
Beresford, Sir Paul
Bottomley, Peter *(Worthing W)*
Brady, Graham
Brazier, Julian
Brooke, Mrs Annette L.
Burnett, John
Burns, Simon
Burt, Alistair
Cable, Dr. Vincent
Cameron, David
Campbell, rh Sir Menzies *(NE Fife)*
Cash, William
Chapman, Sir Sydney *(Chipping Barnet)*
Chidgey, David
Chope, Christopher
Clappison, James
Conway, Derek
Cormack, Sir Patrick
Cotter, Brian
Cran, James *(Beverley)*
Curry, rh David
Davies, Quentin *(Grantham & Stamford)*
Davis, rh David *(Haltemprice & Howden)*
Doughty, Sue
Duncan, Peter *(Galloway)*
Evans, Nigel
Ewing, Annabelle
Fallon, Michael
Field, Mark *(Cities of London & Westminster)*
Flight, Howard
Flook, Adrian
Forth, rh Eric
Foster, Don *(Bath)*
Francois, Mark
George, Andrew *(St. Ives)*
Gibb, Nick *(Bognor Regis)*
Gillan, Mrs Cheryl
Goodman, Paul
Grayling, Chris
Green, Damian *(Ashford)*
Greenway, John
Grieve, Dominic
Gummer, rh John
Hague, rh William
Hammond, Philip
Hancock, Mike
Harris, Dr. Evan *(Oxford W & Abingdon)*
Harvey, Nick
Hawkins, Nick
Heald, Oliver
Heathcoat-Amory, rh David
Hendry, Charles
Hermon, Lady
Holmes, Paul
Horam, John *(Orpington)*
Howarth, Gerald *(Aldershot)*
Jackson, Robert *(Wantage)*
Jenkin, Bernard
Johnson, Boris *(Henley)*
Key, Robert *(Salisbury)*
Kirkbride, Miss Julie
Kirkwood, Sir Archy
Knight, rh Greg *(E Yorkshire)*
Laing, Mrs Eleanor
Lait, Mrs Jacqui
Laws, David *(Yeovil)*
Leigh, Edward
Letwin, rh Oliver
Liddell-Grainger, Ian
Lidington, David
Lilley, rh Peter
Llwyd, Elfyn
Loughton, Tim
McIntosh, Miss Anne
Mackay, rh Andrew
McLoughlin, Patrick
Malins, Humfrey
Mates, Michael
Mawhinney, rh Sir Brian
May, Mrs Theresa
Mercer, Patrick
Mitchell, Andrew *(Sutton Coldfield)*
Moore, Michael
Moss, Malcolm
Murrison, Dr. Andrew
Osborne, George *(Tatton)*
Ottaway, Richard
Page, Richard
Paice, James
Paterson, Owen
Price, Adam *(E Carmarthen & Dinefwr)*
Prisk, Mark *(Hartford)*
Pugh, Dr. John
Randall, John
Redwood, rh John
Robathan, Andrew
Robertson, Angus *(Moray)*
Robertson, Laurence *(Tewk'b'ry)*
Russell, Bob *(Colchester)*
Salmond, Alex
Sanders, Adrian
Sayeed, Jonathan
Selous, Andrew
Shephard, rh Mrs Gillian
Shepherd, Richard
Simpson, Keith *(M-Norfolk)*
Smith, Sir Robert *(W Ab'd'ns & Kincardine)*
Smyth, Rev. Martin *(Belfast S)*
Soames, Nicholas
Spelman, Mrs Caroline
Spicer, Sir Michael
Spink, Bob *(Castle Point)*
Spring, Richard
Stanley, rh Sir John
Steen, Anthony
Stunell, Andrew
Swire, Hugo *(E Devon)*
Tapsell, Sir Peter
Taylor, Ian *(Esher)*
Taylor, Matthew *(Truro)*
Taylor, Dr. Richard *(Wyre F)*
Taylor, Sir Teddy
Teather, Sarah
Thomas, Simon *(Ceredigion)*
Thurso, John
Tonge, Dr. Jenny
Trimble, rh David
Tyler, Paul *(N Cornwall)*
Tyrie, Andrew
Walter, Robert
Waterson, Nigel
Webb, Steve *(Northavon)*
Weir, Michael
Widdecombe, rh Miss Ann
Wiggin, Bill
Wilkinson, John
Williams, Hywel *(Caernarfon)*
Willis, Phil
Wilshire, David
Winterton, Sir Nicholas *(Macclesfield)*
Wishart, Pete
Young, rh Sir George

Tellers for the Ayes:
Mr. David Ruffley and
Mr. Peter Atkinson

NOES

Abbott, Ms Diane
Ainger, Nick
Ainsworth, Bob *(Cov'try NE)*
Alexander, Douglas
Allen, Graham
Anderson, rh Donald *(Swansea E)*
Anderson, Janet *(Rossendale & Darwen)*
Armstrong, rh Ms Hilary
Atkins, Charlotte
Austin, John
Baird, Vera
Banks, Tony
Barnes, Harry
Barron, rh Kevin
Battle, John
Beard, Nigel
Begg, Miss Anne
Bennett, Andrew
Benton, Joe *(Bootle)*
Berry, Roger
Best, Harold
Blackman, Liz
Blears, Ms Hazel
Blizzard, Bob
Borrow, David
Bradley, rh Keith *(Withington)*
Bradley, Peter *(The Wrekin)*
Brennan, Kevin
Brown, rh Nicholas *(Newcastle E Wallsend)*
Browne, Desmond
Buck, Ms Karen
Burden, Richard
Burgon, Colin
Burnham, Andy
Byers, rh Stephen
Caborn, rh Richard
Cairns, David
Campbell, Mrs Anne *(C'bridge)*
Campbell, Ronnie *(Blyth V)*
Caplin, Ivor
Casale, Roger
Chapman, Ben *(Wirral S)*
Chaytor, David
Clapham, Michael
Clark, Mrs Helen *(Peterborough)*
Clark, Dr. Lynda *(Edinburgh Pentlands)*
Clark, Paul *(Gillingham)*
Clarke, rh Tom *(Coatbridge & Chryston)*
Clelland, David
Clwyd, Ann *(Cynon V)*

Coffey, Ms Ann
Cohen, Harry
Colman, Tony
Connarty, Michael
Corbyn, Jeremy
Corston, Jean
Cousins, Jim
Cranston, Ross
Crausby, David
Cryer, Ann *(Keighley)*
Cryer, John *(Hornchurch)*
Cummings, John
Cunningham, Jim *(Coventry S)*
Cunningham, Tony *(Workington)*
Curtis-Thomas, Mrs Claire
Dalyell, Tam
Darling, rh Alistair
Davey, Valerie *(Bristol W)*
Davies, rh Denzil *(Llanelli)*
Davies, Geraint *(Croydon C)*
Dawson, Hilton
Dean, Mrs Janet
Denham, rh John
Dhanda, Parmjit
Dismore, Andrew
Dobbin, Jim *(Heywood)*
Dobson, rh Frank
Doran, Frank
Dowd, Jim *(Lewisham W)*
Drown, Ms Julia
Eagle, Angela *(Wallasey)*
Eagle, Maria *(L'pool Garston)*
Edwards, Huw
Efford, Clive
Ellman, Mrs Louise
Ennis, Jeff *(Barnsley E)*
Etherington, Bill
Farrelly, Paul
Field, rh Frank *(Birkenhead)*
Fisher, Mark
Fitzpatrick, Jim
Fitzsimons, Mrs Lorna
Flynn, Paul *(Newport W)*
Follett, Barbara
Foster, rh Derek
Foster, Michael Jabez *(Hastings & Rye)*
Foulkes, rh George
Gapes, Mike *(Ilford S)*
Gerrard, Neil
Gibson, Dr. Ian
Godsiff, Roger
Goggins, Paul
Griffiths, Jane *(Reading E)*
Grogan, John
Hain, rh Peter
Hall, Mike *(Weaver Vale)*
Hamilton, David *(Midlothian)*
Hanson, David
Harman, rh Ms Harriet
Havard, Dai *(Merthyr Tydfil & Rhymney)*
Henderson, Doug *(Newcastle N)*
Hendrick, Mark
Hesford, Stephen
Heyes, David
Hill, Keith *(Streatham)*
Hinchliffe, David
Hood, Jimmy *(Clydesdale)*
Hoon, rh Geoffrey
Hope, Phil *(Corby)*
Hopkins, Kelvin
Howarth, rh Alan *(Newport E)*
Howarth, George *(Knowsley N & Sefton E)*
Hughes, Beverley *(Stretford & Urmston)*
Hughes, Kevin *(Doncaster N)*
Hurst, Alan *(Braintree)*
Iddon, Dr. Brian
Illsley, Eric
Jackson, Glenda *(Hampstead & Highgate)*
Johnson, Alan *(Hull W)*
Johnson, Miss Melanie *(Welwyn Hatfield)*
Jones, Jon Owen *(Cardiff C)*
Jones, Kevan *(N Durham)*
Jones, Lynne *(Selly Oak)*
Jowell, rh Tessa
Kaufman, rh Sir Gerald
Keeble, Ms Sally
Keen, Alan *(Feltham)*
Keen, Ann *(Brentford)*
Kelly, Ruth *(Bolton W)*
Khabra, Piara S.
Kidney, David
Kilfoyle, Peter
Kumar, Dr. Ashok
Ladyman, Dr. Stephen
Lammy, David
Lawrence, Mrs Jackie
Lepper, David
Leslie, Christopher
Levitt, Tom *(High Peak)*
Lewis, Terry *(Worsley)*
Liddell, rh Mrs Helen
Linton, Martin
Lloyd, Tony *(Manchester C)*
Love, Andrew
Lucas, Ian *(Wrexham)*
Luke, Iain *(Dundee E)*
Lyons, John *(Strathkelvin)*
McCabe, Stephen
McCafferty, Chris
McDonnell, John
MacDougall, John
McFall, rh John
McGuire, Mrs Anne
Mclsaac, Shona
McKechin, Ann
McKenna, Rosemary
McNamara, Kevin
Mactaggart, Fiona
McWalter, Tony
Mahon, Mrs Alice
Mandelson, rh Peter
Marris, Rob *(Wolverh'ton SW)*
Marsden, Gordon *(Blackpool S)*
Marshall-Andrews, Robert
Martlew, Eric
Meacher, rh Michael
Meale, Alan *(Mansfield)*
Merron, Gillian
Michael, rh Alun
Milburn, rh Alan
Miliband, David
Moffatt, Laura
Mole, Chris
Moran, Margaret
Morgan, Julie
Morley, Elliot
Mountford, Kali
Mudie, George
O'Brien, Bill *(Normanton)*
O'Hara, Edward
Olner, Bill
Osborne, Sandra *(Ayr)*
Owen, Albert
Perham, Linda
Picking, Anne
Pickthall, Colin
Pike, Peter *(Burnley)*
Pollard, Kerry
Pond, Chris *(Gravesham)*
Pope, Greg *(Hyndburn)*
Pound, Stephen
Prentice, Ms Bridget *(Lewisham E)*
Prentice, Gordon *(Pendle)*
Primarolo, rh Dawn
Purchase, Ken
Purnell, James
Quinn, Lawrie
Rammell, Bill
Robertson, John *(Glasgow Anniesland)*
Ruane, Chris
Ruddock, Joan
Russell, Ms Christine *(City of Chester)*
Ryan, Joan *(Enfield N)*
Salter, Martin
Sarwar, Mohammad
Savidge, Malcolm
Sawford, Phil
Sedgemore, Brian
Sheerman, Barry
Sheridan, Jim
Shipley, Ms Debra
Short, rh Clare
Skinner, Dennis
Smith, rh Andrew *(Oxford E)*
Smith, rh Chris *(Islington S & Finsbury)*
Smith, Geraldine *(Morecambe & Lunesdale)*
Smith, Jacqui *(Redditch)*
Smith, Llew *(Blaenau Gwent)*
Soley, Clive
Southworth, Helen
Starkey, Dr. Phyllis
Stevenson, George
Stewart, David *(Inverness E & Lochaber)*
Stewart, Ian *(Eccles)*
Stinchcombe, Paul
Stoate, Dr. Howard
Strang, rh Dr. Gavin
Stringer, Graham
Stuart, Ms Gisela
Taylor, rh Ann *(Dewsbury)*
Taylor, Dari *(Stockton S)*
Thomas, Gareth *(Clwyd W)*
Touhig, Don *(Islwyn)*
Trickett, Jon
Truswell, Paul
Turner, Dennis *(Wolverh'ton SE)*
Turner, Dr. Desmond *(Brighton Kemptown)*
Turner, Neil *(Wigan)*
Twigg, Derek *(Halton)*
Twigg, Stephen *(Enfield)*
Tynan, Bill *(Hamilton S)*
Walley, Ms Joan
Ward, Claire
Wareing, Robert N.
White, Brian
Whitehead, Dr. Alan
Wicks, Malcolm
Williams, rh Alan *(Swansea W)*
Williams, Betty *(Conwy)*
Wills, Michael
Winnick, David
Wood, Mike *(Batley)*
Woodward, Shaun
Worthington, Tony
Wright, Anthony D. *(Gt Yarmouth)*

Tellers for the Noes:
Mr. Jim Murphy and Vernon Coaker

Question accordingly negatived.

Schedule 15

CHARGE TO INCOME TAX ON BENEFITS RECEIVED BY FORMER OWNER OF PROPERTY

Amendments made: No. 91, in page 362, line 30, leave out from 'time' to end of line 31 and insert—

'when—

(a) the relevant property, or

(b) any other property—

(i) which derives its value from the relevant property, and

(ii) whose value, so far as attributable to the relevant property, is not substantially less than the value of the relevant property,

falls within sub-paragraph (3B) in relation to him.

(3A) Where any property which falls within sub-paragraph (3B) in relation to a person includes property—

(a) which derives its value from the relevant property, and

(b) whose value, so far as attributable to the relevant property, is substantially less than the value of the relevant property,

the appropriate rental value in paragraph 4, the appropriate amount in paragraph 7 or the chargeable amount in paragraph 9 (as the case may be) is to be reduced by such proportion as is reasonable to take account of that fact.

(3B) Property falls within this sub-paragraph in relation to a person at a time when it—'

No. 92, in page 363, line 10, leave out from 'whether' to first 'in' in line 11 and insert

'any property falls within sub-paragraph (3B)(b), (c) or (d)'.

No. 93, in page 363, leave out line 23 and insert

'Property is not to be treated as falling within sub-paragraph (3B)(b) at any time'.

No. 94, in page 364, line 14, leave out '8(2)' and insert '8(3)'.

No. 95, in page 365, line 31, after 'to' insert 'his enjoyment of'.

No. 96, in page 365, line 32, leave out

'by reference to the relevant property'.

No. 97, in page 365, line 34, at end insert

'by reference to his enjoyment of the relevant property, or of any other property for which the relevant property has been substituted.'.

No. 98, in page 365, line 36, leave out

'by reference to the relevant property'.

No. 99, in page 365, line 38, after 'assessment' insert

'by reference to his enjoyment of the relevant property or of any property which may be substituted for the relevant property'.

No. 100, in page 365, line 42, after first 'the' insert 'chargeable proportion of the'.

No. 101, in page 365, line 45, at end insert—

'(2A) In this paragraph, "the chargeable proportion", in relation to any property, means—

$$\frac{DV}{V}$$

where DV and V are to be read in accordance with sub-paragraph 4(2) or 7(2), as the case requires, but as if—

(a) any reference in paragraph 4(2) or 7(2) to the valuation date were a reference—

(i) in the case of property falling within subsection (3) of section 102 of the Finance Act 1986, to the date of the death of the chargeable person, and

(ii) in the case of property falling within subsection (4) of that section, to the date on which the property ceases to be treated as property subject to a reservation, and

(b) the transactions to be taken into account in calculating DV included transactions after the time when the election takes effect as well as transactions before that time.'.

No. 102, in page 366, line 10, leave out

'by reference to the relevant property'.

No. 103, in page 366, line 11, at end insert

'by reference to the relevant property or any property which the relevant property represents or is derived from'.

No. 104, in page 366, line 13, leave out

'by reference to the relevant property'.

No. 105, in page 366, line 15, after 'assessment' insert

'by reference to the relevant property or any property which represents or is derived from the relevant property'.

No. 106, in page 366, line 17, leave out 'the property' and insert

'the relevant property and any property which represents or is derived from the relevant property'.

No. 107, in page 366, line 22, leave out from 'property' to 'remains' in line 24 and insert

'or the property which represents or is derived from the relevant property'.

No. 108, in page 366, line 41, at end insert—

'(6) Subject to sub-paragraph (5), the election takes effect for the purposes of inheritance tax from the beginning of the initial year within the meaning of paragraph 21 or (as the case requires) paragraph 22 or, if later, the date on which the chargeable person would (but for the election) have first become chargeable under this Schedule by reference to the property to which the election relates.'.—*[Dawn Primarolo.]*

Schedule 16

Relief where national insurance contributions met by employee

Amendment made: No. 109, in page 372, line 18, after 'section 484(7)' insert

'of the Income Tax (Earnings and Pensions) Act 2003'.—*[Dawn Primarolo.]*

Clause 131

Companies in partnership

Amendment made: No. 110, in page 117, line 41, at end insert—

'(5A) If any non-income amount is taken into account in computing a relevant profit, then for the purposes of subsection (5) the amount of the company's due share of the relevant profit and the amount of the share of the relevant profit that was actually allocated to the company shall be taken to be what they would have been if all non-income amounts had been left out of account in computing the relevant profit.

(5B) In subsection (5A) a "non-income amount" means an amount that for the purposes of corporation tax would not be taken into account as income or in computing income.'.—*[Dawn Primarolo.]*

Clause 147

Meaning of "pension scheme"

Amendment made: No. 111, in page 141, line 40, leave out from 'Part' to end of line 45 and insert

'"overseas pension scheme" means a pension scheme (other than a registered pension scheme) which—

(a) is established in a country or territory outside the United Kingdom, and

(b) satisfies any requirements prescribed for the purposes of this subsection by regulations made by the Board of Inland Revenue.

(8) In this Part "recognised overseas pension scheme" means an overseas pension scheme which—

(a) is established in a country or territory prescribed, or of a description prescribed, for the purposes of this subsection by regulations made by the Board of Inland Revenue, or'.—*[Dawn Primarolo.]*

Clause 162

Pension rules

Mr. George Osborne (Tatton) (Con): I beg to move amendment No. 27, in page 151, line 16, leave out

'70% of the basis amount for the alternatively secured pension year'

and insert

'the greater of:

(a) 70% of the basis amount for that alternatively secured pension year, or

[Mr. George Osborne]

(b) in an alternatively secured pension year other than the first alternatively secured pension year, the aggregate of:

(i) the total amount of alternatively secured pension which could have been paid to the member in all previous alternatively secured pension years less the amount actually paid to the member in those alternatively secured pension years ("the undrawn alternatively secured pension"), and

(ii) 70% of the basis amount for that alternatively secured pension year (calculated after deducting from the sums and assets representing the member's alternatively secured pension fund on the nominated date the amount of the undrawn alternatively secured pension).'.

Mr. Deputy Speaker: With this it will be convenient to discuss the following:

Amendment No. 28, in page 152, line 44, leave out

'70% of the basis amount for the alternatively secured pension year'

and insert

'the greater of—

(a) 70% of the basis amount for that alternatively secured pension year, or

(b) in an alternatively secured pension year other than the first alternatively secured pension year, the aggregate of:

(i) the total amount of alternatively secured pension which could have been paid to the dependant in all previous alternatively secured pension years less the amount actually paid to the dependant in those alternatively secured pension years ("the undrawn alternatively secured pension"), and

(ii) 70% of the basis amount for that alternatively secured pension year (calculated after deducting from the sums and assets representing the dependant's alternatively secured pension fund on the nominated date the amount of the undrawn alternatively secured pension).'.

Amendment No. 18, in schedule 28, page 441, line 3, leave out '50 members' and insert

'20 members or such other number of members as may be prescribed from time to time'.

Amendment No. 19, in schedule 28, page 441, line 9, leave out

'with 50 or more members'

and insert

'to which sub-paragraph (1) does not apply'.

Amendment No. 29, in schedule 28, page 445, line 22, at beginning insert

'Where this sub-paragraph (4) applies by virtue of sub-paragraph (3), when the member dies,'.

Amendment No. 30, in schedule 28, page 445, line 37, leave out second 'the' and insert 'that'.

Amendment No. 31, in schedule 28, page 445, line 39, leave out second 'the' and insert 'that'.

Amendment No. 20, in schedule 28, page 446, line 26, leave out '50 members' and insert

'20 members or such other number of members as may be prescribed from time to time'.

Amendment No. 21, in schedule 28, page 446, line 33, leave out

'with 50 or more members'

and insert

'to which sub-paragraph (1) does not apply'.

Amendment No. 32, in schedule 28, page 450, line 31, leave out second 'the' and insert 'that'.

Amendment No. 33, in schedule 28, page 450, line 33, leave out second 'the' and insert 'that'.

Government amendments Nos. 112 and 113.

Amendment No. 34, in clause 186, page 165, line 31, at end insert—

'(6) An individual may by notice to the Board of Inland Revenue elect that contributions made on or before 31st January in any tax year are to be treated as having been paid during the preceding tax year.'.

Amendment No. 15, in schedule 31, page 470, line 12, at end insert—

'(2A) In that subsection, immediately before the entry relating to section 616, insert—

"section 607 (retirement annuity contracts)".'.

Mr. Osborne: We now come to a group of amendments on the Government's reform of pensions taxation, which detained us for a few Committee sittings. The Government call it simplification, but with 151 pages of primary legislation, well over 100 pages of secondary legislation, and 350 page of guidance notes, that is something of a euphemism.

The Government say that they are sweeping away eight pension regimes, and replacing them with one. However, PricewaterhouseCoopers say:

"The Bill reveals that the Government's original intention to reduce eight tax regimes to one has actually resulted in the creation of six separate regimes."

Nevertheless, at the beginning of the Committee, I welcomed the overall package of reform. Our amendments in Committee were designed to remedy mistakes that we thought we had identified, and that the industry had asked us to remedy, to highlight issues for debate, and to tackle what we thought were major injustices. Sadly, none of our amendments were accepted in Committee, which was a great shame, not least because I had voted for the Financial Secretary to be Minister of the year in *The House Magazine* awards, which are taking place this evening. I hope that our proceedings do not go on so long that she is unable to attend the awards ceremony, as that would be a great shame. We will see how we get on.

As I said, the amendments that we tabled in Committee were probing, technical and so on. The amendments that we have tabled on Report focus by and large on what we regard as the major injustices that remain in the package and the big issues of principle.

Let me start with an issue that we did not discuss in Committee. Amendment No. 34 is to clause 186, which says that the maximum tax relief on contributions to which a person is entitled in a tax year is equal to their taxable earnings for that year or £3,600, whichever is higher, although, of course, there is an annual limit of £215,000. The Institute of Chartered Accountants contacted us to raise its fear that

"these proposals will put the self-employed at a serious disadvantage as compared to the employed and... this will undermine the Government's overall objective in relation to pension reform".

The reason is that most self-employed people will not know their taxable earnings until after the end of the tax year, so they will be unaware of the maximum tax relief on contributions to which they would have been entitled. That makes financial planning extremely difficult for them. There will even be those whose UK earnings are zero in a particular year: for example, because they have made a loss in that year.

The current pensions taxation regime accommodates those fluctuations by allowing individuals to nominate that any single year's earnings can count not just for that year but for the five subsequent years, and a payment to a pension scheme made by 31 January in the following tax year, or, if earlier, the date that a tax return is filed, can be treated as if it is paid in the previous year of assessment.

Again, the Institute of Chartered Accountants tells us:

"We believe that both these existing measures provide considerable flexibility and certainty to the self-employed and think that the rules in the Finance Bill should be amended."

It goes on to say:

"We recognise that the new limit of contributions of an amount equal to a person's relevant earnings rather than a percentage of new relevant earnings is more generous than the current rules and that the Government may not wish to allow net earnings for a year to be nominated for the next five years. Our suggestion is that the rules should be amended so that taxpayers can elect to treat a payment made by 31 January in the following tax year as made in the previous tax year."

That is what amendment No. 34 does. It is not an issue that we discussed in Committee, but it is relevant. There is a large number of self-employed people. The Institute of Chartered Accountants is an extremely reputable organisation. If it has identified the problem, I am sure it has a point.

I should be interested to hear what the Minister says. If she cannot accept our amendment—given the track record so far, I would be optimistic if I thought she was about to accept it—I ask her at least to consider the matter. We have another Finance Bill next year, before the reforms come into place. I hope we will get an assurance from her that she will examine the problem that we have brought to the attention of the House.

I turn to two issues that were discussed in Committee—first, that to which amendments Nos. 18 and 19 apply: the strange requirement, which appears in paragraph 2 of schedule 28, that a pension scheme with fewer than 50 members secures scheme pensions through an insurance company, for example, by buying an annuity. I say that that is a strange requirement, first, because it did not appear in any of the consultation documents and the industry was not consulted on it. It was one of the big surprises when the Bill was published.

Secondly, the requirement is strange because, of all the debates that we had in Committee, I feel that this is the one on which the Minister was least sure of her arguments. She said that it was all to do with protection—that small schemes ran the risk of not providing a pension for life because they were not large enough to pool the mortality risk of members. But she produced no evidence to back up that assertion. She provided no facts about the number of small schemes that were unable to honour their scheme pensions. Then she conceded that the issue of member protection was really a matter for the Department for Work and Pensions.

In Committee the Minister said:

"I also recognise that the DWP is in the process of making changes to its rules on scheme funding requirements and that, together with the pension protection fund, it should protect the pension funds of some small schemes. However, we are not yet in a position to know exactly what those protections should be.

I will, however, give a commitment to the Committee that once that has been fully decided and those rules are in the public domain, we will examine this again to see whether there is any overlap of regulation, and whether this is the appropriate way to ensure that members of smaller schemes are protected against longevity risk. In the meantime, I suggest that the provision remains in the Bill."—[*Official Report, Standing Committee A*, 8 June 2004; c. 498.]

That hardly reflects the confidence and assurance that one expects from a Treasury Minister seeking to change the law. To paraphrase, she said, "I know that the Department for Work and Pensions is working on this. I am not sure exactly what it will come up with, but in the meantime let's put the provision in the Finance Act and if we don't need it, I suppose we can take it out."

I believe we should approach the matter in a different manner. Let us see what the Department of Work and Pensions comes up with, see whether the provision is necessary, and if it is necessary, put it in the Finance Bill next year. It is a stand-alone provision, in the sense that it does not affect the rest of the new pensions taxation regime.

The Minister also conceded in Committee that the number 50 was "a relatively arbitrary figure". She guessed, using a Government Actuary survey, that between 86,000 and 98,000 schemes could fall into that category, but she was not sure. She revealed that the 50-member cut-off would not apply where a scheme originally had more than 50 members, which we did not know until then.

4.45 pm

As I said, the Financial Secretary did not advance her strongest arguments at that point. The requirement could impose a considerable cost on smaller schemes. Buying annuities can be expensive and it may not be appropriate for a scheme to buy a large number of annuities at a particular time. Annuities include up-front administration costs; they are built into the price of the annuity and will fall on the member, whereas in many schemes they are paid by the employer. Members in such schemes could be at a disadvantage. The cost of the annuity also includes the profit margin of the provider. No detailed work has been published on those issues and there has been no consultation with the industry about the possible costs for smaller schemes, nor, as far as I am aware, has there been a detailed regulatory impact assessment.

In Committee, we proposed scrapping the whole requirement by simply removing it from the Bill. We suggested to the Financial Secretary that she reconsider it and that if the provision really were needed, she could include it in next year's Finance Bill. However, we were required to come up with something different on Report so that our amendment would be selected and discussed;

[Mr. Osborne]

our amendment proposes, therefore, to replace the threshold of 50 members with a threshold of 20. That is because there is a much greater risk of a large proportion of members living longer than expected when there are only 20 members. Relatively, a 50-member scheme is not small, and many medium-sized schemes could be affected, whereas a 20-member scheme is, by a distance, smaller.

The amendment includes provision for the Financial Secretary to change that number by regulation. She may discover that the provision is not needed so the requirement could be eliminated, or she could increase the number from 20 to 50 or 100. We have given the hon. Lady some flexibility. She is not even sure whether the original provision is required and is awaiting developments from another Department, so the figure of 50 gives her no flexibility.

The best reason for changing the figure from 50 to 20 is that I have heard from people in the Inland Revenue that they are considering that reduction. I thought that I would help the Government with their discussions by tabling the amendment, so that the Financial Secretary does not have to do what she may already be considering—she can simply accept my amendment.

Finally, I turn to the proposals on alternatively secured income. We had a good, wide-ranging debate on that new concept in Committee. According to the Government, it is designed to tackle the well-established objections of some religious groups, such as the Christian Brethren, to annuities, which they correctly believe are a speculation on the length of a person's life. They heed Corinthians, which tells us

"ye are not your own . . . For ye are bought with a price",

so they decided that it would be wrong for them to purchase annuities. That is a long-established belief of the Brethren, stretching back to the 19th century.

There are 14,000 Brethren in the United Kingdom and until now the Government have steadfastly refused to help them. The issue has been debated many times and has been brought to the attention of the House by Conservative Members. I praise in particular my right hon. Friend the Member for Skipton and Ripon (Mr. Curry) and my hon. Friends the Members for Tiverton and Honiton (Mrs. Browning) and for Arundel and South Downs (Mr. Flight), who in a succession of private Member's Bills and so on have come up with more and more ingenious devices to help the Brethren; for example, they came up with the concept of a retirement fail-safe fund.

Suddenly, however, the Government swept away all their previous objections and came up with a fairly straightforward answer. They said, "Fine, you can draw down up to 70 per cent. of the annuity that you could have bought at the age of 75, provided we assess it each year. We'll call it an alternatively secured pension." In fact, "alternatively secured pension" is a bit of a misnomer, because the pension is not secured against anything in any real sense, but if it makes the Government feel better to call it that, we do not object.

We should pay tribute to the Brethren for their long and, ultimately, pretty successful campaign. We should also pay tribute—as I already have—to my hon. Friends who have advanced their cause here. In a letter to my hon. Friend the Member for Arundel and South Downs, a representative wrote:

"We would like to thank you, on behalf of the Brethren, for your constant support in our appeal to Ministers to obtain a pension provision that would accord with our beliefs . . . thank you for your kind and consistent support that has helped to obtain this provision."

The Brethren also wanted us to thank the Minister for listening to our arguments, which I am happy to do.

The solution that the Government have come up with is, however, marred by a great injustice, which my amendments Nos. 27 to 33 seek to remedy. The Government say that a scheme member using an ASP can draw only 70 per cent. of the amount that could be generated by an annuity for someone aged 75. In Committee we tabled amendments to turn the 70 per cent. into 100 per cent., but the Government rejected them. What we have tried to do here is get rid of the requirement always to apply the funds to an annuity, which someone could buy at the age of 75.

The ASP will become increasingly unfair as a member gets older. According to the Association of Consulting Actuaries, by the time that 75-year-old is 80 he or she will be drawing just 55 per cent. of the annuity that could be purchased in the market, and at 80 the amount will be just 43 per cent. The ACA says:

"Clearly the government is keen to ensure that people using ASI do not erode their pension savings too quickly and hence have recourse to social security but the basis proposed is far too penal and discriminates unfairly against those who do not wish to buy an annuity on religious grounds."

The ACA believes, and we believe, that even if we accept the Government's argument that they want to protect the Exchequer and are not prepared to get rid of the annuity rule in general, the combination of the annual review of someone's fund and the 70 per cent. rule is more than enough protection for the Exchequer. Indeed, I would argue that there is a danger that if people are forced on to such potentially low incomes, they may fall back on means-tested benefits.

Our amendments seek to achieve two things. First, they would allow someone with an ASP to draw 70 per cent. of the annuity that can actually be bought with the pension pot available—rather than the amount that could be bought by a 75-year-old—while retaining the annual review, which is the best check that funds will not run out. Secondly, they would allow someone to catch up. A member who had not drawn the full 70 per cent. in the previous year could do so in a subsequent year. There could be a number of years in which their income needs were not particularly great; then suddenly, they might want to go on holiday or to carry out home improvements. In such a situation, they ought to be able to make up the difference through the money that they had not drawn down in previous years. The ability to do so would give them some flexibility.

We had a debate on how attractive the alternatively secured pension will be to the wider public. Many in the industry think that a relatively large number of people might take up that option in order to pass on their pension pot to their children. The Financial Secretary was pretty sure that that would not happen; time will tell. But there is no doubt that that option will be used by religious groups—including the Brethren, one

hopes—to provide them with an income in retirement. I have no problem in saying that the Government have taken a major step forward, but they are still in danger of denying such people a decent income in retirement.

The Financial Secretary is likely to rehearse many of the arguments that we heard in Committee, and to say exactly the same as she said when I made these points then. Perhaps she can at least give a commitment to considering this issue, and to listening to representations from the Brethren. One of the people from that organisation who wrote the original letter phoned me yesterday to discuss this issue, so it is clear that they are still concerned about it. I hope that the Financial Secretary will listen to such views in the course of the next year, and if necessary introduce changes in the next Finance Bill. If she is not prepared to do so, she could just as easily accept my amendment today and solve the problem here and now.

Mr. Quentin Davies (Grantham and Stamford) (Con): I rise to speak to my own amendment in this group—No. 15—but I shall not be seeking your consent to press it to a vote, Mr. Deputy Speaker. The issue that I am about to discuss was brought to my attention by the Low Incomes Tax Reform Group and Tax Volunteers, and in that regard I am very grateful to Mr. John Andrews and Mr. Robin Williamson. I was for many years an advisor to the Chartered Institute of Taxation, which supports, but in no sense has a financial interest in, those two bodies. Indeed, nobody has a financial interest in them because they are pro bono bodies; in fact, Tax Volunteers is a registered charity.

The intention behind my amendment is to add to the list of forms of income that can be paid through the pay-as-you-earn system, where tax is deductible at source, payments under retirement annuity contracts. The object is that the tax treatment of retirement annuities should be exactly the same as that of occupational pensions or employment earnings. The big advantage is that, if tax is deducted at source and the tax code is correct—one assumes that it is; if not, it can rapidly be modified—the taxpayer receives the exact amount of money that they ought to receive net of tax, and no tax is withheld by the Revenue. Such a withholding involves a very considerable cash-flow loss to the taxpayer.

At the moment, tax is deducted at source from retirement annuity contracts, as with some other forms of savings income, at the standard rate of 22 per cent. The rather sad problem is that many people who have retirement annuities have small annuities and are very poor. The average retirement annuity premium—the capital sum paid to purchase a stream of annuities—is some £22,000. When I first saw that figure, I could not believe it; I thought that it was the average annuity in payment, although I admit that such a figure would be rather high. The fact is that that is the average premium in the country. Labour Members often mention in debates that there are a lot of so-called fat cats earning a large amount of money. Of course there are, but the average must reflect the fact that there are many people whose total accumulated capital, with which they can purchase an annuity contract, is very substantially below £22,000.

5 pm

It is a tragic position. We are dealing with many poor people here, and I wish I knew exactly how many. I tabled a question the other day asking how many recipients of retirement annuity contracts in this country were entitled to tax rebates from the Inland Revenue, their marginal tax rate being either zero, when income falls below the required level of the personal allowance, or 10 per cent. In either case, people would be entitled to a repayment by the Revenue, but the Government response to my question was that they did not know the answer either. There are clearly many people who fall into this category—certainly at least tens of thousands—and some of them are in a rather cruel position.

The Government will probably tell me that when people's income is below the personal allowance threshold and they are not liable for any tax, there is the R89 procedure, which enables them to apply to the Revenue to have their retirement annuity paid gross, without deduction. However, that does not work for people whose income is taxable at the marginal rate of 10 per cent.

If we are talking about people whose income falls below the personal income limit—only about £5,000 or £6,000, or perhaps a little more with the age limit—we are talking about people who are, frankly, pretty poor. Let us face it, such people may be unsophisticated in financial matters and perhaps completely foxed by the administrative problems of securing the repayment. They will certainly not be able to afford professional advice. A few hours of professional advice might consume their entire income for the year, so it is wholly unreasonable to assume that they should take such advice to secure the refund. There may be some pathetic, very sad cases—one fears they must exist—where people have their tax deducted quite wrongly by the Revenue and they never claim it back at all. Furthermore, some people who manage to work out the right administrative procedures to reclaim the tax may have to wait a long time. They cannot use the R89 procedure if they are in the 10 per cent. tax bracket. They may have to wait many months—perhaps the Paymaster General can tell us exactly how many. It certainly takes a long time to get money back from the Inland Revenue, as we know.

I would like to cite one or two cases put to me by the Low Incomes Tax Reform Group. One case was that of "Ron", a pensioner aged 76 who lives alone. His income for 2004–05 is his state retirement pension of £4,140 and his retirement annuity of £2,950—a total income of £7,090. This is a man on a very modest income and it is right for the House to pay attention to the position of people in such circumstances. His income tax liability will be £14 for the whole year, yet basic rate tax of £649 is deducted from his retirement annuity at source, leaving him to claim back from the Revenue the £635 that he does not owe. That is a cruel situation—a theoretical example, but it could exist.

Let us consider another case of someone with a total income of £6,831. That figure was chosen in order to make a point, but again there could well be many real people with exactly that income or very close to it. It was chosen because it happens to be £1 above the personal allowance limit. The tax liability in that case is 10p for the year in question. However, the individual has a

[Mr. Quentin Davies]

retirement annuity of £3,000, so £660 tax is deducted before he gets it. In that way, people on very low incomes regularly lend the Inland Revenue over £600, which is a colossal amount of money for them.

I know that the Government understand this, as the problem has been raised with them many times. I should be delighted if I were the first person to bring this matter to the Government's attention, but I am not. The Government have been lobbied on this matter by many people, including the Low Incomes Tax Reform Group, for many years. The Paymaster General is not in her place just now, but she told the House four years ago that the Government were investigating ways of making progress on the matter. She said that they were in discussions with the industry about simplifying the system to make it much more responsive to pensioners.

I asked a parliamentary question on this matter recently in an attempt to keep up the pressure, and I got an answer on 1 July. It was signed by the Paymaster General, and I am sure that the Financial Secretary is aware of what it contained.

The Financial Secretary to the Treasury (Ruth Kelly) *indicated assent.*

Mr. Davies: The answer stated:

"The Inland Revenue are setting up a joint working group, including representatives from both RAC"—

that is, retirement annuity contract—

"providers and those who represent the pensioners interests such as the Low Incomes Tax Reform Group, to carry out an assessment of the scale of the problem and to explore options for resolving this issue by April 2007. The group will also look at practical solutions in the short term to help those pensioners who may be suffering a cash flow disadvantage under the current system."—[*Official Report*, 1 July 2004; Vol. 423, c. 381W.]

By their own admission, the Government have known about this problem for three or four years. The answer states that the Inland Revenue "are setting up" a working group. The continuous present tense is sometimes used to indicate the immediate future, so that may mean that the working group will be established in August, September or October, with a view to doing something about the problem by April 2007.

The examples that I gave are genuine enough. One may be a typified example, but they offer authentic instances of the impact of the present regime. They show that people in their late 70s—and there will be some in their 80s and 90s—are having hundreds of pounds abstracted from their very low incomes in a way that is very unjust and unfair. I do not believe that the Government can make a case for the present system on the grounds of morality or of economic rationality, or in any other reasonable way.

Many of the people who are suffering from this problem are elderly, and some may be dead by the time the Government resolve the matter in 2007. In bringing forward this matter again, I do not claim credit or originality: it is not as though no one had identified the problem before. I simply beg the Government to show the requisite urgency in dealing with the injustice that I have described.

The people who are suffering from the problem are very vulnerable. This afternoon, the House has spent a lot of time talking about people with millions of pounds who are able to perform complicated tax planning about their estates. That is fine, and it is right to pay attention to such things. We need to look at the matter objectively, and ensure that the principles of justice, clarity and transparency in our tax system are applied; but how much greater is our obligation to do that for poor retired people who receive only £5,000, £6,000 or £7,000 a year? They cannot afford professional advice, or paid advocacy.

I find it hard to believe that the Financial Secretary can refute either the substantive or the normative points that I have made. I hope that she will say that the Government will adopt some urgency in the matter, and all she has to do is give the requisite instructions to her officials. However, we need to get this sorted out a lot quicker than the Government appeared to envisage in their reply to me of 1 July.

Ruth Kelly: We have had a good debate so far on this important subject. The debate has touched on pension scheme benefits and contribution rules. In the interests of being precise and concise, I shall deal with the points that have been raised, rather than elaborate on some of the grander themes.

The hon. Member for Tatton (Mr. Osborne) mentioned amendment No. 34. As he well knows, we have introduced a simplified system with generous limits, in which contributions can be made to a pension fund of up to 100 per cent. of an individual's earnings in any given year. He asked especially about the self-employed and how the limits would affect a self-employed person whose earnings are not known until the end of the financial year. He asks how such a person would know what represented 100 per cent. of their earnings, and he has tabled an amendment to try to address the problem. I agree that some self-employed people will not know their final earnings until after year-end, but as the hon. Gentleman acknowledged, the new limits of 100 per cent. of relevant earnings chargeable to tax in the UK are extremely generous compared with existing levels of relief. The self-employed will, over a period, be able to plan pension contributions on a relatively safe basis, by basing contributions on known levels of earnings.

Very few people contribute the maximum under the current rules, which only allow up to 40 per cent. of earnings, depending on age and the type of scheme, and are much more restrictive than the new rules. The new limit of two and half times that figure will provide more than adequate leeway for the vast majority of people. If someone were to inadvertently exceed the 100 per cent. limit, the scheme will have provision to refund the excess without any tax charge on the sum refunded. Those comments more or less deal with the hon. Gentleman's point.

Very few people raised the issue in representations to the Government or to the Inland Revenue. It did not come up in consultation. Only three out of 209 responses referred to it at all, and only one representation on the issue was received following the publication of the Finance Bill. It was probably the same representation as the hon. Gentleman mentioned. Of course, we keep all such provisions under review, but

in the interests of simplicity I urge him to accept that the system that we will introduce is not only more generous, but simpler than the one it replaces.

The hon. Gentleman also mentioned the 50-member limit. We had a long and constructive debate in Committee about that and the requirement to buy an annuity for pension funds with fewer than 50 members. I urge him and other members of the Committee to consider that the Government have a responsibility when providing tax relief for pension savings. It is important to ensure that the relief is used for its intended purpose, which is to provide members with a pension for life. The annuity requirement is designed to ensure that it is possible for a fund to provide a pension for life. The hon. Gentleman may dispute the appropriate number of members—whether it should be 20 or 50, or perhaps 60 would be better. We could talk for hours about the appropriate number, but it is not possible to say precisely what size of scheme would provide a large enough pool so that funds would be protected if, for example, all the members lived longer than expected. That could depend on a range of factors, such as the gender of the members or the type of occupation. However, we can say that it is unlikely that a scheme with fewer than 50 members would be of sufficient size adequately to pool the mortality risk.

Mr. George Osborne: Can the Financial Secretary give us some evidence of the problem that she has identified of the small schemes being unable to pool mortality risk? How many such small schemes have run into difficulties, and why does she think that it is the Inland Revenue's job through the tax rules to offer member protection, when we have just had a Pensions Bill from the Department for Work and Pensions that contained many member protection features?

Ruth Kelly: I was about to deal with some of those points when the hon. Gentleman intervened. There is a tax rationale, because we provide tax relief to assist people in achieving a secure income in retirement. It is only right that we try to ensure that the funds are used for the appropriate purpose. There is also a member protection rationale that will rightly be considered by the Department for Work and Pensions in regulations. Those regulations will be produced in the usual way and considered over the coming months. In order to ensure that there is no overlap between the provisions and the Bill, I have given a commitment to look closely at the regulations to ensure that that does not happen. If there is an overlap, we will of course review the requirement. In any event, there is a clear tax rationale for the requirement to take out an annuity.

Mr. Flight: Have the Government had any thoughts about transitional arrangements? A final salary pension scheme with, for example, 50 members that has been operating on the basis of an ongoing portfolio is likely to encounter very substantial additional costs in suddenly paying annuities for all its members. With pension funds substantially under water already, that could result in a lot of final salary pension schemes going to the wall.

5.15 pm

Ruth Kelly: I should like to make a couple of points about that. First, we have not received representations about that issue, which in itself suggests that it is not likely to be a significant problem. Secondly, it is not at all clear that an additional cost will be imposed on small schemes. That is completely dependent on the nature of the scheme. When an insurance company provides the scheme pension, it will be necessary for the entire purchase price to be paid from the scheme to the insurance company as either a one-off lump sum or in a series of payments. However, where the scheme itself pays the pension, cash injections from the employer may be required to ensure that the pension is payable for the member's lifetime. So in the long run, the insurance company route may cost no more and might, in fact, even be cheaper than the in-house pension route. So I do not foresee the situation that the hon. Gentleman envisages arising in many cases.

I now turn to the alternatively secured pension debate that, again, we had in Committee. The hon. Member for Tatton has referred to the Government's decision to set the rate at 70 per cent. of the relevant annuity rate. The reason for that decision is to ensure that an income can be provided for life, thus providing security of income for the members. Indeed, that can be rightly described as a secured pension. He asked why we chose 70 per cent. With a maximum income of 70 per cent., for example, if a group of people all take their fund into alternatively secure pensions at the age of 75, only 5 per cent. of them could expect their maximum income to fall to a third of its initial value if they grew 70 per cent. of a comparable annuity each year. If the maximum income were to increase to 100 per cent., the incomes of 30 per cent. of that group would drop to a third. That is therefore an incredibly important part of our provisions which will ensure a decent and secure income for life. The hon. Gentleman argued that the Brethren have been lobbying him to increase the limit from 70 per cent., but that is not my experience of the Brethren's position, although we always listen to them and will continue to do so.

Mr. George Osborne: The thrust of my speech when I mentioned the Brethren was to peg things to the annuity that can be bought at the age of 75. Even when people are 85 or 90-years-old, they must still be measured against the annuity that can be bought at the age of 75. The Financial Secretary is knocking down the arguments that I advanced in Committee, not on Report.

Ruth Kelly: I have explained that the rules exist precisely to ensure that the funds are not depleted too quickly. The hon. Gentleman's amendments would create a significant risk in each case that the funds would be depleted too quickly. Clearly, if people are not members of the Brethren, they always have the option of annuitising if they find that the conditions do not suit them and they want to maximise their potential income. I understand that the Brethren fully welcome the Government's proposals and do not argue that any different provision need be made.

I shall not rerun the debate about whether people other than the Christian Brethren will use alternatively secured pensions—other than the hon. Member for Arundel and South Downs (Mr. Flight)—apart from issuing the warning that, if we find that people intend to use the alternatively secured pensions to bequeath any unused funds to their dependants, we will of course

[Ruth Kelly]

review the provisions, and we could consider ways to tighten up the proposals to make that a very unattractive option.

The hon. Member for Grantham and Stamford (Mr. Davies) was absolutely right to table amendment No. 15 and I enjoyed his contribution to the debate. He explained well that in the new regime, all pension incomes from registered pension schemes will be subject to the operation of pay-as-you-earn by the person who pays the pension. That includes income paid from retirement annuity contracts—RACs, as they are commonly referred to—because from 6 April 2006, they will come under the umbrella of registered pension schemes.

During the preparation of our simplification proposals, the industry made strong representations that annuities paid under RACs should not be subject to PAYE for a temporary period. I agree with the hon. Gentleman that we must ensure that pensioners in receipt of RACs do not suffer as a result of the current arrangements, and I stand by the Government's previous commitments to protect their positions as far as possible, to which he drew attention.

We need to ensure that the change is carried out effectively and efficiently. The task will not be achieved without difficulty, because bringing those pensioners under PAYE will take up the time and resources of not only the Inland Revenue, but the industry. For example, all pensioners will have to be contacted to get the necessary information to operate PAYE. Unfortunately, as I am sure that the hon. Gentleman will agree, some pensioners are often reluctant to respond to Inland Revenue requests for such information, so it is an unfortunate fact of life that despite the best will in the world, the task will be resource intensive and its completion will take time. That is why I have asked officials in the Inland Revenue to form a joint working party, including representatives of RAC providers and bodies that represent pensioners' interests, such as the Low Incomes Tax Reform Group to which he referred, to carry out a feasibility study to take account of the scale of the problem with the aim of resolving the matter by 2007, and to examine short-term measures that might help to alleviate the problem to which he referred so that people are not penalised unfairly by the current system. We intend to resolve the matter as quickly as possible.

Mr. Quentin Davies: I am grateful to the hon. Lady for her response to my points; she is saying all the right things. However, she will agree that the Government have known about the problem for many years and that they have been promising to take action for the past four years—since 2000. There must be a sense of urgency now. I was grateful that she referred to short-term measures that could be introduced before the deadline in 2007. Will she give us an indication of what those measures might be and the time scale in which they could be implemented? I am grateful for the general response that I have received, which will also have been noted by many people in the country with enormous pleasure and relief.

Ruth Kelly: I thank the hon. Gentleman for his comments and assure him that officials in the Inland Revenue are already in touch with the Low Incomes Tax Reform Group and industry representatives to try to sort out the problem. We are especially determined, as are they, to try to solve the short-term cash-flow difficulties experienced by pensioners who are disadvantaged by the current system. I believe that one measure under consideration is giving pensioners the ability to claim back tax from the Inland Revenue within year, which should alleviate some of the cash-flow disadvantages to which he referred. We hope to resolve the problem by 2007, and he will agree that if we can both take short-term measures to alleviate problems, and look towards a deadline for resolving longer-term issues, that will represent progress. The Government are intent on solving the problem.

Government amendments Nos. 112 and 113 will clarify and make minor changes to the lump sum rules in schedule 29. They will ensure simply that the definitions of winding up lump sums and winding up lump sum death benefits apply to the whole of part 4 of the Bill, rather than only schedule 29. I urge the House to accept those amendments, and hope that the hon. Member for Tatton and other hon. Members have been reassured by my comments.

Mr. George Osborne: I join my hon. Friend the Member for Grantham and Stamford (Mr. Davies) in welcoming what the Minister had to say about his amendment. As he said, we have had previous assurances from the Government—perhaps not as full as the one given by the Financial Secretary—and we shall hold the hon. Lady to what she does rather than to what she says. I am sure that she means to implement these measures and, particularly, to provide short-term measures that she has talked about.

Amendment No. 34 is about the self-employed. The hon. Lady said that the regime was generous in terms of the amount of money that people could put in and that there was more than adequate leeway for the self-employed. She is right that the regime is generous, and I think that I said that. She said that any overpayments would be refunded, but she did not say that the self-employed would be able to make up any underpayments. The system does not help those who are not sure of their income from year to year. They may have zero income some years. They are not helped with their financial planning. However, the hon. Lady said that she would keep the matter under review. Just because she has received one representation on the issue, that does not mean that it was a bad representation.

Amendments Nos. 18 and 19 are about the limit of 50 scheme members. The Minister has not produced any evidence of a problem. She has asserted that there is a problem and has asserted also a general proposition about mortality risk for schemes with fewer than 50 members, but I have not seen any data, any evidence or any consultation paper. It seems that there is only a general view that perhaps this would be a good moment to introduce the provision. Although the Minister tried bravely to draw a distinction between the tax rationale and the protection rationale for so proceeding, it is basically a protection rationale.

The hon. Lady repeated what she said in Committee, which was that the Department for Work and Pensions is working on the matter and she will see what it comes up with and then reconsider the position. I would argue,

as I did previously, that that is putting the cart before the horse. Let us see what the Department with primary responsibility for pension protection comes up with, and then see whether the Inland Revenue needs to do anything. The Inland Revenue is gold plating. It is putting in a requirement when it is not sure that it will be necessary. Who knows, in a year's time, with the next Finance Bill, we could find that the provision is removed, never having been law in terms of applying to schemes in practice. We shall see. At least the hon. Lady will take another look at what another Department does, which will be a first for a Treasury Minister.

I move on to the remaining amendments. I did not say that the Brethren were not happy with what the Government have done. I went to some lengths to say how pleased they were, and read out that they praised the Financial Secretary, my hon. Friend the Member for Arundel and South Downs (Mr. Flight) and other of my hon. Friends who, over a number of years, have advanced their arguments. I made it clear also that I was not trying to reopen the debate about whether it should be 70 per cent. of an annuity or 100 per cent. I had the feeling that the Minister's speech had been written before she listened to my speech, which was about a different point. It was about the age of 75, and about the fact that 70 per cent. applies to an annuity even by 75, notwithstanding the fact that the person may be 80, 85 or 90. I remind the hon. Lady that the Association of Consulting Actuaries felt that the provision was far too penal and would unfairly discriminate against religious groups. It felt also that the protection provided by both the 70 per cent. requirement and the annual review was more than adequate to protect the interests of the Exchequer. I felt that the hon. Lady did not deal with the substance of my argument, but there we go. Such is life.

I beg to ask leave to withdraw the amendment.

Amendment, by leave, withdrawn.

DEFERRED DIVISION

Mr. Deputy Speaker (Sir Alan Haselhurst): I must announce the result of the deferred Division on the Question of civil aviation. The Ayes were 248, the Noes were 138, so the Ayes have it.

[The Division List is published at the end of today's debates.]

Finance Bill

Question again proposed.

5.30 pm

Schedule 29

REGISTERED PENSION SCHEMES: AUTHORISED PENSIONS—SUPPLEMENTARY

Amendments made: No. 112, in page 455, line 41, at beginning insert

'For the purposes of this Part'.

No. 113, in page 461, line 18, at beginning insert

'For the purposes of this Part'.—*[Dawn Primarolo.]*

Clause 166

RECOGNISED TRANSFERS

Amendments made: No. 114, in page 153, line 33, leave out

'recognised overseas pension scheme which is not a registered'

and insert 'qualifying recognised overseas'.

No. 115, in page 153, line 35, at end insert—

'(2) For the purposes of this Part a recognised overseas pension scheme is a qualifying recognised overseas pension scheme if—

(a) the scheme manager has given to the Inland Revenue notification that it is a recognised overseas pension scheme and has provided any such evidence that it is a recognised overseas pension scheme as the Inland Revenue may require,

(b) the scheme manager has undertaken to the Inland Revenue to inform the Inland Revenue if it ceases to be a recognised overseas pension scheme,

(c) the scheme manager has undertaken to the Inland Revenue to comply with any prescribed information requirements imposed on the scheme manager, and

(d) the recognised overseas pension scheme is not excluded from being a qualifying recognised overseas pension scheme by subsection (5).

(3) In this Part "scheme manager", in relation to a pension scheme, means the person or persons administering, or responsible for the management of, the pension scheme.

(4) In this section "prescribed information requirements" means—

(a) requirements imposed by or under regulations made by the Board of Inland Revenue to provide to the Inland Revenue any information of a description prescribed by regulations so made, and

(b) requirements specified by regulations so made to provide information to an authority so specified in circumstances so specified.

(5) A recognised overseas pension scheme is excluded from being a qualifying recognised overseas pension scheme by this subsection if the Inland Revenue has decided that—

(a) there has been a failure to comply with any prescribed information requirements imposed on the scheme manager and the failure is significant, and

(b) by reason of the failure it is not appropriate that transfers of sums or assets held for the purposes of, or representing accrued rights under, registered pension schemes so as to become held for the purposes of, or to represent rights under, the recognised overseas pension scheme should be recognised transfers,

and has notified the person or persons appearing to be the scheme manager of that decision (but subject to subsection (7) and section (Appeal against decision to exclude recognised overseas pension scheme)).

(6) A failure to comply with prescribed information requirements imposed on the scheme manager is significant if—

(a) the amount of the information which has not been provided is substantial, or

(b) the failure to provide the information is likely to result in serious prejudice to the assessment or collection of tax.

(7) The Inland Revenue—

(a) may at any time after a recognised overseas pension scheme becomes excluded from being a qualifying recognised overseas pension scheme decide that the pension scheme is to cease to be so excluded, and

(b) must notify the scheme manager of the decision.'.—*[Dawn Primarolo.]*

Clause 184

RELIEF FOR CONTRIBUTORS

Amendment made: No. 116, in page 163, line 32, after first 'contributions"' insert

', in relation to an individual and a pension scheme,'.—*[Dawn Primarolo.]*

Clause 212

BENEFIT CRYSTALLISATION EVENTS AND AMOUNTS CRYSTALLISED

Ruth Kelly: I beg to move amendment No. 117, in page 184, line 16, leave out from 'an' to end of line 19 and insert

'increased annual rate which exceeds by more than the permitted margin the rate at which it was payable on the day on which the individual became entitled to it'.

Mr. Deputy Speaker (Sir Alan Haselhurst): With this it will be convenient to discuss the following:

Amendment No. 23, in page 184, line 20, leave out

'The aggregate of the amount of such of the sums, and the market value of such of the assets, representing the individual's rights under the arrangement as are applied to purchase the lifetime annuity'

and insert

'The lesser of:

(a) the aggregate of the amount of such of the sums, and the market value of such of the assets, representing the individual's rights under the arrangement as are applied to purchase the lifetime annuity; and

(b) AAF x A'.

Government amendment No. 119

Amendment No. 22, in schedule 32, page 472, line 27, leave out '50 pensioner members' and insert

'20 members or such other number of members as may be prescribed from time to time'.

Government amendments Nos. 120 to 124.

Amendment No. 24, in schedule 32, page 473, line 41, at end insert—

'Benefit crystallisation event 4: meaning of "AAF"

14A For the purpose of benefit crystallisation event 4 "AAF" is:

(a) in the case of a lifetime annuity which is not a level annuity, the relevant valuation factor (see section 263); and

(b) in the case of a lifetime annuity which is a level annuity, the factor certified from time to time by the Government Actuary to be appropriate.

Benefit crystallisation event 4: meaning of "A"

14B For the purpose of benefit crystallisation event 4 "A" is the annual amount of the lifetime annuity which will be payable to the individual in the period of 12 months beginning with the day on which the individual becomes entitled to it (assuming that it remains payable throughout that period at the rate at which it is payable on that day).'.

Government amendments Nos. 125 and 132.

Ruth Kelly: We turn now to a group of amendments on the lifetime allowance rules. I hope that Opposition Members will welcome Government amendments Nos. 117, 119 and 120 to 124 because they concern a matter that they raised in Committee with which I sympathised in principle and agreed to look at further. I have now done so, and am pleased to introduce our amendments, which have the effect that they sought.

When a scheme pension is increased, there may be a benefit crystallisation event, which we have discussed at length. There will be no such event, however, if the increase is within the "permitted margin". The amendments ensure that the permitted margin is applied to the overall increase in the pension from the time that it commences, putting someone who receives a one-off discretionary catch-up increase in the same position as someone who receives steady annual increases in their pension. Government amendment No. 125 adds to the existing rules that prevent a benefit crystallisation event from occurring twice on the same funds. It applies when an individual has a crystallised pension in payment, then transfers their pension fund to an overseas scheme.

Government amendment No. 132 merely clarifies the valuation rules that apply where an individual's uncrystallised rights need to be valued. It ensures that the valuation will be made in relation to someone's benefits at a specific date. I commend the Government amendments to the House. The remaining amendments on clause 212 and schedule 32 touch on points raised by Opposition Members in Committee.

Amendment No. 22 is another attempt to dilute the 50-member rule. To recap, that rule allows schemes to increase the value of pensions in payment above the permitted margin without creating a benefit crystallisation event, but only if the scheme has at least 50 members, all of whom benefit from that increase. That anti-avoidance rule acts as a curb on small schemes, giving generous pension increases to a small number of retired members without being caught by the lifetime allowance. Reducing the threshold to 20, as suggested by Opposition Members, would weaken the rule. I admit that no threshold is obviously right, and one could go round in circles arguing about whether 50, 30 or 60 is the appropriate number. We could spend hours on that, but we believe that 50 is about the right level to prevent circumvention of the lifetime allowance

test. Hon. Members may be reassured to learn that that was announced in the second consultation document and has elicited very little comment.

Amendments Nos. 23 and 24 to clause 212 and schedule 32 deal with the rules on quantifying the value of an individual's pension fund at each benefit crystallisation event, particularly the rule for valuing a lifetime annuity. They seek to change the way in which lifetime annuities are valued at benefit crystallisation events and use the lower purchase price of the annuity and the amount given by applying a factor of 20 to the first year's annuity payments, or a different factor if the annuity does not increase year on year. The aim of the amendments is for people with large money purchase funds to receive a pension income equal to the maximum that a final salary scheme could provide without triggering the lifetime allowance charge. We discussed that at length in Committee, when I explained that the facility would be available if a scheme pension was used instead.

The amendments miss the point of the relevant valuation factor. We are not introducing the factor as a means of favouring defined benefit schemes, nor do we believe that that would be the effect. We are using it as a simple valuation mechanism where there is no identifiable capital amount to use. Where such an identifiable capital amount exists, it is right to use it as the most accurate, simple and straightforward way to value the pension fund and the actuarial profession, which contributed to the consultation process, supports that approach.

Moreover—hon. Members may find this argument more persuasive—the amendments would open up a huge avoidance loophole. They allow a non-level annuity to be valued at 20:1 based on the first year's annuity payments. That would allow an individual to set up an annuity that paid an artificially low income for the first year, keeping the amount crystallised below the lifetime allowance. Later years' payments could then be boosted to an unlimited extent without being tested against the lifetime allowance, which is a hugely attractive tax loophole. I trust that the hon. Member for Tatton (Mr. Osborne) agrees that we cannot afford to open up such avoidance routes and, even if he does not accept the principled arguments, will not press his amendments.

Mr. George Osborne: May I say how sorry I am about the deferred Division, because it affects your constituency, Mr. Deputy Speaker? Perhaps that is not in order.

I welcome the Government amendments, because the Government have adopted our proposal in Committee. I have been in Committees since the beginning of the year—such is the life that I have led for the past six months. Occasionally, one tables an amendment and the Government say, "Yes, great idea", but they deny one the chance to change the law there and then by going away to rewrite the amendment. Nevertheless, I am delighted that they listened to us and are changing the Bill accordingly.

The Financial Secretary took a leaf from the Prime Minister's book and launched a pre-emptive strike on my amendments. Like the Government amendments, amendment No. 22 applies to schedule 32 and the crystallisation of benefits. Schedule 32 is important because the amount crystallised is tested against the lifetime allowance. Again, the Financial Secretary did not advance strong arguments why a special rule should apply to schemes with fewer than 50 pensioner members—she turned that point round by referring to the exception for schemes with more than 50 pensioner members. She did not give us a clear idea why the figure should be 50 and admitted that it is, at best, a guess.

The Financial Secretary's main argument, which she advanced today and has advanced previously, concerns the potential for tax avoidance or a scam. The example that she gave in Committee was based on a scheme with only two members. We believe that it is more than adequate to require the scheme to have at least 20 members, as my amendment proposes, and to give the Inland Revenue some flexibility by incorporating a device by which it can change that figure if it senses that it will become a vehicle for tax abuse. The amendment makes provision for it to close that loophole.

Amendments Nos. 23 and 24 attempt to tackle what remains the greatest flaw in these pensions tax proposals—the unequal treatment of defined benefit and defined contribution schemes. The Financial Secretary repeatedly denied that in Committee, but the facts speak for themselves. She cannot get around the basic fact that, under these proposals, a person with a defined benefit pension can have a substantially larger pension income than a person with a defined contribution pension. The Financial Secretary shakes her head. I therefore suggest that after tonight's awards ceremony she should log on to the Financial Services Authority's website. That is what I did last night to check out what a 60-year-old man who is a non-smoker—I am sorry to disappoint my hon. Friend the Member for Arundel and South Downs (Mr. Flight), but he gets a much better annuity than the rest of us—has a spouse three years younger, and is looking for a 50 per cent. survivor's spouse pension that rises with inflation and has a five-year guarantee, could buy with £1.5 million. In other words, I tried to devise what many defined benefit schemes offer, putting some pretty generous things into the package as I did so. When I carried out a similar exercise in Committee, the hon. Member for Wolverhampton, South-West (Rob Marris) picked me up on putting in a two-thirds survivor's pension, which he said was too generous, so I reduced it to 50 per cent. to satisfy him, should he be here.

In calculating those figures on the website, which is quite easy to do, I used the best—not the worst—annuity rate on offer from a major provider, which was the Prudential. I found that the 60-year-old could buy a pension that pays him £60,264 a year. If he was 55, which would be the minimum retirement age, he could get a pension of £53,496 for his £1.5 million defined contribution pension pot. However, if he was in a defined benefit scheme he could draw £75,000 or more—in other words, almost 50 per cent. higher than what was available to the 55-year-old with a defined contribution scheme. That is a simple fact that the Financial

[Mr. George Osborne]

Secretary cannot deny and which exposes the truth—that there is one regime for defined contribution schemes and another for defined benefit schemes.

The Financial Secretary said in Committee, and has said here, "Well, of course people can always, in effect, go off and buy a defined benefit scheme, because they can convert their defined contribution scheme to a defined benefit scheme." I am not sure why the Government should rely on the market to address deficiencies in their legislation: they should ensure in the first place that it does not discriminate between defined benefit and defined contribution pensions.

In Committee, we tried to value defined contribution and defined benefit pensions in exactly the same way by multiplying the actual pension available; after all, most people will not go into the detail as we have, but focus on the pension income that is actually available to them. We suggested multiplying that actual pension income available to the individual, whether on a defined contribution scheme or a defined benefit scheme, by 20 and testing it against the lifetime allowance. That meant that an individual could have had a pension income of £75,000 a year from a defined contribution annuity purchased via a defined contribution pension, as well as from a defined benefit scheme.

5.45 pm

The Government rejected those amendments in Committee and we have therefore tried a new approach of offering an underpin so that people with a defined contribution pension can have the pension pot valued in the way in which the Bill currently sets out or by multiplying the available annuity—A in my equation—by an appropriate actuarial factor, which is represented by AAF. Conservative Members can devise equations, too. That factor would be 20 for a lifetime annuity that increases, for example, with inflation or through being related to an asset value such as risk profits annuity, and less than 20 for a flat lifetime annuity, as defined by the Government Actuary. The latter would be initially higher than an increasing annuity.

The Financial Secretary claims that there is a great flaw in our scheme in that it creates a tax avoidance loophole that would enable someone to have an artificially low pension and subsequently increase it. If that is the case—I am happy to take that on advice—she is more than welcome to go away and consider my amendments, which could easily be tweaked to get around the problem, for example, through different definitions of types of annuity and their treatment. I should be more than happy for her to do that and table relevant amendments to next year's Finance Bill.

If the Financial Secretary is right that the Bill does not treat defined benefit schemes unfairly, she should not mind placing an underpin in the measure because, she would argue, it is not required. However, if the Government turn out to be wrong—I suspect that they will—the underpin will act as a guarantee.

Only a relatively small number of people will have £1.5 million. The pension incomes that we are considering—£55,000, £65,000 or £75,000 a year—are much greater than the pension incomes of almost everyone in the country and most of the people whom we represent. However, the Government are conveying a signal that they will treat defined contribution schemes differently from defined benefit schemes. Many people in the country believe that we in the public sector—there is an MPs' final salary scheme—feather our nests with those generous schemes while the final salary schemes of those in the private sector have closed and been replaced with money purchase arrangements.

A survey by JPMorgan Fleming showed that 61 per cent. of the top 350 pension schemes have closed or restricted availability to defined benefit schemes and 60 per cent. offer defined contribution schemes. They are almost exclusively in the private sector. The Bill will confirm a suspicion that there is one rule for us and another rule for the rest of the country. That is the wrong message to send when there is a general perception that pensions are in crisis and people are not saving enough for their retirement. There is a general view that the public sector is insulating itself against the changes and problems.

We should be scrupulous in our legislation in emphasising that defined contribution schemes are not discriminated against but treated equally by the Government, the state and the Inland Revenue. That is not the case in the Bill as it stands and it should be changed.

Mr. Flight *rose—*

Mr. Deputy Speaker: Order. It is somewhat unusual for two Front-Bench spokesmen of the same party to speak on the same group when we have had no intervening debate that needs winding up. It would be inappropriate.

Ruth Kelly: I look forward to responding to the points that the hon. Member for Tatton (Mr. Osborne) made. First, I shall deal with the 50-member rule. As he made clear, he knows that the 50-member rule for providing an annuity to ensure that tax relief is used to grant a secure income for life is altogether different from what he referred to. I do not accept that there will be confusion. The measure is clear: the rules have different purposes.

I do not accept that the 20:1 valuation factor gives a more generous result to defined benefit schemes. The factor has been agreed, with consensus from the pensions industry, as providing a broadly accurate result for valuing defined benefit pensions. With defined contribution schemes, there is an identifiable amount available for the provision of benefits to the member, so it is possible to value pension rights accurately using that amount. With defined benefit schemes, that is simply not possible because there is no identifiable amount, so it has been agreed that the valuation factor of 20:1 provides a broadly accurate equivalent.

I accept that using two different valuation methods will inevitably produce slight tax differences. Whether they favour one individual over another in any

particular year will depend on a variety of factors. If the hon. Gentleman had proposed a different age—perhaps 65, instead of 55 or 60, for example—he might have come up with a different result. If investment growth rates or annuity rates were to differ, that too would produce different results.

The valuation factor is a broadly accurate method of valuing defined benefit pensions. However, if any defined contribution schemes feel that the 20:1 valuation would give them an advantage, they may offer scheme members a scheme pension valued at 20:1 as an alternative. Indeed, any individual who wishes to access the 20:1 valuation factor can move his pension product to the product of his choice.

The representatives of the pension industry who were involved in designing the new simplification rules were not, at the outset, in favour of lifetime annuities being paid at 20:1, and they are still not in favour of their being valued in that way. They accept that, because there is no pot in a defined benefit arrangement, some sort of approximation must be used to value its capital worth, and the single factor is indeed an approximation, but it achieves that end. Those people are highly experienced representatives of the pension industry and they are firmly of the view that, when there is an identifiable pot—as in the case of a lifetime annuity—it is that pot that should be taken as the capital value to be tested against the lifetime allowance. That is the simplest and most accurate method. It does not seem sensible to us, or to them, to turn a real capital amount into a notional one.

Mr. Flight: Will the Minister tell us what is the difference between a member of a pension scheme with fewer than 50 members who gets an annuity when they retire and someone with a money purchase pension who buys an annuity when they retire? Is she aware of any insurance company that offers some kind of magic formula that puts a defined benefit label on to a defined contribution scheme? I think that she will find that no such product exists. There is no difference between a bought annuity and a defined contribution pension.

Ruth Kelly: I agree that such products may not exist yet, because there is no demand for them. However, as I said in Committee, I firmly believe that there is a market for this kind of financial product. It is not for me to tell the market what to do, but if there is a market for such a product, I am sure that the market will supply it. If not, presumably it will not. The Revenue's contacts in the pensions industry have confirmed that this is also their expectation.

We could continue to debate this matter at length, but we will not know the answer unless someone identifies a demand and proceeds to provide such a product. I would expect that any such demand will be met, and I am sure that the hon. Gentleman would accept that that is likely to be the case, given his feelings on the matter. In that case, the unfairness that he supposes to exist, and which I refute, will not exist at all. On that basis, perhaps he will acknowledge that his amendments are unnecessary.

Amendment agreed to.

Clause 212

BENEFIT CRYSTALLISATION EVENTS AND AMOUNTS CRYSTALLISED

Amendment made: No. 118, in page 184, line 44, at end insert 'qualifying'.—*[Dawn Primarolo.]*

Schedule 32

REGISTERED PENSION SCHEMES: BENEFIT CRYSTALLISATION EVENTS—SUPPLEMENTARY

Amendments made: No. 119, in page 472, line 27, leave out from 'that' to end of line 38 and insert

'at the time when the annual rate of the individual's pension is increased there are at least 50 pensioner members of the pension scheme, and

(b) all the scheme pensions being paid under the pension scheme to all the pensioner members of the pension scheme are at that time increased at the same rate.'.

No. 120, in page 473, line 2, leave out 'its previous rate' and insert

'the rate at which it was payable on the day on which the individual became entitled to it'.

No. 121, in page 473, line 6, leave out

'pension was first payable at the previous rate'

and insert

'individual became entitled to the pension'.

No. 122, in page 473, line 20, leave out

'first month in which the pension was payable at the previous rate'

and insert

'month in which the individual became entitled to the pension'.

No. 123, in page 473, line 30, leave out 'its previous rate' and insert

'the rate at which it was payable on the day on which the individual became entitled to it'.

No. 124, in page 473, line 38, leave out from 'is' to end of line 40 and insert

'(subject to sub-paragraph (2)) the amount by which—

(a) the increased annual rate of the pension, exceeds

(b) the rate at which it was payable on the day on which the individual became entitled to it, as increased by the permitted margin.

(2) But if one or more benefit crystallisation events has or have previously occurred by reason of the individual having become entitled to payment of the pension at an increased rate, XP does not include the amount crystallised by that event or the aggregate of the amounts crystallised by those events.'.

No. 125, in page 474, line 15, at end insert—

'Benefit crystallisation event 8: prevention of overlap with other events

18 (1) This paragraph applies for the purposes of benefit crystallisation event 8.

(2) Where any of the sums or assets transferred represent the whole or part of the individual's unsecured pension fund, the amount crystallised by the event is to be reduced by the amount (or the appropriate proportion of the amount) previously crystallised on the designation of the sums or assets as available for the payment of unsecured pension.

[Ruth Kelly]

(3) Where after the transfer a scheme pension to which the individual has become entitled before the transfer is to be payable out of sums or assets transferred, the amount crystallised by the event is to be reduced by the amount (or the appropriate proportion of the amount) previously crystallised in relation to the scheme pension.'.—*[Dawn Primarolo.]*

Clause 220

TRANSFERS FROM RECOGNISED OVERSEAS PENSION SCHEME: GENERAL

Amendment made: No. 126, in page 191, line 19, leave out

'that is not a registered pension scheme'.—*[Dawn Primarolo.]*

Clause 228

CASH BALANCE ARRANGEMENTS: ADJUSTMENTS OF CLOSING VALUE

Amendment made: No. 127, in page 196, line 41, after 'a' insert 'qualifying'.—*[Dawn Primarolo.]*

Clause 232

DEFINED BENEFITS ARRANGEMENTS: ADJUSTMENTS OF CLOSING VALUE

Amendment made: No. 128, in page 199, line 11, after 'a' insert 'qualifying'.—*[Dawn Primarolo.]*

Clause 239

RESTRICTION OF DEDUCTION FOR CONTRIBUTIONS BY EMPLOYER

Amendments made: No. 129, in page 203, line 19, at end insert—

'(c) in respect of contributions under a qualifying overseas pension scheme in respect of an individual who is a relevant migrant member of the pension scheme in relation to the contributions,".'.

No. 130, in page 203, leave out lines 27 to 29 and insert—

'"qualifying overseas pension scheme" has the same meaning as in Schedule (Overseas pension schemes: migrant member relief) to the Finance Act 2004 (see paragraphs 5 and 6 of that Schedule);

"registered pension scheme" has the same meaning as in Part 4 of that Act (see section 147 of that Act);

"relevant migrant member" has the same meaning as in Schedule (Overseas pension schemes: migrant member relief) to that Act (see paragraph 4 of that Schedule);'.—*[Dawn Primarolo.]*

Clause 243

TAXATION OF NON-PENSION BENEFITS

Amendment made: No. 131, in page 205, line 34, after 'income)' insert—

'(b) benefits chargeable to tax by virtue of Schedule (Non-UK schemes: application of certain charges) to FA 2004 (which applies certain charges under Part 4 of that Act in relation to non-UK schemes),'.—*[Dawn Primarolo.]*

Clause 271

VALUATION ASSUMPTIONS

Amendment made: No. 132, in page 226, line 28, leave out 'and any benefits' and insert ', benefits and a date'.—*[Dawn Primarolo.]*

Clause 274

ABBREVIATIONS AND GENERAL INDEX

Amendments made: No. 133, in page 230, line 33, at end insert—

'overseas pension scheme	section 147(7)'.

No. 134, in page 231, line 18, at end insert—

'qualifying recognised overseas pension scheme	section 166(2)'.

No. 135, in page 231, line 19, leave out '147(7)' and insert '147(8)'.

No. 136, in page 231, line 32, at end insert—

'scheme manager	section 166(3)'.

No. 137, in page 232, line 4, at end insert—

'short service refund lump sum charge	section 201(1)
special lump sum death benefits charge	section 202(1)'.

—*[Dawn Primarolo.]*

Schedule 34

PENSION SCHEMES ETC: TRANSITIONAL PROVISIONS AND SAVINGS

Mr. Flight: I beg to move amendment No. 25, in page 489, line 20, leave out '25 x ARP' and insert

'the aggregate of—

(a) the amount of any lump sum paid to the individual, increased from the date of payment to 5th April 2006 by the lesser of 5% per annum and the increase in the retail prices index over that period; and

(b) 20 x ARP'.

Mr. Deputy Speaker: With this it will be convenient to discuss the following:

Amendment No. 26, in page 496, line 22, leave out '25 x ARP' and insert 'the aggregate of—

(a) the amount of any lump sum paid to the individual, increased from the date of payment to 5th April 2006 by the lesser of 5% per annum and the increase in the retail prices index over that period; and

(b) 20 x ARP'.

Government amendments Nos. 138 to 148.

Mr. Flight: In Committee, the Minister argued that a rough justice approach was needed and justifiable in taking a 25:1 ratio for pre-commencement pension valuations.

The effect of that is virtually to force everybody to take the maximum lump sums, in order not to suffer a tax penalty. Someone who has prudently not taken a cash lump sum under one pension arrangement, when

waiting to know what another pension arrangement may deliver on retirement, will suffer a major pension tax penalty for being cautious.

The Government's thinking was that it would be too complicated to address the issue on any other basis. I put it to the Financial Secretary that it is not complicated at all. Our proposed alternative, set out in amendments Nos. 25 and 26, is both fair and simple. In essence, they replace the 25:1 ratio with a standard 20:1 computation, but add whatever is the value of any cash lump sum that has been taken, increased by the lesser of 5 per cent. per annum and the actual increase in the retail prices index over the period. That is not a difficult calculation. It means that the Government do not send potentially wrong tax messages to people, effectively insisting that they take their maximum lump sums, and nor does it discriminate unfairly against those who have not done so. We can see no logical reason why the Government should not follow that much fairer and more rational way of approaching this issue.

Ruth Kelly: I understand the purpose behind the hon. Gentleman's amendment. He seeks to introduce an accurate approach to valuing pensions that came into payment before 6 April 2006, but I would argue that it is both complex and completely unrealistic. Requiring members to obtain or retain the values and dates of all lump sum payments, over a period that may be five, 10 or even more years before April 2006, would be costly and time-consuming.

I hope that the hon. Gentleman does not mind, but we took the liberty of asking the Association of British Insurers and the National Association of Pension Funds for their comments on his amendments. Perhaps that shows the seriousness with which we treated them. The NAPF explained to the Inland Revenue that it was content with the 25:1 factor and that extending the valuation process in the way envisaged would be difficult for scheme administrators.

I could quote various insurance companies and their reactions to the hon. Gentleman's amendments, but I shall quote just one very large insurance company:

"We do not believe this is a practical option. We have no need for records of amounts paid out, other than to meet accounting requirements, which only affect records for the past six years. We would have to depend on the members' records, or their memories, to operate this for a cash sum, which was paid out more than six years ago. Overall, the present proposal of using a fixed factor of 25 is consistent with simplification and also consistent with the use of 20 for crystallising other pensions. The proposed change adds complexity without adding value, and is unworkable for cash sums paid more than six years ago."

Some of the other comments are even stronger, and the general view in the pensions industry is that the suggestion is completely unworkable, although I recognise that the hon. Gentleman has put it forward in good faith as representing an accurate way of valuing pensions.

Government amendments Nos. 138 to 148 were promised in Standing Committee, during the debate on Opposition amendment No. 396. They allow rights to transitionally protected low retirement ages to be preserved in the case of a bulk transfer of rights under a scheme in which a member has a low normal retirement age that is transitionally protected. I commend the Government amendments to the House.

Mr. Flight: Indeed, we welcome the Government amendments. I was grateful that the Minister acknowledged that our proposals for calculation are the correct proposals.

The NAPF made one or two other important suggestions, which the Government have chosen not to accept. The Government should use their own conclusions, and not follow the trade bodies of the pension providers. The Minister commented that she had spoken to those trade bodies and individual pension providers. The issue is what is in the interests of the public at large, not the interests of the industry. I entirely disagree with the comments that she quoted. Taxpayers need to know the sums they have paid or received in all sorts of circumstances. It is ludicrous to pretend that people would not know what tax-free lump sum they have taken. In terms of personal capital, it is one of the biggest events of their lifetime.

There may be people who have more than one, two or three pension funds, but the majority have a limited number of pension funds, so knowing what tax-free lump sums they have taken is not difficult. The Minister is saying, effectively, that the industry cannot be bothered and the existing system is an easy rough and ready. I submit that it is rough justice, which is unfair to the prudent individual and unnecessary.

This is not a matter that we intend to press to a vote, but I ask the Government to continue to think about it in the next year. They are responding, wrongly, to the interests of the industry, rather than to the interests of citizens. I beg to ask leave to withdraw the amendment.

Amendment, by leave, withdrawn.

6 pm

Amendments made: No. 138, in page 497, line 4, leave out from beginning to end of line 8 and insert—

'(a) the pension scheme is a protected pension scheme, and

(b) the retirement condition is met in relation to the member and the pension scheme.

(1A) A pension scheme is a protected pension scheme if condition A or condition B is met.

(1B) Condition A is met if—

(a) the pension scheme was within any of paragraphs (a) to (e) of paragraph 1(1), and

(b) the entitlement condition is met in relation to the member and the pension scheme.

(1C) The entitlement condition is met in relation to the member and the pension scheme if—'.

No. 139, in page 497, line 16, leave out from beginning to 'and' in line 18 and insert—

'(3) Condition B is met if the member is a member of the pension scheme as a result of a block transfer to it from a pension scheme ("the original pension scheme") in relation to which condition A is met.

(3A) A transfer is a block transfer if—

(a) it involves the transfer in a single transaction of all the sums and assets held for the purposes of, or representing accrued rights under, the arrangements under the pension scheme from which the transfer is made which relate to the member and at least one other member of that pension scheme, and

[Mr. Flight]

(b) before the transfer the member was not a member of the pension scheme to which the transfer is made.

(3B) The retirement condition is met in relation to the member and the pension scheme if—

(a) the member becomes entitled to all the pensions payable to the member under arrangements under the pension scheme (to which the member did not have an actual entitlement on or before 5th April 2006) on the same date,'.

No. 140, in page 497, line 22, leave out 'pension scheme' and insert

'protected pension scheme on 5th April 2006 (or, where condition B is met, under the original pension scheme on that date).'.

No. 141, in page 497, line 27, leave out from beginning to end of line 34 and insert—

'(a) the pension scheme is a protected pension scheme, and

(b) the retirement condition is met in relation to the member and the pension scheme.

(1A) A pension scheme is a protected pension scheme if condition A or condition B is met.

(1B) Condition A is met if—

(a) the pension scheme was within paragraph (f) or (g) of paragraph 1(1), and

(b) the entitlement condition is met in relation to the member and the pension scheme.

(1C) The entitlement condition is met in relation to the member and the pension scheme if—'.

No. 142, in page 497, line 40, leave out sub-paragraph (3) and insert—

'(3) Condition B is met if the member is a member of the pension scheme as a result of a block transfer to it from a pension scheme ("the original pension scheme") in relation to which condition A is met.

(3A) "Block transfer" has the same meaning as in paragraph 22(3A).

(3B) The retirement condition is met in relation to the member and the pension scheme if the member becomes entitled to all the pensions payable to the member under arrangements under the pension scheme (to which the member did not have an actual entitlement on or before 5th April 2006) on the same date.'.

No. 143, in page 497, line 43, leave out 'pension scheme' and insert

'protected pension scheme on 5th April 2006 (or, where condition B is met, under the original pension scheme on that date).'.

No. 144, in page 502, line 20, leave out from beginning to end of line 26 and insert—

'(1) If the pension condition is met in relation to an individual and a registered pension scheme which is a protected pension scheme, the provisions of Schedule 29 relating to pension commencement lump sums apply in relation to the individual and the pension scheme with the modifications specified in paragraph 35 (but subject to sub-paragraph (2)).

(2) Those provisions do not apply with those modifications if the lump sum condition and registration condition in paragraph 24 are met.

(3) The pension condition is that the individual becomes entitled to all the pensions payable to the individual under arrangements under the pension scheme (to which the individual did not have an actual entitlement on or before 5th April 2006) on the same date.

(3A) A registered pension scheme is a protected pension scheme if condition A or condition B is met.

(3B) Condition A is met if—

(a) the pension scheme was within any of paragraphs (a) to (e) of paragraph 1(1), and

(b) on 5th April 2006 the lump sum percentage of the individual's uncrystallised rights under the pension scheme exceeded 25%.'.

No. 145, in page 502, line 28, leave out 'relevant pension scheme' and insert

'pension scheme on 5th April 2006'.

No. 146, in page 502, line 36, at end insert—

'(4A) Condition B is met if the individual is a member of the pension scheme as a result of a block transfer to it from a pension scheme ("the original pension scheme") in relation to which condition A is met.

(4B) "Block transfer" has the same meaning as in paragraph 22(3A), but treating the references there to the member as references to the individual.

(4C) Where a pension scheme is a protected pension scheme because condition B is met, Schedule 29 as modified by paragraph 35 applies as if the protected pension scheme were the same pension scheme as the original pension scheme.'.

No. 147, in page 504, line 42, leave out paragraph 34.

No. 148, in page 506, line 3, leave out paragraph 36.

No. 149, in page 510, line 43, at end insert—

'Individuals with pre-commencement entitlement to corresponding relief

52A (1) This paragraph applies where the Board of Inland Revenue allow contributions made by an individual under a pension scheme as deductions under Chapter 2 of Part 5 of ITEPA 2003 for the tax year 2005–06 in accordance with section 355 of that Act (deductions for corresponding payments by non-domiciled employees with foreign employers).

(2) Where the individual makes contributions under the pension scheme for any subsequent tax year, the Board of Inland Revenue may allow the contributions as deductions under Chapter 2 of Part 5 of that Act if, as well as the Board of Inland Revenue being satisfied that the conditions in section 355 of that Act are met, the scheme manager complies with any prescribed benefit crystallisation information requirements imposed on the scheme manager.

(3) Schedule (Non-UK schemes: application of certain charges) applies in relation to the pension scheme and the individual as if allowing the contributions as deductions under Chapter 2 of Part 5 of ITEPA 2003 by virtue of sub-paragraph (2) were the giving of relief by virtue of Schedule (Overseas pension schemes: migrant member relief).

(4) "Prescribed benefit crystallisation information requirements" means requirements imposed by or under regulations made by the Board of Inland Revenue to provide to the Inland Revenue any information relating to events that are benefit crystallisation events in relation to the individual.

(5) The references in sub-paragraphs (2) and (3) to the pension scheme include a pension scheme to which there has been a block transfer from the pension scheme on or after 6th April 2006.

(6) "Block transfer" has the same meaning as in paragraph 22(3A), but treating the references there to the member as references to the individual.'.—*[Dawn Primarolo.]*

Schedule 36

SCHEDULE TO BE INSERTED AS SCHEDULE 19B TO THE TAXES ACT 1988

Mr. Salmond: I beg to move amendment No. 13, in page 522, line 9, leave out '6%' and insert '12%'.

Mr. Deputy Speaker: With this it will be convenient to discuss amendment No. 14, in page 523, line 33, leave out '6%' and insert '12%'.

Mr. Salmond: I understand that the Economic Secretary will reply to the debate on behalf of the Government. I am interested to note that on amendments relating to oil taxation, the Government seem to abandon their area-marking role and adopt a man-to-man approach, so the Economic Secretary finds himself replying. I welcome that, as it has been productive in a number of discussions in the past and I hope it will be productive this evening. Some people may find this last debate of the Finance Bill detailed, but it is of huge importance to the oil industry and those who work in it.

Schedule 36 contains a measure to give tax relief of 6 per cent. on capital investment to encourage exploration and appraisal drilling in the North sea. That is to be variable by Treasury order. The amendment seeks to raise that initially to 12 per cent., which we think is a much more realistic rate, allowing the welcome tax change to have the impact that everybody wants.

The oil and gas industry is still a vital natural resource industry for Scotland and for the whole country. Only half of the available resources—perhaps much less than half—have thus far been extracted. It is recognised across the industry that the oil and gas industry will need to change to meet the challenge of extracting the other 50 per cent. or more that is available, but for a number of years oil and gas exploration has been slowing down. Unless exploration and appraisal drilling is done today, it is highly unlikely that the enhanced extraction of resources will occur tomorrow.

It is worth looking at the figures for exploration and appraisal drilling. In the last full calendar year, about 40 exploration and appraisal wells were drilled in the North sea. Unfortunately, that is the lowest number since 1999; in contrast, as recently as 1996, 112 such exploration and appraisal wells were drilled. Paradoxically, despite the decline in the number of wells drilled, the exploration success rate has increased substantially. In 2002, it went up to 31 per cent., which, compared with oil provinces internationally, is an encouraging strike rate.

Recently, some significant finds have greatly encouraged us in the belief that large discoveries can still be made in the waters around Scotland. In June 2002, it was estimated that the Buzzard field would produce 1.1 billion barrels—the biggest such discovery for 25 years. More recently, a small independent oil company, Oilexco, said that tests showed that its new Brenda field in the Moray firth could give 150 million barrels or more.

The exploration and appraisal drilling that has been carried out shows some encouraging trends, but the amount of such drilling is far from satisfactory. That greatly concerns me and, I am sure, the Government, as well as the 300,000 people directly or indirectly employed in the industry and the 6,000 companies that work in or produce for it. The oil industry provides about 6 per cent. of total employment in Scotland.

This much is agreed: there is a huge reservoir of oil and gas still to be extracted from the waters around Scotland; the present rate of exploration and appraisal is unsatisfactory; and one of the challenges is to persuade some of the larger companies to relinquish acreage to some of the smaller ones, which are keen to pursue an aggressive drilling and exploration programme—a point discussed last week when the all-party offshore oil and gas industry group met the Minister for Energy, E-Commerce and Postal Services.

I am delighted that some of the most aggressive explorers, Talisman and Apache, have found facilities at Peterhead bay in my constituency, where they want to centre much of their operation. I hope, too, that some of the other small independent companies whose representatives I have shown around Peterhead bay will locate themselves at that excellent facility, which has the strategic advantage of being the nearest to most of the oil and gas fields, so there would be substantial cost advantages for independent companies that want to be based there.

The future offers an exciting perspective. The question for us this evening, however, is whether the Government's initial moves will be substantial enough to bring about the change that we all want to see. My contention is that they will not.

The current taxation system is inherently disadvantageous for new companies and the corporation tax changes in 2002 have compounded that situation. Existing operators share with the Government the risks of exploration, because they can offset those risks against current liabilities, but new players have to cover the full cost without tax relief until the field is on stream. The Government's proposals would counter that, but the question is whether the allowance, which covers both capital expenditure and the losses incurred in the initial phases of exploration and appraisal before the field comes on stream, is adequate to deal with the disadvantages that would be experienced by smaller, new companies coming into the sector without tax shelter.

The 6 per cent. that the Government propose is a risk-free rate, but for new players the average cost of capital for exploration and appraisal is about 17 per cent. and can be as much as 20 to 30 per cent. The increase suggested in our amendment of an initial 12 per cent. against the likely cost of capital to new players is modest and realistic.

Mr. Tyrie: The hon. Gentleman has made several interesting allusions to the state of the industry and I do not disagree with those points, but I am not sure how connected they are to the measure that he proposes. As I understand it, the 6 per cent. rate that he wants to alter is a proxy for interest; it is a measure intended to preserve the real value of the tax losses, but he appears to be converting it into some form of tax allowance, which I do not think was ever the intention. Perhaps I have misunderstood his proposal. Could he explain?

Mr. Salmond: I am not certain that the hon. Gentleman is as much in command of the subject as he thinks he is. All I am doing is changing the initial allowance, because I think that 12 per cent. is a much

[Mr. Salmond]

more realistic assessment of the cost of capital expenditure to bring about the increase in exploration and appraisal that we want to see.

Mr. Tyrie *rose—*

Mr. Salmond: I have explained that my intention is simply to double the initial allowance to 12 per cent. The hon. Gentleman will have to take me at my word, because I now want to make some international comparisons.

Mr. Tyrie *rose—*

Mr. Salmond: No, the hon. Gentleman must sit down.

The issue of the interest rate is important. It is arguable—indeed, I think it is beyond argument—that it should reflect the relevant cost of capital. That will involve a risk premium, given that exploration is a particularly risky activity. The conceptual basis of my argument is recognised in countries that have moved to resource rent taxes. Typically, an interest rate used for compounding forward tax loss will involve a risk premium and a risk-free element.

I think the Economic Secretary should pay close attention to recent experience in Australia, where the conceptual framework is highly developed. It has a petroleum resource rent tax, a cash-flow tax levelled on pre-corporation tax cash flows at a rate of 40 per cent. Allowances for all expenditures are 100 per cent. on a first-year basis. There is generally a ring fence for the tax, but the compound interest rates for expenditure vary substantially between exploration and appraisal and development.

For exploration and appraisal, which is inherently risky, the rate is 15 per cent. real plus a long-term Government bond rate. For development expenditures, which are inherently less risky, the rate is 5 per cent. real plus long-term Government bond rate. The difference reflects the extra risk, and the higher cost of capital for exploration and appraisal. A further feature is the breach available in the ring fence for exploration and appraisal expenditures. These can be relieved against any—that is, company-wide—PRRT income. The compound interest factor of 15 per cent. plus thus represents the effective compensation to the new player, compared to an established one for exploration and appraisal activities.

I find the Australian example interesting. The Australians have made a concerted and developed attempt to devise an allowance that matches the difference in experience of a new player in the sector, compared with the tax shelters available to an existing player. Notwithstanding Tory-Front Bench scepticism, that is what the amendments are designed to do. I could talk about the Norwegians, who have also made provision for the tax disadvantages experienced by new players, but as I do not think the Norwegian system is as established or as thought through as the Australian one, I shall submit the latter to the Economic Secretary's undoubted interest in these matters.

Last year's Finance Act looked favourably on an argument advanced during the passage of the previous year's Bill, when the issue arose of whether it was possible to ensure more equitable treatment of existing infrastructure and pipelines in the North sea in order to allow new developments, particularly of gas, with the use of that infrastructure. I do not know whether the Treasury has yet had an opportunity to make a proper assessment, but early indications from the tax change are that we may well have achieved the magic bullet of taxation changes: that is, a tax reduction may well be about to increase Government revenue in the medium term. For instance, the entry of the major Statfjord field into St. Fergus strikes me as a direct and early result of that sensible tax change, with other fields perhaps very much in the pipeline.

I hope that the Government will also look favourably on my attempt to suggest that the welcome 6 per cent. on offer is not enough to bring about the change that is desired—that is, to match the real risk to new players with a tax allowance to equalise their position in relation to established players.

6.15 pm

It is not enough to persuade the existing major companies to relinquish the vast acreage and the many fallow fields that lie un-drilled or undeveloped in the North sea, although that certainly needs to be done. Given that there is a generation of new companies willing, able and anxious to come into the environment, it is also necessary to give them the opportunity to do so. For that to happen, we must make sure that the tax incentive matches the risk that they will have to bear. Given that we want high-risk activity in the North sea and in the waters around Scotland, that tax incentive, which would not cost the Government a great deal in global terms, could provide a tremendous payout by way of increased revenues in the medium term, and increased jobs and activity in the short term. The Government achieved that virtuous circle through last year's sensible taxation change; hopefully, they are prepared to consider a further such sensible change in future.

John Healey: I am very pleased to respond to the hon. Member for Banff and Buchan (Mr. Salmond). He is right: although this is the last, it is certainly not the least of the debates on this Finance Bill. The issue that he raises is indeed important, relating as it does to an industry that is of great importance to the UK economy. I pay tribute to him for championing its interests and consistently coming up with fresh proposals. I am particularly grateful to him for his welcome for the change that we are making through clause 280 and schedule 36.

The Government share the hon. Gentleman's desire to encourage new entrants into the UK continental shelf, so that the recovery of our national oil and gas resources can be maximised wherever doing so is economically viable. The introduction of the exploration expenditure supplement complements the action being taken on other regulatory matters, and it reinforces the Government's aim to encourage new firms to enter the North sea. That policy is showing some signs of success. The response to the Department of Trade and Industry's recent 22nd licensing round has been very encouraging. Twenty of the 68 companies applying for a licence are potential new entrants, which shows that the North sea is still attracting worldwide interest.

As the hon. Gentleman said, the purpose of the EES is to deal with a tax disadvantage that might impact on new entrants wanting to undertake exploration. The tax disadvantage arises because companies new to the North sea might not have the taxable income against which to set their 100 per cent. exploration and appraisal allowances—a point made by the hon. Member for Chichester (Mr. Tyrie). The full economic value of those allowances could be significantly eroded over time if there is no stream of profits against which they can be used in year one. The purpose of the EES is to deal with that tax disadvantage. It compensates for this loss in value by providing an annual uplift of 6 per cent. compound on the pool of unused allowances.

The hon. Gentleman posed the question: why 6 per cent.? Six per cent. is currently judged to be the right rate to compensate for the loss in value of the allowances over time. The rationale is that the rate is consistent with current medium-term high-grade commercial borrowing rates, and with the Government's social time preference rate—in other words, the discount rate applied in evaluating the use of public funds, with an allowance for inflation. The hon. Gentleman argues for a doubling of the rate, but to do so is not currently justified, according to those comparators, without going beyond the purpose of the EES, which is to deal specifically with the tax disadvantage faced by new entrants. A higher rate risks giving new entrant companies an advantage over existing North sea companies with a taxable income.

Mr. Tyrie: So far, I agree with everything that the Economic Secretary has said, but will he confirm that the purpose of the existing 6 per cent. rate is to create a level playing field between new entrants and existing operators, and that coming to some other figure—removing the 6 per cent. or doubling it—would create a bias in favour of the new entrants?

John Healey: I thought that I had already made that clear. The purpose of the special provision is to compensate for the loss in value of allowances and to put new entrants on a par with other companies that may have year one profits against which to use those allowances. To go further than 6 per cent. would be wrong in principle in relation to the purpose of the clause and would distort the market in favour of new entrants. As I said, that is not the purpose of the measure. However, we have taken the opportunity to ensure that we have the power to amend the rate quickly if the economic factors change, making it right to do so.

Mr. Salmond: I do not think that there is any disagreement between the Economic Secretary and me that a 12 per cent. increase would substantially increase the advantage for new entrants, but I am not certain that that view is shared by the Tory Front Benchers. My problem is with the justification for the 6 per cent. rate, so will the Economic Secretary tell us more? It is effectively a risk-free rate, but the average capital cost for new players in respect of exploration and appraisal is at least 17 per cent.—and it can be much higher. Will the Economic Secretary run over again the justification for the 6 per cent. rate, given that informed views—certainly more informed than the views of Tory Front Benchers—would suggest that it is too low?

John Healey: As I explained to the House, the 6 per cent. rate is consistent both with medium-term, high-grade commercial borrowing rates and with the Government's own social time preference rate—the discount rate that we use for evaluating the use of public funds, with an allowance for inflation. Just to be absolutely clear, the purpose of the special relief is to compensate for the loss in the value of the capital allowance for companies that do not have profits against which to use it. It is not to compensate for additional risk or to cover the varying capital costs that different companies may have.

The hon. Gentleman made some interesting points about policy changes in Australia. I should be grateful if he would send me the details and I will certainly look into them further. I am aware that a tax incentive for exploration was recently announced in Australia, but the country has a corporation tax rate that does not allow this sector of the industry to have 100 per cent. cover in capital allowances. In reaching an assessment, it is important to take account of the total tax system that applies to the oil and gas industry in Australia.

Mr. Salmond: Can the Economic Secretary help me further by explaining what factors the Treasury will take into account, given that the provision is variable by Treasury order? In deciding whether 6 per cent. is the right rate now and whether it should be changed in the future, what factors will influence the Treasury? Unless we show some appreciation of the fact that, because it carries a very high-risk premium, oil exploration is not similar to other forms of capital investment, it seems to me that any future assessment will not be up to the job.

John Healey: Our point of difference here is that the hon. Gentleman wants to make this particular relief more generous for wider purposes. His case for doing so, however, goes beyond the purpose of the relief. As I said, it is designed to compensate for the loss of value of the available allowances. The factors that we will take into account are precisely the financial market factors that, as I have already explained, underlie our judgment that 6 per cent. is the right rate now. Those factors do not take account of the economics of the oil industry and its work in the North sea, nor the risks that it faces. I understand why the hon. Gentleman wants me to take them into account, but they fall outside the purpose of the relief in clause 280.

Rob Marris: My hon. Friend the Economic Secretary puts forward the proposition that the relief is somewhat akin to an indexation measure, such as would apply under the RPI or RPIX. However, the hon. Member for Banff and Buchan (Mr. Salmond) wants it to be related to risk. Is not that the point of dispute?

John Healey: That may be one way to put it, but one could also explain that the operation of the relief, at 6 per cent. compound interest over six non-consecutive years, means that it could be worth 41 per cent. In other words, £100 of expenditure on investment could become £141 worth of allowable tax relief.

To summarise, the EES rectifies a specific disadvantage due to the way the tax system works in the special situation of the offshore oil and gas companies.

[John Healey]

By dealing with this issue in this way, we hope to encourage more new entrants into the North sea. This measure will ensure that such companies invest in the UK continental shelf.

We have had a useful debate on this matter, and the hon. Member for Banff and Buchan and I are likely to have more discussions about the Australian experience. Therefore, I hope that he will be prepared to withdraw the amendment.

Mr. Salmond: Yes, I look forward to that continuing dialogue. There may be conceptual differences between me and the Economic Secretary on this matter, but I am one of those who represents a constituency with a huge investment of jobs in this sector. The waters around Scotland display some of the welcome trends that the hon. Gentleman has identified, but the vast majority of development remains in the hands of a very few companies. That might be no bad thing if those companies were the best way to develop smaller accumulations. However, there is plenty of evidence that, although smaller companies want to develop accumulations in the North sea, they are unable to get the acreage or potential out of the larger companies' hands.

To be fair, some of the larger companies have made substantial moves in that direction recently, but there remains untapped potential. Many companies want to develop the acreage but are not given the opportunity to do so. I suspect that there is no economic incentive to ensure that that acreage is developed.

One of the difficulties of developing the North sea taxation like Topsy—that is, manipulating and changing it over time—is that that gives a big advantage to companies that have tax shelters and established production in the area. I hope that the measure proposed in the Bill will be enough to redress the balance.

The Government and the Treasury have received vast revenue from the North sea over the past 25 years, and they may well expect a windfall this year. I hope that they will be sufficiently open minded to ensure that the show is kept on the road, so that future revenue streams are guaranteed.

I welcome the suggestion from the Economic Secretary that he and I will continue to talk about Australia and other matters. I hope that I can persuade him that more needs to be done, and that he will keep the matter under review to see how entrants match their hopes to their economic position.

I beg to ask leave to withdraw the amendment.

Amendment, by leave, withdrawn.

Schedule 37

STAMP DUTY LAND TAX AND STAMP DUTY

Amendments made: No. 160, in page 555, line 9, at end insert

', but disregard paragraph 9(2) (deemed reduction of rent for overlap period in case of grant of further lease)'.

No. 161, in page 556, line 42, leave out from 'executed,' to end of line 46 and insert—

'(c) on termination of a lease ("the head lease") a sub-tenant is granted a lease ("the new lease") of the same or substantially the same premises as those comprised in his original lease ("the old lease")—

(i) in pursuance of an order of a court on a claim for relief against re-entry or forfeiture, or

(ii) in pursuance of a contractual entitlement arising in the event of the head lease being terminated,

or

(d) a person who has guaranteed the obligations of a lessee under a lease that has been terminated ("the old lease") is granted a lease of the same or substantially the same premises ("the new lease") in pursuance of the guarantee.'.

No. 162, in page 557, line 33, leave out from beginning to 'The' in line 38 and insert—

'11 (1) This paragraph applies where—

(a) the grant of a lease is exempt from charge by virtue of any of the provisions specified in sub-paragraph (3), or

(b) a lease is granted to a person as bare trustee of the grantor, with the result that the lease is treated as vested in the grantor by virtue of paragraph 3 of Schedule 16.

(2) The first assignment of the lease that is not exempt from charge by virtue of any of the provisions specified in sub-paragraph (3), and in relation to which the assignee does not acquire the lease as a bare trustee of the assignor, is treated for the purposes of this Part as if it were the grant of a lease by the assignor—

(a) for a term equal to the unexpired term of the lease referred to in sub-paragraph (1), and

(b) on the same terms as those on which the assignee holds that lease after the assignment.

(3)'.

No. 163, in page 558 , leave out lines 1 to 5.

No. 164, in page 558, line 21, after '2(3)' insert 'or 3(2)'.

No. 165, in page 562, line 25, at end insert—

'Reduction of rent or term

15A (1) Where a lease is varied so as to reduce the amount of the rent, the variation is treated for the purposes of this Part as an acquisition of a chargeable interest by the lessee.

(2) Where a lease is varied so as to reduce the term, the variation is treated for the purposes of this Part as an acquisition of a chargeable interest by the lessor.'.—*[Dawn Primarolo.]*

Clause 292

CLAIMS NOT INCLUDED IN RETURNS

Amendments made: No. 150, in page 251, line 27, leave out 'against the' and insert 'for relief against any'.

No. 151, in page 251, line 31leave out 'against the double' and insert

'for relief against any excessive'.—*[Dawn Primarolo.]*

Clause 293

ASSENTS AND APPROPRIATIONS BY PERSONAL REPRESENTATIVES

Amendments made: No. 152, in page 252, line 4, after '(3)' insert—

'Where sub-paragraph (1) does not apply because of sub-paragraph (2), the chargeable consideration for the transaction is determined in accordance with paragraph 8A(1) of Schedule 4.

(4)'.

No. 153, in page 252, leave out lines 10 to 18.

No. 154, in page 252, line 19, leave out

'amendments made by this section are'

and insert

'amendment made by this section is'.—*[Dawn Primarolo.]*

Clause 294

CHARITABLE TRUSTS

Amendments made: No. 155, in page 252, line 22, at end insert—

"Cases where first condition not fully met

3 (1) This paragraph applies where—

(a) a land transaction is not exempt from charge under paragraph 1 because the first condition in that paragraph is not met, but

(b) the purchaser ("C") intends to hold the greater part of the subject-matter of the transaction for qualifying charitable purposes.

(2) In such a case—

(a) the transaction is exempt from charge, but

(b) for the purposes of paragraph 2 (withdrawal of charities relief) "disqualifying event" includes—

(i) any transfer by C of a major interest in the whole or any part of the subject-matter of the transaction, or

(ii) any grant by C at a premium of a low-rental lease of the whole or any part of that subject-matter,

that is not made in furtherance of the charitable purposes of C.

(3) For the purposes of sub-paragraph (2)(b)(ii)—

(a) a lease is granted "at a premium" if there is consideration other than rent, and

(b) a lease is a "low-rental" lease if the annual rent (if any) does not exceed £600 a year.

(4) In relation to a transaction that, by virtue of this paragraph, is a disqualifying event for the purposes of paragraph 2—

(a) the date of the event for those purposes is the effective date of the transaction;

(b) paragraph 2 has effect as if—

(i) in sub-paragraph (1)(b), for "at the time of" there were substituted "immediately before",

(ii) in sub-paragraph (4)(a), for "at the time of" there were substituted "immediately before and immediately after", and

(iii) sub-paragraph (4)(b) were omitted.

(5) In this paragraph—

"qualifying charitable purposes" has the same meaning as in paragraph 1;

"rent" has the same meaning as in Schedule 5 (amount of tax chargeable: rent) and "annual rent" has the same meaning as in paragraph 9(2) of that Schedule.".

No. 156, in page 252, line 22, at end insert—

'( ) After paragraph 3 of that Schedule (inserted by subsection (1) above) insert—'.

No. 157, in page 252, line 24, leave out '3' and insert '4'.

No. 158, in page 252, line 35, at end insert—

'(c) the reference in paragraph 3(2)(b) to the charitable purposes of C is to those of the beneficiaries or unit holders, or any of them.':

No. 159, in page 252, line 35, at end insert—

'( ) In paragraph 1(1) of that Schedule, for "this paragraph" substitute "this Schedule".

( ) In paragraph 2(1) of that Schedule, for "paragraph 1 (charities relief)" substitute "this Schedule".

( ) In section 81 (further return where relief withdrawn), in paragraph (c) of subsection (4) (meaning of "the disqualifying event"), after "paragraph 2(3)" insert "or 3(2)".

( ) In section 87 (interest on unpaid tax), in paragraph (c) of subsection (4) (meaning of "the disqualifying event"), after "paragraph 2(3)" insert "or 3(2)".'.—*[Dawn Primarolo.]*

Schedule 39

STAMP DUTY AND LAND TAX: APPLICATION TO CERTAIN PARTNERSHIP TRANSACTIONS

Amendments made: No. 166, in page 572, line 25, leave out 'an interest in land' and insert 'a chargeable interest'.

No. 167, in page 572, line 29, leave out 'an interest in land' and insert 'a chargeable interest'.

No. 168, in page 572, line 31, leave out 'an interest in land' and insert 'a chargeable interest'.

No. 169, in page 572, line 33, leave out 'an interest in land' and insert 'a chargeable interest'.

No. 170, in page 572, line 34, leave out 'an interest in land' and insert 'a chargeable interest'.

No. 171, in page 572, line 35, leave out 'an interest in land' and insert 'a chargeable interest'.

No. 172, in page 572, line 38, leave out 'an interest in land' and insert 'a chargeable interest'.

No. 173, in page 572, line 39, leave out 'an interest in land' and insert 'a chargeable interest'.

No. 174, in page 573, line 5, leave out 'an interest in land' and insert 'a chargeable interest'.

No. 175, in page 573, line 8, leave out from 'shall' to end of line 12 and insert—

'(subject to paragraph 11B) be taken to be equal to—

$$(RCP \times MV) + (RCP \times AC)$$

where—

RCP is the relevant chargeable proportion,

MV is the market value of the interest transferred, and

AC is the actual consideration for the transaction.

(2A) The relevant chargeable proportion in relation to the market value of the interest transferred is—

$$(100 - SLP)\%$$

where SLP is the sum of the lower proportions.

(2B) The relevant chargeable proportion in relation to the actual consideration for the transaction is—

$$SLP\%$$

where SLP is the sum of the lower proportions.

(2C) Paragraph 11A provides for determining the sum of the lower proportions.'.

[Mr. Salmond]

No. 176, in page 573, line 13, leave out 'and (3)' and insert 'to (2C)'.

No. 177, in page 573, line 33, after second 'the' insert 'relevant'.

No. 178, in page 573, line 37, after second 'the' insert 'relevant'.

No. 179, in page 573, line 41, leave out from second 'to' to end of line 43 and insert—

'—

$$(RCP \times MV) + (RCP \times AC)$$

where—

RCP is the relevant chargeable proportion,

MV is the market value of the interest transferred, and

AC is the actual chargeable consideration other than rent.'.

No. 180, in page 574, leave out lines 2 to 5 and insert—

'—

$$RCP \times MV$$

where—

RCP is the relevant chargeable proportion, and

MV is the market value of the interest transferred.'.

No. 181, in page 574, line 5, at end insert—

'(7) The relevant chargeable proportion in relation to—

(a) the net present value of the rent payable over the term of a lease, or

(b) the market value of the interest transferred,

is—

$$(100 - SLP)\%$$

where SLP is the sum of the lower proportions.

(8) The relevant chargeable proportion in relation to the actual consideration other than rent is—

$$SLP\%$$

where SLP is the sum of the lower proportions.

(9) Paragraph 11A provides for determining the sum of the lower proportions.

(10) This paragraph is subject to paragraph 11B.'.

No. 182, in page 574, line 5, at end insert—

'Transfer of chargeable interest to a partnership: sum of the lower proportions

11A (1) The sum of the lower proportions in relation to a transaction to which paragraph 10 applies is determined as follows:—

Step One

Identify the relevant owner or owners.

A person is a relevant owner if—

(a) immediately before the transaction, he was entitled to a proportion of the chargeable interest, and

(b) immediately after the transaction, he is a partner or connected with a partner.

Step Two

For each relevant owner, identify the corresponding partner or partners.

A person is a corresponding partner in relation to a relevant owner if, immediately after the transaction—

(a) he is a partner, and

(b) he is the relevant owner or is connected with the relevant owner.

Step Three

For each relevant owner, find the proportion of the chargeable interest to which he was entitled immediately before the transaction.

Apportion that proportion between any one or more of the relevant owner's corresponding partners.

Step Four

Find the lower proportion for each person who is a corresponding partner in relation to one or more relevant owners.

The lower proportion is—

(a) the proportion of the chargeable interest attributable to the partner, or

(b) if lower, the partner's partnership share immediately after the transaction.

The proportion of the chargeable interest attributable to the partner is—

(a) if he is a corresponding partner in relation to only one relevant owner, the proportion (if any) of the chargeable interest apportioned to him (at Step Three) in respect of that owner;

(b) if he is a corresponding partner in relation to more than one relevant owner, the sum of the proportions (if any) of the chargeable interest apportioned to him (at Step Three) in respect of each of those owners.

Step Five

Add together the lower proportions of each person who is a corresponding partner in relation to one or more relevant owners.

The result is the sum of the lower proportions.

(2) For the purposes of this paragraph persons who are entitled to a chargeable interest as beneficial joint tenants (or, in Scotland, as joint owners) shall be taken to be entitled to the chargeable interest as beneficial tenants in common (or, in Scotland, as owners in common) in equal shares.

Transfer of chargeable interest to a partnership consisting wholly of bodies corporate

11B (1) This paragraph applies where—

(a) there is a transaction to which paragraph 10 applies;

(b) immediately after the transaction all the partners are bodies corporate;

(c) the sum of the lower proportions is 75 or more.

(2) Paragraphs 10 and 11 have effect with these modifications.

(3) In paragraph 10, for sub-paragraphs (2) to (2C) substitute—

"(2) The chargeable consideration for the transaction shall be taken to be equal to the market value of the interest transferred.".

(4) In paragraph 10(4), for "sub-paragraphs (2) to (2C)" substitute "sub-paragraph (2)".

(5) In paragraph 11, omit sub-paragraphs (3) and (7) to (9).

(6) In paragraph 11, for sub-paragraph (4) substitute—

"(4) If there is chargeable consideration other than rent, that chargeable consideration shall be taken to be equal to the market value of the interest transferred.".

(7) In paragraph 11, for sub-paragraph (5)(b) substitute—

"(b) that chargeable consideration shall be taken to be equal to the market value of the interest transferred.".

(8) Paragraph 11A provides for determining the sum of the lower proportions.'.

No. 183, in page 574, leave out lines 7 to 11 and insert—

'12 (1) This paragraph applies where—

(a) there is a transfer of an interest in a partnership;

(b) consideration is given for the transfer;

(c) the relevant partnership property includes a chargeable interest.

(1A) The transfer—

(a) shall be taken for the purposes of this Part to be a land transaction;

(b) is a chargeable transaction.

(1B) '.

No. 184, in page 574, line 23, leave out 'interest in land' and insert 'chargeable interest'.

No. 185, in page 574, line 41, leave out 'three' and insert 'four'.

No. 186, in page 574, line 44, after 'no' insert 'chargeable'.

No. 187, in page 575, line 2, after 'any' insert 'chargeable'.

No. 188, in page 575, leave out lines 6 to 16 and insert—

'(4) The third condition is that—

(a) the term of the lease is 5 years or less, or

(b) if the term of the lease is more than 5 years—

(i) the lease provides for the rent payable under it to be reviewed at least once in every 5 years of the term, and

(ii) the rent payable under the lease as a result of a review is required to be a market rent at the review date.

(4A) The fourth condition is that there has been no change to the lease since it was granted which is such that, immediately after the change has effect, the rent payable under the lease is less than a market rent.'.

No. 189, in page 575, line 36, leave out 'an interest in land' and insert 'a chargeable interest'.

No. 190, in page 576, line 5, after 'transfer' insert '—

(a) shall be taken for the purposes of this Part to be a land transaction;

(b) '.

No. 191, in page 576, line 27, leave out 'an interest in land' and insert 'a chargeable interest'.

No. 192, in page 576, leave out lines 32 to 37.

No. 193, in page 576, line 38, leave out from 'shall' to end of line 41 and insert—

'(subject to paragraph 17E) be taken to be equal to—

$$(RCP \times MV) + (RCP \times AC)$$

where—

RCP is the relevant chargeable proportion,

MV is the market value of the interest transferred, and

AC is the actual consideration for the transaction.

(3A) The relevant chargeable proportion in relation to the market value of the interest transferred is—

$$(100 - SLP)\%$$

where SLP is the sum of the lower proportions.

(3B) The relevant chargeable proportion in relation to the actual consideration for the transaction is—

$$SLP\%$$

where SLP is the sum of the lower proportions.

(3C) Paragraph 17A provides for determining the sum of the lower proportions.'.

No. 194, in page 576, line 42, leave out 'sub-paragraph (3)' and insert 'sub-paragraphs (3) to (3C)'.

No. 195, in page 577, line 12, after second 'the' insert 'relevant'.

No. 196, in page 577, line 16, after second 'the' insert 'relevant'.

No. 197, in page 577, line 20, leave out from second 'to' to end of line 22 and insert—

'—

$$(RCP \times MV) + (RCP \times AC)$$

where—

RCP is the relevant chargeable proportion,

MV is the market value of the interest transferred, and

AC is the actual chargeable consideration other than rent.'.

No. 198, in page 577, leave out lines 28 to 30 and insert—

'—

$$RCP \times MV$$

where—

RCP is the relevant chargeable proportion, and

MV is the market value of the interest transferred.'.

No. 199, in page 577, line 30, at end insert—

'(7) The relevant chargeable proportion in relation to—

(a) the net present value of the rent payable over the term of a lease, or

(b) the market value of the interest transferred,

is—

$$(100 - SLP)\%$$

where SLP is the sum of the lower proportions.

(8) The relevant chargeable proportion in relation to the actual consideration other than rent is—

$$SLP\%$$

where SLP is the sum of the lower proportions.

(9) Paragraph 17A provides for determining the sum of the lower proportions.

(10) This paragraph is subject to paragraph 17E.'.

No. 200, in page 577, line 30, at end insert—

'Transfer of chargeable interest from a partnership: sum of the lower proportions

17A (1) The sum of the lower proportions in relation to a transaction to which paragraph 16 applies is determined as follows:—

Step One

Identify the relevant owner or owners.

A person is a relevant owner if—

(a) immediately after the transaction, he is entitled to a proportion of the chargeable interest, and

(b) immediately before the transaction, he was a partner or connected with a partner.

Step Two

For each relevant owner, identify the corresponding partner or partners.

A person is a corresponding partner in relation to a relevant owner if, immediately before the transaction—

(a) he was a partner, and

(b) he was the relevant owner or was connected with the relevant owner.

[Mr. Salmond]

Step Three

For each relevant owner, find the proportion of the chargeable interest to which he is entitled immediately after the transaction.

Apportion that proportion between any one or more of the relevant owner's corresponding partners.

Step Four

Find the lower proportion for each person who is a corresponding partner in relation to one or more relevant owners.

The lower proportion is—

(a) the proportion of the chargeable interest attributable to the partner, or

(b) if lower, the partnership share attributable to the partner.

The proportion of the chargeable interest attributable to the partner is—

(a) if he is a corresponding partner in relation to only one relevant owner, the proportion (if any) of the chargeable interest apportioned to him (at Step Three) in respect of that owner;

(b) if he is a corresponding partner in relation to more than one relevant owner, the sum of the proportions (if any) of the chargeable interest apportioned to him (at Step Three) in respect of each of those owners.

Paragraph 17B provides for determining the partnership share attributable to the partner.

Step Five

Add together the lower proportions of each person who is a corresponding partner in relation to one or more relevant owners.

The result is the sum of the lower proportions.

(2) For the purposes of this paragraph persons who are entitled to a chargeable interest as beneficial joint tenants (or, in Scotland, as joint owners) shall be taken to be entitled to the chargeable interest as beneficial tenants in common (or, in Scotland, as owners in common) in equal shares.

Transfer of chargeable interest from a partnership: partnership share attributable to partner

17B (1) This paragraph provides for determining the partnership share attributable to a partner for the purposes of paragraph 17A(1) (see Step Four).

(2) Paragraph 17C applies for determining the partnership share attributable to a partner where—

(a) the effective date of the transfer of the relevant chargeable interest to the partnership was before 20th October 2003, or

(b) the effective date of the transfer of the relevant chargeable interest to the partnership was on or after that date and—

(i) the instrument by which the transfer was effected has been duly stamped with ad valorem stamp duty, or

(ii) any tax payable in respect of the transfer has been duly paid under this Part.

(3) Where the effective date of the transfer of the relevant chargeable interest to the partnership was on or after 20th October 2003 but neither of the conditions in sub-paragraphs (i) and (ii) of sub-paragraph (2)(b) is met, the partnership share attributable to the partner is zero.

(4) The relevant chargeable interest is—

(a) the chargeable interest which ceases to be partnership property as a result of the transaction to which paragraph 16 applies, or

(b) where the transaction to which paragraph 16 applies is the grant or creation of a chargeable interest, the chargeable interest out of which that interest is granted or created.

17C (1) Where this paragraph applies, the partnership share attributable to the partner is determined as follows:—

Step One

Find the partner's actual partnership share on the relevant date.

In a case falling within paragraph 17B(2)(a), the relevant date—

(a) if the partner was a partner on 19th October 2003, is that date;

(b) if the partner became a partner after that date, is the date on which he became a partner.

In a case falling within paragraph 17B(2)(b), the relevant date—

(a) if the partner was a partner on the effective date of the transfer of the relevant chargeable interest to the partnership, is that date;

(b) if the partner became a partner after that date, is the date on which he became a partner.

Step Two

Add to that partnership share any increases in the partner's partnership share which—

(a) occur in the period starting on the day after the relevant date and ending immediately before the transaction to which paragraph 16 applies, and

(b) count for this purpose.

The result is the increased partnership share.

An increase counts for the purpose of paragraph (b) only if—

(i) where the transfer which resulted in the increase took place on or before the date on which the Finance Act 2004 was passed, the instrument by which the transfer was effected has been duly stamped with ad valorem stamp duty under the enactments relating to stamp duty;

(b) where the transfer which resulted in the increase took place after that date, any tax payable in respect of the transfer has been duly paid under this Part.

Step Three

Deduct from the increased partnership share any decreases in the partner's partnership share which occur in the period starting on the day after the relevant date and ending immediately before the transaction to which paragraph 16 applies.

The result is the partnership share attributable to the partner.

(2) If the effect of applying Step Three would be to reduce the partnership share attributable to the partner below zero, the partnership share attributable to the partner is zero.

(3) In a case falling within paragraph 17B(2)(a), if the partner ceased to be a partner before 19th October 2003, the partnership share attributable to the partner is zero.

(4) In a case falling within paragraph 17B(2)(b), if the partner ceased to be a partner before the effective date of the transfer of the relevant chargeable interest to the partnership, the partnership share attributable to the partner is zero.

(5) Paragraph 17B(4) (relevant chargeable interest) applies for the purposes of this paragraph.

Transfer of chargeable interest from a partnership to a partnership

17D (1) This paragraph applies where—

(a) there is a transfer of a chargeable interest from a partnership to a partnership, and

(b) the transfer is both—

(i) a transaction to which paragraph 10 applies, and

(ii) a transaction to which paragraph 16 applies.

(2) Where none of the chargeable consideration for the transaction is rent—

(a) paragraphs 10(2) to (2C) and 16(3) to (3C) do not apply;

(b) the chargeable consideration for the transaction shall be taken to be what it would have been if paragraph 10(2) to (2C) had applied or, if greater, what it would have been if paragraph 16(3) to (3C) had applied.

(3) Where the whole or part of the chargeable consideration for the transaction is rent—

(a) paragraphs 11 and 17 do not apply;

(b) the chargeable consideration for the transaction shall be taken to be what it would have been if paragraph 11 had applied or, if greater, what it would have been if paragraph 17 had applied.

Transfer of chargeable interest from a partnership consisting wholly of bodies corporate

17E (1) This paragraph applies where—

(a) there is a transaction to which paragraph 16 applies;

(b) immediately before the transaction all the partners are bodies corporate;

(c) the sum of the lower proportions is 75 or more.

(2) Paragraphs 16, 17 and 17D have effect with these modifications.

(3) In paragraph 16, for sub-paragraphs (3) to (3C) substitute—

"(3) The chargeable consideration for the transaction shall be taken to be equal to the market value of the interest transferred.".

(4) In paragraph 16(4), for "sub-paragraphs (3) to (3C)" substitute "sub-paragraph (3)".

(5) In paragraph 17, omit sub-paragraphs (3) and (7) to (9).

(6) In paragraph 17, for sub-paragraph (4) substitute—

"(4) If there is chargeable consideration other than rent, that chargeable consideration shall be taken to be equal to the market value of the interest transferred.".

(7) In paragraph 17, for sub-paragraph (5)(b) substitute—

"(b) that chargeable consideration shall be taken to be equal to the market value of the interest transferred.".

(8) In paragraph 17D(2)—

(a) for "paragraphs 10(2) to (2C) and 16(3) to (3C)" substitute "paragraphs 10(2) and 16(3)";

(b) for "paragraph 10(2) to (2C)" substitute "paragraph 10(2)";

(c) for "paragraph 16(3) to (3C)" substitute "paragraph 16(3)".

(9) Paragraph 17A provides for determining the sum of the lower proportions.'.

No. 201, in page 577, line 31, leave out from beginning to end of line 21 on page 579.

No. 202, in page 579, line 26, after 'But' insert

'(subject to paragraphs 20A to 20C)'.

No. 203, in page 579, line 27, at end insert—

'Application of disadvantaged areas relief

20A (1) Schedule 6 (disadvantaged areas relief) applies to the transfer of an interest in a partnership that is a chargeable transaction by virtue of paragraph 12 or 15 with these modifications.

(2) For paragraph 3 substitute—

"3 (1) This Part of this Schedule applies to a transfer of an interest in a partnership that is a chargeable transaction by virtue of paragraph 12 of Schedule 15 if every chargeable interest comprising the relevant partnership property is a chargeable interest in relation to land that is wholly situated in a disadvantaged area.

(2) This Part of this Schedule applies to a transfer of an interest in a partnership that is a chargeable transaction by virtue of paragraph 15 of Schedule 15 if the subject matter of the land transfer is a chargeable interest in relation to land that is wholly situated in a disadvantaged area.".

(3) In paragraph 5, for sub-paragraphs (2) to (4) substitute—

"(2) If the relevant consideration does not exceed £150,000 the transaction is exempt from charge.".

(4) For paragraph 6 substitute—

"6 (1) This paragraph applies where the land is partly non-residential property and partly residential property.

(2) The non-residential proportion of the chargeable consideration for the transaction does not count as chargeable consideration.

(3) The non-residential proportion is the proportion of the market value of the relevant property that, on a just and reasonable apportionment, is attributable to land that is non-residential property.

(4) If the relevant consideration does not exceed £150,000, none of the residential proportion of the chargeable consideration counts as chargeable consideration.

(5) The residential proportion is the proportion of the market value of the relevant property that, on a just and reasonable apportionment, is attributable to land that is residential property.".

(5) For paragraph 7 substitute—

"7 (1) This Part of this Schedule applies to a transfer of an interest in a partnership that is a chargeable transaction by virtue of paragraph 12 of Schedule 15 if—

(a) some (but not all) of the chargeable interests comprising the relevant partnership property are chargeable interests in relation to land that is wholly situated in a disadvantaged area, or

(b) any chargeable interest comprised in the relevant partnership property is a chargeable interest in relation to land that is partly situated in a disadvantaged area and partly situated outside such an area.

(2) This Part of this Schedule applies to a transfer of an interest in a partnership that is a chargeable transaction by virtue of paragraph 15 of Schedule 15 if the subject matter of the land transfer is a chargeable interest in relation to land that is partly situated in a disadvantaged area and partly situated outside such an area.

(3) In this Part—

(a) references to the disadvantaged-area proportion are to the proportion of the market value of the relevant property that, on a just and reasonable apportionment, is attributable to land situated in a disadvantaged area;

(b) references to the advantaged-area proportion are to the proportion of the market value of the relevant property that, on a just and reasonable apportionment, is attributable to land that is situated outside a disadvantaged area.".

(6) In paragraph 8, for "consideration attributable to the land situated in the disadvantaged area" substitute "disadvantaged-area proportion of the chargeable consideration".

(7) In paragraph 9, for sub-paragraphs (2) to (4) substitute—

"(2) If the relevant consideration does not exceed £150,000 none of the disadvantaged-area proportion of the chargeable consideration counts as chargeable consideration.".

(8) For paragraph 10 substitute—

"10 (1) This paragraph applies where the land situated in a disadvantaged area is partly non-residential property and partly residential property.

[Mr. Salmond]

(2) The non-residential proportion of the disadvantaged-area proportion of the chargeable consideration for the transaction does not count as chargeable consideration.

(3) The non-residential proportion is the proportion of the disadvantaged-area proportion of the market value of the relevant property that, on a just and reasonable apportionment, is attributable to land that is not residential property.

(4) If the relevant consideration does not exceed £150,000, none of the residential proportion of the disadvantaged-area proportion of the chargeable consideration counts as chargeable consideration.

(5) The residential proportion is the proportion of the disadvantaged-area proportion of the market value of the relevant property that, on a just and reasonable apportionment, is attributable to land that is residential property.".

(9) After paragraph 11(1) insert—

"(1A) In this Schedule—

"the land transfer" means the transaction that is the land transfer for the purposes of paragraph 15 of Schedule 15;

"the relevant partnership property" has the meaning given by paragraph 12(3) of Schedule 15;

"the relevant property"—

(a) in the case of a transfer of an interest in a partnership that is a chargeable transaction by virtue of paragraph 12 of Schedule 15, means the relevant partnership property;

(b) in the case of a transfer of an interest in a partnership that is a chargeable transaction by virtue of paragraph 15 of Schedule 15, means the subject matter of the land transfer.

(1B) There is a transfer of an interest in a partnership for the purposes of this Schedule if there is such a transfer for the purposes of Part 3 of Schedule 15 (see paragraph 27 of that Schedule).".

(10) Omit paragraphs 11(2) and 12.

Application of group relief

20B (1) Part 1 of Schedule 7 (group relief) applies to—

(a) a transaction to which paragraph 10 applies, and

(b) a transaction that is a chargeable transaction by virtue of paragraph 15,

with these modifications.

(2) In paragraph 3(1)(a), for "the purchaser" substitute "a partner who was a partner at the effective date of the relevant transaction ("the relevant partner")".

(3) In paragraph 3(1), for paragraph (b) substitute—

"(b) at the time the relevant partner ceases to be a member of the same group as the vendor ("the relevant time"), a chargeable interest is held by or on behalf of the members of the partnership and that chargeable interest—

(i) was acquired by or on behalf of the partnership under the relevant transaction, or

(ii) is derived from a chargeable interest so acquired,

and has not subsequently been acquired at market value under a chargeable transaction for which group relief was available but was not claimed,".

(4) In paragraph 3(3), for the words from "the transferee company" to the end substitute "or on behalf of the partnership and to the proportion in which the relevant partner is entitled at the relevant time to share in the income profits of the partnership.".

(5) In paragraph 3(4), omit the definition of "relevant associated company".

(6) In paragraphs 4 to 6, for "the purchaser" (wherever appearing) substitute "the relevant partner".

Application of charities relief

20C (1) Schedule 8 (charities relief) applies to the transfer of an interest in a partnership that is a chargeable transaction by virtue of paragraph 12 or 15 with these modifications.

(2) In paragraph 1(1), for "A land transaction is exempt from charge if the purchaser is a charity" substitute "A transfer of an interest in a partnership that is a chargeable transaction by virtue of paragraph 12 or 15 of Schedule 15 is exempt from charge if the transferee is a charity".

(3) In paragraph 1(2)—

(a) for "the purchaser must intend to hold the subject-matter of the transaction" substitute "every chargeable interest held as partnership property immediately after the transfer must be held";

(b) in paragraphs (a) and (b) for "the purchaser" substitute "the transferee".

(4) In paragraph 1(3) for "the purchaser" substitute "the transferee".

(5) In paragraph 2(1), for paragraph (b) substitute—

"(b) at the time of the disqualifying event the partnership property includes a chargeable interest—

(i) that was held as partnership property immediately after the relevant transaction, or

(ii) that is derived from an interest held as partnership property at that time,".

(6) In paragraph 2(3)(a), for "the purchaser" substitute "the transferee".

(7) In paragraph 2(3), for paragraph (b) substitute—

"(b) any chargeable interest held as partnership property immediately after the relevant transaction, or any interest or right derived from it, being used or held otherwise than for qualifying charitable purposes.".

(8) For paragraph 2(4) substitute—

"(4) In sub-paragraphs (1) and (2) an "appropriate proportion" means an appropriate proportion having regard to—

(a) the chargeable interests held as partnership property immediately after the relevant transaction and the chargeable interests held as partnership property at the time of the disqualifying event, and

(b) the extent to which any chargeable interest held as partnership property at that time becomes used or held for purposes other than qualifying charitable purposes.".

(9) After paragraph 2 insert—

"Interpretation

3 (1) There is a transfer of an interest in a partnership for the purposes of this Schedule if there is such a transfer for the purposes of Part 3 of Schedule 15 (see paragraph 27 of that Schedule).

(2) Paragraph 25(1) of Schedule 15 (meaning of references to partnership property) applies for the purposes of this Schedule as it applies for the purposes of Part 3 of that Schedule.".".

No. 204, in page 579, line 30, leave out 'interest in land' and insert 'chargeable interest'.

No. 205, in page 579, line 33, leave out 'interest in land' and insert 'chargeable interest'.

No. 206, in page 579, line 41, leave out

'not a notifiable transaction unless'

and insert

'a notifiable transaction if (but only if)'.

No. 207, in page 580, line 20, leave out 'paragraph 24' and insert 'paragraphs 24 and 24A'.

No. 208, in page 580, line 26, leave out 'an interest in land' and insert 'a chargeable interest'.

No. 209, in page 580, line 29, leave out 'interest in land' and insert 'chargeable interest'.

No. 210, in page 580, line 44, leave out 'an interest in land' and insert 'a chargeable interest'.

No. 211, in page 581, line 1, leave out 'interest in land' and insert 'chargeable interest'.

No. 212, in page 581, line 4, leave out 'interest in land' and insert 'chargeable interest'.

No. 213, in page 581, line 5, leave out 'an interest in land' and insert 'a chargeable interest'.

No. 214, in page 581, line 6, leave out 'interest in land' and insert 'chargeable interest'.

No. 215, in page 581, line 12, at end insert—

'24A (1) This paragraph applies where—

(a) stamp duty under Part 1 of Schedule 13 to the Finance Act 1999 (transfer on sale) is chargeable on an instrument effecting a transfer of an interest in a partnership, and

(b) the relevant partnership property includes stock or marketable securities.

(2) The relevant partnership property, in relation to a transfer of an interest in a partnership, is the partnership property immediately after the transfer, other than any partnership property that was transferred to the partnership in connection with the transfer.

(3) The stamp duty chargeable on the instrument shall not exceed the stamp duty that would be chargeable if—

(a) the instrument were an instrument effecting a transfer of the stock and marketable securities comprised in the relevant partnership property, and

(b) the consideration for the transfer were equal to the net market value of that stock and those securities immediately after the transfer, less the excluded amount.

(4) The excluded amount is a proportion of the net market value of that stock and those securities immediately after the transfer.

(5) That proportion is—

(a) if the person acquiring the interest in the partnership was not a partner before the transfer, his partnership share immediately after the transfer;

(b) if he was a partner before the transfer, the difference between his partnership share before and after the transfer.

(6) The net market value of stock or securities at a particular date is—

MV − SL

where—

MV is the market value of the stock or securities at that date, and

SL is the amount outstanding at that date on any loan secured solely on the stock or securities.

(7) If, in relation to any stock or securities, SL is greater than MV, the net market value of the stock or securities shall be taken to be nil.

(8) Where this paragraph applies in relation to an instrument, the instrument shall not be regarded as duly stamped unless it has been stamped in accordance with section 12 of the Stamp Act 1891.

(9) This paragraph shall be construed as one with the Stamp Act 1891.'.

No. 216, in page 581, line 24, leave out first 'an interest in land' and insert 'a chargeable interest'.

No. 217, in page 581, line 24, leave out second 'an interest in land' and insert 'a chargeable interest'.

No. 218, in page 581, line 35, at end insert—

'Interpretation: transfer of chargeable interest from a partnership

27A For the purposes of this Part of this Schedule, there is a transfer of a chargeable interest from a partnership in any case where—

(a) a chargeable interest that was partnership property ceases to be partnership property, or

(b) a chargeable interest is granted or created out of partnership property and the interest is not partnership property.

Interpretation: market value of leases

27B (1) This paragraph applies in relation to a lease for the purposes of this Part of this Schedule if—

(a) the grant of the lease is or was a transaction to which paragraph 10 applies or applied (or a transaction to which paragraph 10 would have applied if that paragraph had been in force at the time of the grant), or

(b) the grant of the lease is a transaction to which paragraph 16 applies.

(2) In determining the market value of the lease, an obligation of the tenant under the lease is to be taken into account if (but only if)—

(a) it is an obligation such as is mentioned in paragraph 10(1) of Schedule 17A, or

(b) it is an obligation to make a payment to a person.'.

No. 219, in page 581, line 38, at end insert—

'(2) As applied by sub-paragraph (1), that section has effect with the omission of subsection (4) (partners connected with each other).'.

No. 220, in page 582, line 14, leave out

'partnership transactions the effective date of which'

and insert

'any partnership transaction of which the effective date (within the meaning of Part 4 of the Finance Act 2003 (c. 14))'.

No. 221, in page 582, line 19, leave out sub-paragraph (3).—*[Dawn Primarolo.]*

Clause 299

MEANING OF "PROMOTER"

Amendment made: No. 222, in page 254, line 39, leave out from 'of' to end of line 40.—*[Dawn Primarolo.]*

New Schedule 1

OVERSEAS PENSION SCHEMES: MIGRANT MEMBER RELIEF

Relief for members' etc.contributions

1 (1) An individual who is a relevant migrant member of a qualifying overseas pension scheme is entitled to relief under section 184 (relief for contributions by or on behalf of members of registered pension schemes) in respect of relievable pension contributions paid during a tax year if the individual—

(a) has relevant UK earnings chargeable to income tax for that year,

(b) is resident in the United Kingdom when the contributions are paid, and

(c) has notified the scheme manager of an intention to claim relief under that section.

(2) Section 186 (annual limit for relief under section 184) applies in relation to the aggregate of the amount of relief to which an individual is entitled under section 184 by virtue of sub-paragraph (1) and any to which the individual is so entitled apart from that sub-paragraph.

[Mr. Salmond]

(3) Relief to which an individual is entitled under section 184 by virtue of sub-paragraph (1) is to be given in accordance with section 190 (relief on making of claim) (so that nothing in sections 187 to 189 applies in relation to such relief).

(4) Section 191 (transfer of certain shares to be treated as payment of contribution) has effect as if the references to sections 184 to 190 included sections 184 to 186 and 190 as they apply by virtue of this paragraph.

(5) No deduction may be allowed under Chapter 2 of Part 5 of ITEPA 2003 in accordance with section 355 of that Act (deductions for corresponding payments by non-domiciled employees with foreign employers) in respect of contributions under a pension scheme (but subject to Part 4 of Schedule 34).

Relief for employers' contributions

2 (1) Subsections (2) to (5) of section 192 (relief for contributions by employer) apply in relation to relevant migrant member contributions paid by an employer as in relation to contributions paid by an employer under a registered pension scheme in respect of an individual.

(2) Section 196 (no other relief for employers in connection with contributions) applies as if the reference to contributions under a registered pension scheme included relevant migrant member contributions.

(3) "Relevant migrant member contributions" means contributions paid under a qualifying overseas pension scheme in respect of an individual who is a relevant migrant member of the pension scheme in relation to the contributions.

3 In ITEPA 2003, after section 308 insert—

"308A Exemption of contributions to overseas pension scheme

(1) No liability to income tax arises in respect of earnings where an employer makes contributions under a qualifying overseas pension scheme in respect of an employee who is a relevant migrant member of the pension scheme.

(2) In subsection (1)—

"qualifying overseas pension scheme", and

"relevant migrant member",

have the same meaning as in Schedule (Overseas pension schemes: migrant member relief) to FA 2004 (overseas pension schemes: migrant member relief)."

Meaning of "relevant migrant member"

4 For the purposes of this Schedule an individual who is a member of an overseas pension scheme is a relevant migrant member of the pension scheme, in relation to any contributions, if the individual—

(a) was not resident in the United Kingdom when first a member of the pension scheme,

(b) was a member of the pension scheme at the beginning of the period of residence in the United Kingdom which includes the time when the contributions are paid,

(c) was, immediately before the beginning of that period of residence, entitled to tax relief in respect of contributions paid under the pension scheme under the law of the country or territory in which the individual was then resident, and

(d) has been notified by the scheme manager that information concerning events that are benefit crystallisation events in relation to the individual and the pension scheme will be given to the Inland Revenue.

Meaning of "qualifying" overseas pension scheme

5 (1) For the purposes of this Schedule an overseas pension scheme is a qualifying overseas pension scheme if—

(a) the scheme manager has given to the Inland Revenue notification that it is an overseas pension scheme and has provided any such evidence that it is an overseas pension scheme as the Inland Revenue may require,

(b) the scheme manager has undertaken to the Inland Revenue to inform the Inland Revenue if it ceases to be an overseas pension scheme,

(c) the scheme manager has undertaken to the Inland Revenue to comply with any prescribed benefit crystallisation information requirements imposed on the scheme manager, and

(d) the overseas pension scheme is not excluded from being a qualifying overseas pension scheme by sub-paragraph (3).

(2) In sub-paragraph (1)(c) "prescribed benefit crystallisation information requirements" means requirements imposed by or under regulations made by the Board of Inland Revenue to provide to the Inland Revenue any information relating to events that are benefit crystallisation events in relation to members of the pension scheme who have at any time been relevant migrant members of the pension scheme.

(3) An overseas pension scheme is excluded from being a qualifying overseas pension scheme if the Inland Revenue has decided that—

(a) there has been a failure to comply with any prescribed benefit crystallisation information requirements imposed on the scheme manager and the failure is significant, and

(b) by reason of the failure it is not appropriate that relief from tax should be given in respect of contributions under the pension scheme,

and has notified the person or persons appearing to be the scheme manager of that decision (but subject to sub-paragraph (5) and paragraph 6).

(4) A failure to comply with prescribed benefit crystallisation information requirements is significant if—

(a) the amount of information which has not been provided is substantial, or

(b) the failure to provide the information is likely to result in serious prejudice to the assessment or collection of tax.

(5) The Inland Revenue —

(a) may at any time after an overseas pension scheme becomes excluded from being a qualifying overseas pension scheme decide that the pension scheme is to cease to be so excluded, and

(b) must notify the scheme manager of the decision.

6 (1) This paragraph applies where an overseas pension scheme is excluded from being a qualifying overseas pension scheme by a decision of the Inland Revenue under paragraph 5(3).

(2) The scheme manager may appeal against the decision.

(3) The appeal is to the General Commissioners, except that the scheme manager may elect (in accordance with section 46(1) of TMA 1970) to bring the appeal before the Special Commissioners instead of the General Commissioners.

(4) Paragraphs 1, 2, 8 and 9 of Schedule 3 to TMA 1970 (rules for assigning proceedings to General Commissioners) have effect to identify the General Commissioners before whom an appeal under this paragraph is to be brought, but subject to modifications specified in an order made by the Board of Inland Revenue.

(5) An appeal under this paragraph against a decision must be brought within the period of 30 days beginning with the day on which the notification of the decision was given.

(6) The Commissioners before whom an appeal under this paragraph is brought must consider whether the overseas pension scheme ought to have been excluded from being a qualifying overseas pension scheme.

(7) If they decide that the overseas pension scheme ought to have been excluded from being a qualifying overseas pension scheme, they must dismiss the appeal.

(8) If they decide that the overseas pension scheme ought not to have been excluded from being a qualifying overseas pension scheme, the pension scheme is to be treated as having remained a qualifying overseas pension scheme (but subject to any further appeal or any determination on, or in consequence of, a case stated).—*[Dawn Primarolo.]*

Brought up, read the First and Second time, and added to the Bill.

New Schedule 2

NON-UK SCHEMES: APPLICATION OF CERTAIN CHARGES

Member payment charges

1 (1) For the purposes of the member payment charges the member payment provisions apply in relation to payments made (or treated by this Part as made) to or in respect of—

(a) a relieved member of a relevant non-UK scheme, or

(b) a transfer member of such a scheme,

as in relation to payments made (or treated by this Part as made) to or in respect of a member of a registered pension scheme.

(2) Sub-paragraph (1) has effect subject to the provision made by and under paragraphs 2 to 7.

(3) "The member payment charges" are—

(a) the unauthorised payments charge,

(b) the unauthorised payments surcharge,

(c) the short service refund lump sum charge,

(d) the special lump sum death benefits charge, and

(e) the charges under sections 636B and 636C of ITEPA 2003 (trivial commutation and winding-up lump sums and lump sum death benefits) (inserted by Schedule 31).

(4) "The member payment provisions" are the provisions of this Part relating to payments made (or treated by this Part as made) to or in respect of a member of a registered pension scheme.

(5) A scheme is a relevant non-UK scheme if—

(a) relief from tax has been given in respect of contributions paid under the scheme by virtue of Schedule (Overseas pension schemes: migrant member relief) (overseas pension schemes: migrant member relief),

(b) relief from tax has been so given at any time after 5th April 2006 under double tax arrangements,

(c) a member of the scheme has been, or members of the scheme have been, exempt from liability to tax by virtue of section 307 of ITEPA 2003 (exemption for provision made by employer for retirement or death benefit) in respect of provision made under the scheme at any time after 5th April 2006 when the scheme was an overseas pension scheme, or

(d) there has been a relevant transfer at any time after 5th April 2006 when the scheme was a qualifying recognised overseas pension scheme.

(6) "A relevant transfer" means a (direct or indirect) transfer of sums or assets held for the purposes of, or representing accrued rights under, an arrangement made under—

(a) a registered pension scheme, or

(b) another scheme which is a relevant non-UK scheme,

in relation to a member so as to become held for the purposes of, or to represent rights under, an arrangement under the scheme relating to the member; but also includes a transfer lump sum death benefit paid so as to become held for the purposes of, or to represent rights under, such an arrangement.

(7) A member of a relevant non-UK scheme is a relieved member of the scheme if—

(a) any of the contributions in respect of which relief has been given as mentioned in sub-paragraph (5)(a) or (b) were contributions paid by or on behalf of, or in respect of, the member, or

(b) the member is the member, or one of the members, who has been exempt from liability to tax as mentioned in sub-paragraph (5)(c).

(8) A member of a relevant non-UK scheme is a transfer member of the scheme if a relevant transfer related to the member.

2 The member payment provisions do not apply in relation to a payment made (or treated by this Part as made) to or in respect of a relieved member or transfer member of a relevant non-UK scheme unless the member—

(a) is resident in the United Kingdom when the payment is made (or treated as made), or

(b) although not resident in the United Kingdom at that time, has been resident in the United Kingdom earlier in the tax year in which the payment is made (or treated as made) or in any of the five tax years immediately preceding that tax year.

3 (1) The member payment provisions do not apply in relation to a payment made (or treated by this Part as made) to or in respect of a relieved member of a relevant non-UK scheme unless the payment is referable to the member's UK tax-relieved fund under the scheme.

(2) A member's UK tax-relieved fund under a relevant non-UK scheme is so much of—

(a) the sums or assets held for the purposes of, or representing accrued rights under, the scheme as, in accordance with regulations made by the Board of Inland Revenue, represents

(b) any tax-relieved contributions made under the scheme by or on behalf of, or in respect of, the member and any tax-exempt provision made under the scheme in relation to the member.

(3) "Tax-relieved contributions" means contributions in respect of which relief from tax—

(a) has been given by virtue of Schedule (Overseas pension schemes: migrant member relief) (overseas pension schemes: migrant member relief), or

(b) has been given at any time after 5th April 2006 under double tax arrangements.

(4) "Tax-exempt provision" means provision in respect of which exemption from tax has been given by virtue of section 307 of ITEPA 2003 (exemption for provision made by employer for retirement or death benefit) at any time after 5th April 2006 when the scheme was an overseas pension scheme.

(5) Regulations under sub-paragraph (2) may (in particular) provide that the sums or assets which represent any tax-relieved contributions or tax-exempt provision are to be determined otherwise than by reference to the actual amount of the contributions or the amount or value of the provision (for instance by reference to the increase in the value of the member's rights under the scheme during a period for which relief or exemption in respect of such contributions or provision was given).

(6) Regulations made by the Board of Inland Revenue may make provision for determining whether or not payments made (or treated as made) by a relevant non-UK scheme are to be treated as referable to a member's UK tax-relieved fund under the scheme (and so whether or not they reduce the fund).

4 (1) The member payment provisions do not apply in relation to a payment made (or treated by this Part as made) to or in respect of a transfer member of a relevant non-UK scheme unless it is referable to the member's relevant transfer fund under the scheme.

[Mr. Salmond]

(2) A member's relevant transfer fund under a relevant non-UK scheme is so much of—

(a) the sums or assets held for the purposes of, or representing accrued rights under, the scheme as, in accordance with regulations made by the Board of Inland Revenue, represents

(b) relevant transferred sums or assets.

(3) "Relevant transferred sums or assets" means sums or assets held for the purposes of, or representing accrued rights under, an arrangement under—

(a) a registered pension scheme, or

(b) another scheme which is a relevant non-UK scheme,

which at any time after 5th April 2006 when the scheme was an overseas pension scheme have been transferred (directly or indirectly) so as to become held for the purposes of, or to represent rights under, an arrangement under the scheme relating to the member; but also includes a transfer lump sum death benefit which at any such time was paid so as to become held for the purposes of, or to represent rights under, such an arrangement.

(4) Regulations made by the Board of Inland Revenue may make provision for determining whether payments or transfers made (or treated as made) by a relevant non-UK scheme are to be treated as referable to a member's relevant transfer fund under the scheme (and so whether or not they reduce the fund).

5 Sections 201 and 202 (short service refund lump sum charge and special lump sum death benefits charge) apply with respect to a lump sum or lump sum death benefit paid to or in respect of—

(a) a relieved member of a relevant non-UK scheme, or

(b) a transfer member of such a scheme,

so as to make the person to whom the lump sum or lump sum death benefit is paid (rather than the scheme administrator) liable to any charge imposed by either of those sections.

6 (1) The amount of any liability to tax imposed on any individual in relation to a payment by virtue of the operation of the member payment charges in consequence of paragraph 1 is to be reduced by the amount of any tax paid in respect of the payment under the law of any country or territory outside the United Kingdom.

(2) Where, after any tax which an individual is liable to pay in respect of a payment in consequence of paragraph 1 has been paid, tax is paid in respect of the payment under the law of any country or territory outside the United Kingdom, an appropriate adjustment is to be made in the individual's liability to tax (by way of discharge or repayment of tax).

7 (1) The member payment provisions apply with respect to a payment made (or treated by this Part as made) to or in respect of—

(a) a relieved member of a relevant non-UK scheme, or

(b) a transfer member of such a scheme,

subject to any omissions, additions and other modifications contained in regulations made by the Board of Inland Revenue.

(2) Regulations under sub-paragraph (1) may—

(a) include provision having effect in relation to times before they are made,

(b) confer discretion on the Board of Inland Revenue or the Inland Revenue (subject to a right of appeal against any decision taken in exercise of the discretion),

(c) make different provision in relation to payments treated (in accordance with regulations under paragraph 3(6) or 4(4)) as being referable to a member's UK tax-relieved fund, or to a member's relevant transfer fund, under a relevant non-UK scheme, and

(d) otherwise make different provision for different cases.

Annual allowance charge

8 (1) The provisions of this Part relating to the annual allowance charge ("the annual allowance provisions") apply in relation to an individual who is a currently-relieved member of a currently-relieved non-UK pension scheme as if the currently-relieved non-UK pension scheme were a registered pension scheme.

(2) Sub-paragraph (1) has effect subject to the provision made by and under paragraphs 9 to 12.

(3) A pension scheme is a currently-relieved non-UK pension scheme in relation to a tax year if—

(a) relief from tax is given in respect of contributions paid during the tax year under the pension scheme by virtue of Schedule (Overseas pension schemes: migrant member relief) (overseas pension schemes: migrant member relief) or double tax arrangements, or

(b) a member of the pension scheme is, or members of the pension scheme are, exempt from liability to tax by virtue of section 307 of ITEPA 2003 (exemption for provision made by employer for retirement or death benefit) in respect of provision made under the pension scheme at any time during the tax year when the pension scheme is an overseas pension scheme.

(4) An individual is a currently-relieved member of a currently-relieved non-UK pension scheme in relation to a tax year if—

(a) any of the contributions in respect of which relief is given as mentioned in sub-paragraph (3)(a) are contributions paid by or on behalf of, or in respect of, the individual, or

(b) the individual is the member, or one of the members, who is exempt from liability to tax as mentioned in sub-paragraph (3)(b).

9 The annual allowance provisions apply by virtue of paragraph 8 in relation to an individual who is a currently-relieved member of a currently-relieved non-UK pension scheme as if references to the pension input period of an arrangement under the pension scheme that ends in a tax year were to the tax year.

10 (1) Sections 226(1) and 230(1) (cash balance and defined benefits arrangements) apply by virtue of paragraph 8 in relation to an individual who is a currently-relieved member of a currently-relieved non-UK pension scheme in relation to a tax year as if the increase in the value of the individual's rights under an arrangement under the pension scheme relating to the individual during the tax year were the greater of—

(a) the appropriate fraction of what it otherwise would be, and

(b) the amount of any contributions paid under the arrangement during the tax year by or on behalf of the individual (otherwise than by an employer) in respect of which relief from tax is given by virtue of Schedule (Overseas pension schemes: migrant member relief) (overseas pension schemes: migrant member relief) or double tax arrangements;

and section 233 (hybrid arrangements) applies accordingly.

(2) The appropriate fraction is—

$$\frac{TE}{EI}$$

where—

EI is the total amount of employment income of the individual from any relevant employment or employments for the tax year, and

TE is so much of EI as constitutes taxable earnings from any such employment (within the meaning of section 10(2) of ITEPA 2003).

(3) An employment is a relevant employment if it is an employment with an employer who is a sponsoring employer in relation to the currently-relieved non-UK pension scheme.

11 (1) Section 229(1) (other money purchase arrangements) applies by virtue of paragraph 8 in relation to an individual who is a currently-relieved member of a currently-relieved non-UK pension scheme in relation to a tax year as if—

(a) the reference in paragraph (a) to relievable pension contributions paid by or on behalf of the individual under an arrangement under the pension scheme relating to the individual were to those in respect of which relief from tax is given by virtue of Schedule (Overseas pension schemes: migrant member relief) (overseas pension schemes: migrant member relief) or double tax arrangements, and

(b) the reference in paragraph (b) to contributions paid in respect of the individual under such an arrangement by an employer of the individual were to the appropriate fraction of contributions so paid;

and section 233 applies accordingly.

(2) The appropriate fraction is—

$$\frac{TE}{EI}$$

where—

EI is the total amount of employment income of the individual from any employment or employments with the employer for the tax year, and

TE is so much of EI as constitutes taxable earnings from any such employment (within the meaning of section 10(2) of ITEPA 2003).

12 (1) The annual allowance provisions apply by virtue of paragraph 8 in relation to an individual who is a currently-relieved member of a currently-relieved non-UK pension scheme subject to any omissions, additions and other modifications contained in regulations made by the Board of Inland Revenue.

(2) Regulations under sub-paragraph (1) may—

(a) include provision having effect in relation to times before they are made,

(b) confer discretion on the Board of Inland Revenue or the Inland Revenue (subject to a right of appeal against any decision taken in exercise of the discretion), and

(c) make different provision for different cases.

Lifetime allowance charge

13 (1) The provisions of this Part relating to the lifetime allowance charge ("the lifetime allowance provisions") apply in relation to an individual who is a relieved member of a relieved non-UK pension scheme as if the relieved non-UK pension scheme were a registered pension scheme.

(2) Sub-paragraph (1) has effect subject to the provision made by and under paragraphs 14 to 19.

(3) A pension scheme is a relieved non-UK pension scheme if—

(a) relief from tax has been given in respect of contributions paid under the pension scheme by virtue of Schedule (Overseas pension schemes: migrant member relief) (overseas pension schemes: migrant member relief),

(b) relief from tax has been so given at any time after 5th April 2006 under double tax arrangements, or

(c) a member of the pension scheme has been, or members of the pension scheme have been, exempt from liability to tax by virtue of section 307 of ITEPA 2003 (exemption for provision made by employer for retirement or death benefit) in respect of provision made under the pension scheme at any time after 5th April 2006 when the pension scheme was an overseas pension scheme.

(4) An individual is a relieved member of a relieved non-UK pension scheme if—

(a) any of the contributions in respect of which relief has been given as mentioned in sub-paragraph (3)(a) or (b) were contributions paid by or on behalf of, or in respect of, the individual, or

(b) the individual is the member, or one of the members, who has been exempt from liability to tax as mentioned in sub-paragraph (3)(c).

14 (1) This paragraph applies in relation to the amount crystallised on the occurrence of an event that is a benefit crystallisation event by virtue of this Schedule in relation to an individual who is a relieved member of a relieved non-UK pension scheme.

(2) What would otherwise be the amount crystallised by the event is reduced by so much (if any) of it as exceeds the amount of the untested portion of the relevant relieved amount immediately before the benefit crystallisation event (so that if that amount is nil, there is no amount crystallised).

(3) For the purposes of this paragraph and paragraph 15 the relevant relieved amount is the aggregate of—

(a) the amounts which for each tax year before that in which the benefit crystallisation event occurs would have been arrived at in relation to arrangements under the relieved non-UK pension scheme relating to the individual as pension input amounts under sections 226 to 233 (annual allowance) as they apply by virtue of this Schedule, and

(b) the amount which would be so arrived at if the period beginning with the tax year in which the benefit crystallisation event occurs and ending immediately before the benefit crystallisation event were a tax year,

assuming that section 225(3) did not apply.

(4) For the purposes of this paragraph and paragraph 15 the untested portion of the relevant relieved amount is so much of the relevant relieved amount as exceeds the aggregate of the amount which (in accordance with sub-paragraph (2)) is the amount crystallised by each previous event that was a benefit crystallisation event by virtue of this Schedule in relation to the individual and the relieved non-UK pension scheme (so that if there has been no such previous event the untested portion of the relevant relieved amount is the whole of that amount).

15 (1) An individual who is a relieved member of a relieved non-UK pension scheme may at any time elect by giving notice to the Inland Revenue in a form specified by the Board of Inland Revenue that a benefit crystallisation event is to be treated as occurring on the date specified in the notice in relation to the individual and the relieved non-UK pension scheme.

(2) The amount crystallised on the occurrence of an event that is a benefit crystallisation event by virtue of sub-paragraph (1) is the untested portion of the relevant relieved amount.

16 (1) This paragraph applies on the occurrence of a transfer of sums or assets held for the purposes of, or representing accrued rights under, a relieved non-UK pension scheme which (apart from sub-paragraph (2)) would by virtue of paragraph 13 be a benefit crystallisation event in relation to an individual who is a relieved member of the relieved non-UK pension scheme.

(2) The event is not a benefit crystallisation event if the transfer is a block transfer.

(3) A transfer is a block transfer if it involves the transfer in a single transaction of all the sums and assets held for the purposes of, or representing accrued rights under, the arrangements under the relieved non-UK pension scheme which relate to—

(a) the individual, and

(b) at least one other member of the relieved non-UK pension scheme (whether or not that member is a relieved member).

17 Section 213 (persons liable to charge) applies with respect to a liability to the lifetime allowance charge arising by reason of the occurrence of an event that is a benefit crystallisation event by virtue of this Schedule in relation to an individual who is a relieved member of a relieved non-UK pension scheme with the omission of references to the scheme administrator.

18 (1) This paragraph applies where sums and assets held for the purposes of, or representing accrued rights under, a relieved non-UK pension scheme are transferred so as to become held for the purposes of, or to represent rights under, another pension scheme ("the transferee pension scheme") in circumstances in which, by virtue of paragraph 16, the transfer does not constitute a benefit crystallisation event.

[Mr. Salmond]

(2) Paragraphs 13 to 17 and sub-paragraph (1) have effect after the transfer as if—

(a) references to a relieved non-UK pension scheme included the transferee pension scheme (if not a relieved non-UK pension scheme),

(b) references to an individual who is a relieved member of a relieved non-UK pension scheme included the individual to whom the transfer related (if not a relieved member of a relieved non-UK pension scheme), and

(c) the relevant relieved amount consisted of, or (if there is a relevant relieved amount in relation to the individual and the transferee pension scheme apart from this paragraph) included, the amount which would have been the amount crystallised had the transfer constituted a benefit crystallisation event.

19 (1) The provisions of this Part of this Act relating to the lifetime allowance charge apply in relation to an individual who is a relieved member of a relieved non-UK pension scheme subject to any omissions, additions and other modifications contained in regulations made by the Board of Inland Revenue.

(2) Regulations under sub-paragraph (1) may—

(a) include provision having effect in relation to times before they are made,

(b) confer discretion on the Board of Inland Revenue or the Inland Revenue (subject to a right of appeal against any decision taken in exercise of the discretion), and

(c) make different provision for different cases.

Meaning of "double tax arrangements"

20 In this Schedule "double tax arrangements" means arrangements having effect by virtue of section 788 of ICTA (relief by agreement with other territories).'.—*[Dawn Primarolo.]*

Brought up, read the First and Second time, and added to the Bill.

Schedule 40

REPEALS

Amendment made: No. 223, in page 586, line 15, leave out from beginning to '94' in line 16 and insert 'Sections 92 to'.—*[Dawn Primarolo.]*

Order for Third Reading read.—[Queen's Consent, on behalf of the Crown, and Prince of Wales's consent, on behalf of the Duchy of Cornwall, signified.]

6.30 pm

Dawn Primarolo: I beg to move, That the Bill be now read the Third time.

I wish to thank all the right hon. and hon. Members who participated in the Committee of the whole House and the Standing Committee, and whose contributions produced lively exchanges, constructive debate and some improvement in the content of the Bill.

In March, the Budget set out the Government's determination to take the right steps to meet the challenges and pressures that face the nation now and in the future. This Finance Bill introduces the measures through which we shall take these steps by strengthening stability, supporting enterprise and ensuring fairness. In doing so, modernising the tax system and the protection of tax revenues go hand in hand with greater investment in public services and improvements in efficiency.

Promoting enterprise and productivity have long been key aspects of our economic policymaking, alongside introducing measures that will create a platform of stability for business, and ensuring that the UK keeps pace with the global economy. The Bill takes those objectives forward through some specific measures.

In the past, we have cut corporation tax. The Bill freezes corporation tax rates at their current level, and clauses 38 to 46 will take forward our continuing reform of the corporation tax system. To provide enterprise incentives, clauses 93 and 94 will amend the enterprise investment schemes and the venture capital trust schemes. The Bill confirms the Government's commitment to allow investments in venture capital trusts to secure tax relief of up to £200,000 a year—not at the lower rate of 20p, but at the higher rate of 40p.

Clauses 138 to 139 provide particular reliefs to business. To increase the incentive to invest in research and development, a new definition of research and development tax credits came into effect on 1 April 2004. To assist small business cash flow and enhance funding for new investment, the Bill will increase the first year capital allowance for small business investment in plant and machinery from 40 per cent. to 50 per cent. That increased allowance will be available for 12 months from April 2004.

Promoting enterprise and competition is important, but it must be underpinned by fairness. Our objectives for stable public finances and world-class public services require a tax system that is fair—one in which everyone pays or claims what is due. To protect the revenue for investment in the public services that this country wants, we are determined to tackle tax avoidance and evasion. To do that, we have brought in a number of legislative changes to close loopholes that have been exploited for avoiding tax. Most importantly, through clauses 298 to 311, we have introduced disclosure rules to ensure that we find out about new loopholes earlier and can announce changes in the law to protect the Exchequer and the generality of taxpayers.

Throughout consideration of those proposals, concerns have been raised—they were raised again yesterday, especially by the hon. Member for Arundel and South Downs (Mr. Flight)—about the possible impact of the rules on normal, bespoke tax advice. I repeat my assurances that those rules will not target straightforward tax planning, such as the advice that companies necessarily seek when planning a takeover or merger. The revised draft regulations will ensure that the rules target arrangements that present a significant risk to the Exchequer. Having carefully reconsidered the points made by the hon. Member for Arundel and South Downs, I shall go further by saying that a number of points will be taken forward.

The Revenue has been working with tax advisers and industry representatives during the consultation to refine the rules in two key areas. First, the definition of a promoter will be restricted to ensure that only those at the heart of a scheme are required to disclose. Broadly, that will exclude anyone who is not directly responsible for designing those parts of the scheme that give rise to the tax advantage. Secondly, the final published regulations will contain more narrowly targeted rules that should be relatively easy to apply. In particular, the financial products test will be limited to arrangements

where it would be possible for the promoter to obtain a fee attributable to the tax advantage achieved by the scheme, where the tax advantage arises from elements of the arrangements that a promoter might wish to keep confidential or where a promoter is party to a financial product on terms that are significantly different from open market terms.

In explaining that approach to the House, I stress to the hon. Member for Arundel and South Downs and other hon. Members that we are in absolute agreement on the questions that they have asked about filtering out ordinary, ongoing and bespoke tax advice and bespoke planning advice on commercial transactions where the tax arrangements are unremarkable. We will continue to watch such things closely and consider the views of the House on them.

Under clause 19, we will also introduce new requirements to disclose the use of VAT avoidance schemes. The Bill confirms our commitment to tackle complex tax avoidance schemes using trusts. Clause 84 will introduce an income tax charge on pre-owned assets to ensure that people use trusts for legitimate transactions, not to achieve unfair tax avoidance. Together, those and other measures are intended to seek to safeguard fairness in the tax system to ensure that everyone pays their way and that as little as possible is wasted through avoidance and fraud.

The Bill takes forward some of the key steps that we are taking to ensure that the country has the means to meet the challenges of the future. It is however important that individuals can do that as well. That will be delivered and driven by our pension simplification measures, which are the most radical changes to pension tax for a generation and are encompassed in clauses 146 to 278. Simplifying the taxation of pensions is the cornerstone to making pensions easy for everyone to understand, thus enabling everyone to prepare for their future. By replacing the previous rules with a single regime for tax-privileged pension saving, the Government will reduce complexity, cut regulation and introduce more flexibility for those who save or wish to save for retirement. We are introducing a simple system that enables people to plan and save for their retirement. In that way, the Bill renews and reaffirms the Government's role in the UK's pensions partnership.

The Government aim to maintain the UK as a low-tax environment. The Bill enshrines that ambition. It will build on and develop the macro-economic stability that is essential for our future productivity, growth and prosperity. It will support business, while ensuring fairness. It will enable this country to match its new-found economic stability with the confidence to excel in the future. The Budget laid down the measures that will enable the UK to respond to and meet the challenges of the global economy, and the Bill will set them in statute. I commend it to the House.

6.39 pm

Mr. Flight: We have not had last year's problem of having a timetable for our proceedings, which resulted in a lack of time for adequate scrutiny, but such was the lack of consultation on some key areas of the Bill and the Government's failure to understand the knock-on effects of their major changes, that we have considered a deluge of amendments and new clauses on Report. The Government's failure to get to grips with several complex aspects of the Bill and their unfair—and, I trust, unintended—effects needs to be addressed, so I was pleased to hear the Paymaster General commenting on their willingness to do so. That will inevitably mean that the Inland Revenue will have to sort out the problems through Revenue guidance later on, but it is wrong and undemocratic for our system to be governed increasingly by Inland Revenue fiat.

The Bill will create more than 600 pages of complex legislation with which businesses and citizens must cope. I described it as "dull" on Second Reading, but perhaps "depressing" would be a better word. It contains nothing positive for the productive economy, and it will do nothing to relieve citizens and businesses from the burdens of big spending, big borrowing, big taxes and the inefficient big government that is failing to deliver promised improvements to public services. It will add to the command and control culture that is inevitably expensive and bears down on our economy's competitiveness. The impact of the Bill will go well beyond the Government's estimates on Revenue staffing and cost, yet the resultant additional tax-take is unlikely to be significant.

At the present stage in the economic cycle, with zero slack capacity, any prudent Chancellor would have tried to increase the savings rate, but the Bill contains no incentives for savers. Contrived outside the Bill itself, individual savings accounts are becoming less attractive to the 15 million ISA savers.

Although there is common support for the measures that will require the reporting of marketed tax avoidance schemes, and notwithstanding the Government's climbdown in response to some of the criticisms from the legal profession, the reporting requirements in the Bill extend well beyond such schemes. The failure to draw a line is likely to result in the Inland Revenue being snowed under by the reporting of regular corporate tax planning arrangements. I repeat that I welcome the Paymaster General's intention, but I am not sure how she will achieve her aim.

The Government have similarly committed overkill with their retrospective charge to income tax on pre-owned assets. They promoted those measures as an attack on past aggressive inheritance tax planning to avoid the gifts with reservations rules. However, as they have chosen to adopt an entirely new catch-all tax with only a limited number of exemptions, the new system goes much further. The new income tax will apply to situations accepted previously by the Revenue as being outside the gifts with reservations rules, and within the statutory gifts with reservations exemptions that the Government introduced. A greater concern is that while the new income tax is technically retroactive, it is in principle retrospective. It changes the tax rules that are applicable to transactions entered into as far back as 18 years ago, which were legal at that time. The Government are effectively introducing a major and unacceptable new doctrine that retrospective legislation is legitimate if there has been tax avoidance.

The Bill also includes the new and complicated 19 per cent. non-corporate distribution tax on small incorporated businesses. The problem that exists is wholly of the Government's making, as we warned at the outset. Those measures, together with clause 86 and

[Mr. Flight]

the Jones section 660 case, on which the ruling of the special commissioners is awaited, constitute an attack on small manager-owned businesses that will burden them with unnecessary complexities. Clause 86 undermines the basis of independent taxation as set out by the Chancellor at the time of its introduction. It meant that husbands and wives were free to organise their tax affairs to benefit from the new independent taxation rules.

The new simplified tax regime for pension saving turns out not to be so simple after all. Although many of the reforms have been generally welcomed and the increased flexibility was badly needed, the changes were supposed to reduce eight regimes into one, but as we pointed out, in reality there will be six sub-regimes. The transitional arrangements will be highly complicated and retrospective for those who were specifically grandfathered when the original pension cap was introduced in 1989. The most unfair aspect is that the 20:1 pension formula for valuing a final salary scheme pension is significantly more generous than the fixed £1.5 million limit for money purchase pensions.

The Government have remained deaf to the probability that clause 20, which tightens up on VAT group relief, will be a major incentive to banks and other large service organisations to subcontract their back offices overseas.

The Government have failed to convince anyone that the costly and complex strip stamping regime for spirits will work, or that the cost to the industry will be proportionate to the benefit of the strip stamp.

This is a bad Finance Bill with ever more complexity and costs, adding nothing to the productive part of the economy. The overkill on anti-avoidance and the retrospective nature of the pre-owned assets legislation alone are sufficient grounds to vote against it. The once prudent Chancellor has contrived to seek to create a pre-election boom by massive increases in public expenditure and borrowing, at the cost of creating a large structural deficit and an unsustainable increase in personal borrowing, to more than a trillion.

In the forthcoming spending review the Chancellor will not tell us by how much he will increase taxation if Labour were to win another election. He will not be telling us either that when he knows that he should be putting the brakes on out-of-control public expenditure, he cannot do so because he has refused to backtrack on the overbearing and inefficient micro-management big state that he has created. The Government have not only been wasting taxpayers' money by mistake, but they have on purpose developed a command-and-control regime that has bloated the cost of government itself.

The Chancellor knows that he has already lost the confidence of much of the business community. As the recent elections showed, Labour is losing the confidence of the voters.

6.46 pm

Mr. David Laws (Yeovil) (LD): As the hon. Member for Arundel and South Downs (Mr. Flight) hinted at the beginning of his comments, we have at least this year had a good opportunity to debate all the elements of the Finance Bill, notwithstanding one or two late amendments. That is by contrast with last year. I think that last year we had one extended day for the last stages of the Finance Bill. It is to be welcomed that this year the Government listened to some of the concerns and criticisms that were expressed about the amount of time that we have.

The hon. Member for Arundel and South Downs is also correct to say that this is perhaps one of the less memorable Finance Bills of recent years. When we examine the costings of all the different measures that the Government have put forward in the Bill, we can see nothing of any great size. I leave it to others to decide whether the Chancellor has run out of money to give away this year, or whether he has run out of ideas for new policies.

We have had a good opportunity to debate in detail many of the issues that arise from the Bill, so I want only to pick out some of the salient points in summary, both those where the Government seem to have made some progress and those areas where we have continuing concerns about the Government's policy.

On the simplification of the pensions tax regime, we largely agree that it is an improvement on the previous situation, and we welcome that. We have continuing concerns about duty stamps for spirits, not least because we question whether there is evidence to justify the measure that the Government are bringing forward in terms of its potential cost for the industry. However, we accept that the Economic Secretary has made some important progress in recent weeks behind the scenes with the industry in considering how the Government's policy can be introduced in a way that will reduce the burden on the industry. We hope that those discussions will continue so that a more workable scheme can be developed that will not have the bad effects and the high cost burdens on the industry that the initial proposals in the Bill were to have.

We welcome many of the proposals in the Bill on the issue of tax avoidance. The Paymaster General is right to say that it would be of concern to any Government given the potential leakage of revenue. We have heard not only of large tax avoidance schemes that have taken effect over the past couple of years, but about how effective the industry is in developing new tax avoidance schemes even during consideration of the new Finance Bill. We therefore welcome many of the measures in the Bill, and the Government are sensible to introduce more general anti-avoidance legislation, including the pre-notification requirements for artificial schemes.

We have only two concerns about the Government's proposals on tax avoidance, and they relate to bespoke advice and de minimis limits. The Paymaster General was slightly more constructive about those issues on Third Reading than she was on Report, and I hope that behind the scenes the Revenue will work with the industry to make sure that the proposals are workable and reduce the burden on business and the tax industry if the Government insist on notification of everything that moves. I am pleased, however, that the Paymaster General has softened her position a little. If we are to get to grips with tax avoidance, the Government should not only close loopholes but resist the opportunity to open

others that can be exploited. When we discussed charity taxation reliefs, we saw how easy it is, even when there is well meaning and apparently well thought-out Government legislation, to develop artificial schemes and contrivances that can be immensely expensive.

The Government have a responsibility not to introduce complicated new schemes that can be open to abuse. As the hon. Member for Arundel and South Downs said, the Government were warned at the time that their proposals on the zero per cent. rate of corporation tax would open a huge tax loophole, leading to a loss of revenue, which is exactly what has happened. The contrivance of the 19 per cent. rate on non-corporate distributions will impose a big burden on small businesses that lack a sophisticated appreciation of taxation matters, not least because they will find it hard to understand how it affects them. They will have to purchase more complex and costly tax advice, but they should not be put in such a position. I very much hope that after the further review of the corporate tax system which, the Government say, will take place in the next couple of years, a more settled tax regime for small businesses will replace the system of four or five different rates that has been in operation over the past few years.

The Finance Bill is disappointing not so much because of its provisions, some of which are sensible and deal with matters that require reform, but because it is detached from the concerns of ordinary taxpayers around the country, in middle Britain and in middle England. Our debates on issues such as pension tax reform demonstrate, as the hon. Member for Grantham and Stamford (Mr. Davies) said, how far removed we are from the concerns of the average taxpayer on an average income. We discussed how people would be affected by a £1.5 million or £1.8 million pension pot—sums which are way beyond the income of the average taxpayer, who is concerned about the increasingly aggressive nature of the tax system, not least the huge 80 per cent. increase in council tax since 1987; the way in which more and more people are being pulled into the tax net following the failure to index the personal allowance in line with earnings; and the fact that stamp duty on residential property catches most first-time buyers, although it caught only 18 per cent. of them 10 years ago, since when it has not been indexed. The Bill's biggest weakness is its detachment from the tax concerns of average taxpayers, who want a fairer, simpler tax system. Instead, they have had more fiddling and unfairness, so we hope that the Government will learn that lesson when they introduce Finance Bills in future.

Question put, That the Bill be now read the Third time:—

The House divided: Ayes 249, Noes 136.

Division No. 220] **[6:54 pm**

AYES

Adams, Irene *(Paisley N)*
Ainsworth, Bob *(Cov'try NE)*
Alexander, Douglas
Allen, Graham
Anderson, rh Donald *(Swansea E)*
Anderson, Janet *(Rossendale & Darwen)*
Atkins, Charlotte
Austin, John
Baird, Vera
Banks, Tony
Barnes, Harry
Barron, rh Kevin
Battle, John
Beard, Nigel
Beckett, rh Margaret
Begg, Miss Anne
Bennett, Andrew
Benton, Joe *(Bootle)*
Berry, Roger
Best, Harold
Blackman, Liz
Blears, Ms Hazel
Blizzard, Bob
Blunkett, rh David
Borrow, David
Bradley, rh Keith *(Withington)*
Bradley, Peter *(The Wrekin)*
Brennan, Kevin
Brown, rh Nicholas *(Newcastle E Wallsend)*
Browne, Desmond
Buck, Ms Karen
Burden, Richard
Burgon, Colin
Burnham, Andy
Byers, rh Stephen
Cairns, David
Campbell, Mrs Anne *(C'bridge)*
Casale, Roger
Chapman, Ben *(Wirral S)*
Chaytor, David
Clapham, Michael
Clark, Mrs Helen *(Peterborough)*
Clark, Dr. Lynda *(Edinburgh Pentlands)*
Clarke, rh Tom *(Coatbridge & Chryston)*
Clelland, David
Coaker, Vernon
Coffey, Ms Ann
Cohen, Harry
Colman, Tony
Connarty, Michael
Corston, Jean
Cousins, Jim
Cranston, Ross
Crausby, David
Cryer, Ann *(Keighley)*
Cryer, John *(Hornchurch)*
Cunningham, Jim *(Coventry S)*
Cunningham, Tony *(Workington)*
Curtis-Thomas, Mrs Claire
Dalyell, Tam
Darling, rh Alistair
Davey, Valerie *(Bristol W)*
Davies, rh Denzil *(Llanelli)*
Davies, Geraint *(Croydon C)*
Dean, Mrs Janet
Denham, rh John
Dhanda, Parmjit
Dismore, Andrew
Dobbin, Jim *(Heywood)*
Dobson, rh Frank
Doran, Frank
Dowd, Jim *(Lewisham W)*
Dunwoody, Mrs Gwyneth
Eagle, Angela *(Wallasey)*
Eagle, Maria *(L'pool Garston)*
Edwards, Huw
Efford, Clive
Ennis, Jeff *(Barnsley E)*
Etherington, Bill
Farrelly, Paul
Field, rh Frank *(Birkenhead)*
Fisher, Mark
Fitzpatrick, Jim
Fitzsimons, Mrs Lorna
Flint, Caroline
Flynn, Paul *(Newport W)*
Follett, Barbara
Foster, rh Derek
Foster, Michael Jabez *(Hastings & Rye)*
Foulkes, rh George
Gapes, Mike *(Ilford S)*
Gerrard, Neil
Gibson, Dr. Ian
Godsiff, Roger
Goggins, Paul
Griffiths, Jane *(Reading E)*
Griffiths, Nigel *(Edinburgh S)*
Grogan, John
Hain, rh Peter
Hall, Mike *(Weaver Vale)*
Hamilton, David *(Midlothian)*
Hamilton, Fabian *(Leeds NE)*
Hanson, David
Havard, Dai *(Merthyr Tydfil & Rhymney)*
Healey, John
Henderson, Doug *(Newcastle N)*
Hendrick, Mark
Hesford, Stephen
Heyes, David
Hill, Keith *(Streatham)*
Hood, Jimmy *(Clydesdale)*
Hoon, rh Geoffrey
Hopkins, Kelvin
Howarth, rh Alan *(Newport E)*
Howarth, George *(Knowsley N & Sefton E)*
Howells, Dr. Kim
Hughes, Kevin *(Doncaster N)*
Hurst, Alan *(Braintree)*
Hutton, rh John
Iddon, Dr. Brian
Illsley, Eric
Johnson, Alan *(Hull W)*
Jones, Jon Owen *(Cardiff C)*
Jones, Kevan *(N Durham)*
Jones, Lynne *(Selly Oak)*
Jowell, rh Tessa
Kaufman, rh Sir Gerald
Keeble, Ms Sally
Keen, Alan *(Feltham)*
Keen, Ann *(Brentford)*
Kelly, Ruth *(Bolton W)*
Kennedy, Jane *(Wavertree)*
Khabra, Piara S.
Kidney, David
Kilfoyle, Peter
Kumar, Dr. Ashok
Ladyman, Dr. Stephen
Lammy, David
Lepper, David
Leslie, Christopher
Levitt, Tom *(High Peak)*
Linton, Martin
Lloyd, Tony *(Manchester C)*
Love, Andrew
Lucas, Ian *(Wrexham)*
Luke, Iain *(Dundee E)*
Lyons, John *(Strathkelvin)*
McAvoy, Thomas
McCabe, Stephen
McCafferty, Chris
McDonagh, Siobhain
McDonnell, John
MacDougall, John
McIsaac, Shona
McKechin, Ann
McNamara, Kevin
McWalter, Tony
Mahon, Mrs Alice
Mandelson, rh Peter
Marris, Rob *(Wolverh'ton SW)*
Marsden, Gordon *(Blackpool S)*
Marshall-Andrews, Robert
Martlew, Eric
Meale, Alan *(Mansfield)*
Merron, Gillian

Michael, rh Alun
Milburn, rh Alan
Miliband, David
Miller, Andrew
Moffatt, Laura
Moran, Margaret
Morgan, Julie
Morley, Elliot
Mountford, Kali
Mudie, George
Murphy, Jim *(Eastwood)*
O'Hara, Edward
Otner, Bill
O'Neill, Martin
Osborne, Sandra *(Ayr)*
Owen, Albert
Perham, Linda
Picking, Anne
Pickthall, Colin
Pike, Peter *(Burnley)*
Pollard, Kerry
Pope, Greg *(Hyndburn)*
Pound, Stephen
Prentice, Ms Bridget *(Lewisham E)*
Prentice, Gordon *(Pendle)*
Primarolo, rh Dawn
Prosser, Gwyn
Purchase, Ken
Purnell, James
Rammell, Bill
Robertson, John *(Glasgow Anniesland)*
Ruane, Chris
Ruddock, Joan
Russell, Ms Christine *(City of Chester)*
Ryan, Joan *(Enfield N)*
Salter, Martin
Sarwar, Mohammad
Savidge, Malcolm
Sawford, Phil
Sedgemore, Brian
Sheerman, Barry
Sheridan, Jim
Shipley, Ms Debra
Short, rh Clare
Skinner, Dennis
Smith, Geraldine *(Morecambe & Lunesdale)*
Smith, Jacqui *(Redditch)*
Smith, Llew *(Blaenau Gwent)*
Soley, Clive
Southworth, Helen
Starkey, Dr. Phyllis
Stewart, David *(Inverness E & Lochaber)*
Stewart, Ian *(Eccles)*
Stinchcombe, Paul
Stoate, Dr. Howard
Strang, rh Dr. Gavin
Straw, rh Jack
Stringer, Graham
Stuart, Ms Gisela
Taylor, Dari *(Stockton S)*
Thomas, Gareth *(Clwyd W)*
Touhig, Don *(Islwyn)*
Trickett, Jon
Truswell, Paul
Turner, Dennis *(Wolverh'ton SE)*
Turner, Dr. Desmond *(Brighton Kemptown)*
Turner, Neil *(Wigan)*
Twigg, Derek *(Halton)*
Twigg, Stephen *(Enfield)*
Tynan, Bill *(Hamilton S)*
Walley, Ms Joan
Ward, Claire
Wareing, Robert N.
White, Brian
Whitehead, Dr. Alan
Wicks, Malcolm
Williams, Betty *(Conwy)*
Wills, Michael
Winnick, David
Wood, Mike *(Batley)*
Woodward, Shaun
Worthington, Tony
Wright, Anthony D. *(Gt Yarmouth)*
Wright, Tony *(Cannock)*

Tellers for the Ayes:
Mr. Nick Ainger and Paul Clark

NOES

Ainsworth, Peter *(E Surrey)*
Amess, David
Ancram, rh Michael
Arbuthnot, rh James
Atkinson, David *(Bour'mth E)*
Atkinson, Peter *(Hexham)*
Bacon, Richard
Baldry, Tony
Baron, John *(Billericay)*
Beggs, Roy *(E Antrim)*
Beresford, Sir Paul
Blunt, Crispin
Bottomley, Peter *(Worthing W)*
Bottomley, rh Virginia *(SW Surrey)*
Brady, Graham
Brazier, Julian
Brooke, Mrs Annette L.
Browning, Mrs Angela
Burns, Simon
Burnside, David
Cable, Dr. Vincent
Cameron, David
Campbell, rh Sir Menzies *(NE Fife)*
Cash, William
Chapman, Sir Sydney *(Chipping Barnet)*
Chidgey, David
Chope, Christopher
Clappison, James
Clarke, rh Kenneth *(Rushcliffe)*
Cotter, Brian
Cran, James *(Beverley)*
Curry, rh David
Davies, Quentin *(Grantham & Stamford)*
Djanogly, Jonathan
Duncan, Peter *(Galloway)*
Evans, Nigel
Ewing, Annabelle
Fallon, Michael
Field, Mark *(Cities of London & Westminster)*
Flight, Howard
Flook, Adrian
Forth, rh Eric
Foster, Don *(Bath)*
Francois, Mark
Garnier, Edward
Gibb, Nick *(Bognor Regis)*
Gillan, Mrs Cheryl
Goodman, Paul
Grayling, Chris
Green, Damian *(Ashford)*
Grieve, Dominic
Gummer, rh John
Hammond, Philip
Hancock, Mike
Harris, Dr. Evan *(Oxford W & Abingdon)*
Harvey, Nick
Hawkins, Nick
Heald, Oliver
Heathcoat-Amory, rh David
Hendry, Charles
Hermon, Lady
Hoban, Mark *(Fareham)*
Hogg, rh Douglas
Holmes, Paul
Horam, John *(Orpington)*
Howarth, Gerald *(Aldershot)*
Jenkin, Bernard
Johnson, Boris *(Henley)*
Key, Robert *(Salisbury)*
Knight, rh Greg *(E Yorkshire)*
Lait, Mrs Jacqui
Lansley, Andrew
Laws, David *(Yeovil)*
Leigh, Edward
Liddell-Grainger, Ian
Lidington, David
Lilley, rh Peter
McIntosh, Miss Anne
Mackay, rh Andrew
McLoughlin, Patrick
Malins, Humfrey
Mates, Michael
Mercer, Patrick
Mitchell, Andrew *(Sutton Coldfield)*
Moore, Michael
Moss, Malcolm
Murrison, Dr. Andrew
Osborne, George *(Tatton)*
Page, Richard
Paice, James
Paterson, Owen
Prisk, Mark *(Hertford)*
Pugh, Dr. John
Randall, John
Robathan, Andrew
Robertson, Angus *(Moray)*
Robertson, Hugh *(Faversham & M-Kent)*
Robertson, Laurence *(Tewk'b'ry)*
Ruffley, David
Russell, Bob *(Colchester)*
Salmond, Alex
Sanders, Adrian
Sayeed, Jonathan
Selous, Andrew
Shephard, rh Mrs Gillian
Shepherd, Richard
Simmonds, Mark
Simpson, Keith *(M-Norfolk)*
Smith, Sir Robert *(W Ab'd'ns & Kincardine)*
Smyth, Rev. Martin *(Belfast S)*
Soames, Nicholas
Spelman, Mrs Caroline
Spicer, Sir Michael
Spink, Bob *(Castle Point)*
Spring, Richard
Stanley, rh Sir John
Swire, Hugo *(E Devon)*
Syms, Robert
Taylor, Ian *(Esher)*
Taylor, Matthew *(Truro)*
Taylor, Sir Teddy
Thurso, John
Tredinnick, David
Trimble, rh David
Tyler, Paul *(N Cornwall)*
Tyrie, Andrew
Walter, Robert
Waterson, Nigel
Watkinson, Angela
Webb, Steve *(Northavon)*
Whittingdale, John
Wiggin, Bill
Wilkinson, John
Winterton, Sir Nicholas *(Macclesfield)*
Wishart, Pete
Young, rh Sir George

Tellers for the Noes:
Mr. David Wilshire and Gregory Barker

Question accordingly agreed to

Bill read the Third time, and passed.

DELEGATED LEGISLATION

Mr. Deputy Speaker (Sir Michael Lord): I propose to put together the Questions on motions 3 and 4.

Motion made, and Question put forthwith, pursuant to Standing Order No. 118(6) (Standing Committees on Delegated Legislation),

Environmental Protection

That the draft Landfill (Scheme Year and Maximum Landfill Amount) Regulations 2004, which were laid before this House on 22nd June, be approved.

Northern Ireland

That the draft Dangerous Wild Animals (Northern Ireland) Order 2004, which was laid before this House on 22nd June, be approved.—*[Derek Twigg.]*

Question agreed to.

Motion made, and Question put forthwith, pursuant to Standing Order No. 18(1)(a) (Standing Committees on Delegated Legislation).

REGULATORY REFORM

That the draft Regulatory Reform (Museum of London) (Location of Premises) Order 2004, which was laid before this House on 6th May, be approved.—*[Derek Twigg.]*

Question agreed to.

PETITION

Gypsies

7.8 pm

Mr. Harry Barnes (North-East Derbyshire) (Lab): The petition that I shall present is from genuine Gypsies, who are more than pleased to be called Gypsies. It has been organised by Derbyshire Gypsy Liaison Group and is signed by members of 14 organisations, including the National Association of Gypsy Women and the United Kingdom Romani Gypsy Council. It has 2,517 signatures and seeks non-discrimination against Gypsies, especially on planning matters. It is signed by Siobhan Spencer of the Ernest Bailey community centre on New street in Matlock, Derbyshire as well as the other signatories.

The petition states:

To the House of Commons

The Petition of the Derbyshire Gypsy Liaison Group and supporters declares

That Gypsy people have for centuries been in the United Kingdom, and that we are a distinct group, sharing common ancestors, a distinct language, cultural beliefs and a common oral history.

The Petitioners therefore request the House of Commons to urge the Secretary of State at the Office of the Deputy Prime Minister to introduce amendments to the 1/94 guidelines on planning and settlement applications to align them with the Mandla criteria of 1988 in order to prevent racial discrimination against Romani and other ethnic Traveller peoples, the Irish Traveller community having received ethnic status in 2000.

And your Petitioners remain, etc.

To lie upon the Table.

Medical Manslaughter

Motion made, and Question proposed, That this House do now adjourn.—*[Mr. Ainger.]*

7.10 pm

Mr. John Denham (Southampton, Itchen): I am very grateful for the opportunity to have this Adjournment debate this evening. The question that I would like my hon. Friend the Minister to consider is this: how is it possible for two doctors to be convicted of manslaughter as a result of medical negligence or incompetence, yet still be allowed to practise medicine in this country without any action whatever being taken by the General Medical Council? I have great respect for my hon. Friend, and I suspect that if I had put that question to him hypothetically before he had been briefed for tonight's debate, his initial reaction might have been, "That could not possibly happen." Yet, as I shall set out, that is precisely what has happened.

Having been an MP for 14 years, I sometimes think that constituency cases that come into surgeries are losing the power to shock, but the case that was brought to me by my constituent, Annabel Grant, on behalf of herself and her six-year-old son Mitchell, genuinely shocked me. Annabel Grant's partner, Sean Phillips—Mitchell's father—died in 2000. An apparently routine knee operation in June 2000 was followed by infection. His condition was not properly identified by the doctors concerned, Dr. Amit Misra and Dr. Rajeev Srivastava, and, tragically, Mr. Phillips died a few days later.

Following the death, Southampton University Hospitals NHS Trust contacted the General Medical Council in August 2000. A professional advisory panel at the hospital had concluded about Dr. Misra:

"On the basis of your involvement in the case of Sean Phillips there are serious questions about your competence to look after the general medical needs of sick patients. Your involvement in other cases"—

I have no knowledge of those other cases, but there clearly were some—

"suggests that your note keeping is poor and that you require remedial training and assessment."

I am not clear as to what information was provided about Dr. Srivastava, although the GMC tells me that it received information about him at the same time.

In October 2000, Hampshire police became aware that the hospital had sent papers to the GMC regarding Dr. Misra, and they began their own investigation. More than a year later, in January 2002, both doctors were arrested and charged with the manslaughter of Sean Phillips. Their case was heard in April 2003. At the trial, an expert for the prosecution, Dr. Wilcox, gave evidence. I am relying on a letter that I have received from the Crown Prosecution Service for this summary of the evidence that he gave. In that evidence, I am told that he made it clear that he would have expected a third or fourth year medical student to have appreciated the fundamental importance of the basic vital signs of life, in terms of pulse, temperature and blood pressure, and to have realised that Sean Phillips was suffering from a serious sepsis from about 12 noon on Saturday 24 June 2000.

In his summing up, the judge referred to Dr. Wilcox's remarks, saying that if, in an oral examination, Dr. Wilcox had given a third or fourth year medical student

[Mr. John Denham]

only the observations on Sean Phillips, and the fact that he had had an operation on his left knee, and the student had failed to answer that the diagnosis was an infection, Dr. Wilcox would have thought of failing the student on that basis alone. Dr. Wilcox also made the point in the expert evidence that every mother knew what a high temperature meant, and that if a high pulse and low blood pressure were added, basic aspects of medical care should tell a doctor—whatever his training—that the patient was seriously ill.

Obviously, I cannot rehearse here every point made in the trial, but that gives a flavour of the evidence. At sentencing, the trial judge, Mr. Justice Langley, stated that manslaughter was a very serious crime, and that it was for the jury to determine whether the defendants' conduct in relation to Sean Phillips was so exceptionally bad that it should be characterised in that way. The jury decided that it should. The judge passed a sentence of 18 months, suspended for two years. In doing so, he said:

"you are both men with young families and your future in the medical profession is now in doubt and that is a real loss to both of you".

The implication, and what the judge expected, was clear. It was what Mr. Phillips's family expected, and it appears to be what Dr. Srivastava seems to have expected, as his barrister told the court:

"His career in this country, which only a short time ago showed so much promise, is now bound to come to an end."

Yet, today, both doctors enjoy full registration, without restriction, with the General Medical Council. I understand from press reports, at least, that both are still working for the national health service, one in the Newcastle upon Tyne area and the other in Dundee.

Let me turn to the history of the General Medical Council's handling of the cases of those two doctors. The GMC was first alerted to the case in August 2000. As I have said, irrespective of any police investigation, it had been told that a professional advisory panel in Southampton had concluded that Dr. Misra required remedial training and assessment. It seems, however, that no action was taken or considered for a further 16 months, despite the fact that from November 2000, the GMC was aware that the police were investigating.

In February 2001, the General Medical Council met Hampshire police in Southampton, where it was handed papers including a summary of the investigation, a chronology of events, the police witness and exhibit lists, the trust internal review, an external review of the trust action plan, a medical report by the director of orthopaedics, and a copy of the statement of Professor Robert Forrest, which had been produced at the request of the police regarding Sean Phillips's treatment.

At some point in that period, although no action was being considered by the General Medical Council against the doctors, the GMC decided to extend Dr. Srivastava's time-limited registration from July 2001 to July 2002. I do not know exactly when that happened, but certainly, it was after the GMC was aware of the police investigation, and probably after it received those documents. The GMC told me that the chair of registration extended registration because of

"the lack of evidence from the police".

I will come back to that.

Not until the doctors were arrested—in 2002—does the GMC seem to have considered any action. However, the medical screener at the GMC

"felt that despite their being charged by the police, he was unable to refer Dr. Misra or Dr. Srivastava to the IOC without at least having had sight of the police expert report."

I am familiar with the IOC—the interim orders committee—because, as a Health Minister, I took through the House the order that gave the General Medical Council the power to issue interim orders. When I introduced the debate on those new regulations, on 6 July 2000, I told the Committee:

"Urgent action is needed to widen the powers of the GMC, so that it can deal quickly and more effectively with doctors whose fitness to practise comes into question. This action is the first step in repairing the damage to the bond of trust between doctors and their patients".—[*Official Report, Standing Committee 2DL*, 6 July 2000; c. 1–2.]

Obviously, I was far too optimistic. Despite the arrests, the case and the available information were not even referred to the interim orders committee of the GMC.

Again, in correspondence with me, the General Medical Council seems to suggest that it was the failure of the police or the Crown Prosecution Service to supply information that was the problem. I want to say to my hon. Friend the Minister that that is an absolutely unacceptable attitude, and I hope that if that case is put to him, he will reject it. Let me explain why.

First, the General Medical Council clearly had a substantial body of information, including the initial report from the hospital, on which it could have taken action. There were a whole series of meetings between the police and the GMC at which the case was discussed and information shared. Secondly, as the Crown Prosecution Service has pointed out in a letter to me, although it might have been debarred from releasing a witness report at a time that could have prejudiced a prosecution, the GMC could have sought a court order to obtain it.

I agree with what the CPS told me—that

"the integrity of the prosecution must take priority and . . . the supplying of further statements or reports might be argued by the defence to have caused them prejudice and hence render any future trial unfair. It was considered that the GMC could apply to the High Court for an order seeking disclosure if it saw fit and the High Court would then be in a position to impose appropriate restrictions on the use of the evidence".

In other words, I believe that, had the GMC taken the initiative, it could have obtained the evidence when it wanted it, in a way that would not have prejudiced the trial, but the GMC chose not to do so. It is worth saying, though, that by the summer of 2002 a number of pieces of evidence had been provided to the GMC.

Let me make a third and equally fundamental point about the GMC's attitude to CPS information. It undermines the principle of self-regulation of the General Medical Council if the GMC is not willing to take responsibility for investigating the conduct of doctors. Here we had two doctors, both arrested for manslaughter, and the GMC position seems to be that it was under no obligation to take action if it did not get information on the investigation provided by the police. That is not acceptable. In any case, by August 2002, the GMC had been provided with the report that I

mentioned earlier from Professor Forrest, as well as the further detailed conclusions of another prosecution expert, Professor Healy.

When that information came through, the GMC finally referred both doctors' cases to the interim orders committee. It met in the autumn of 2002 in the case of both doctors, in private. The interim orders committee concluded that no action was necessary. This is the rub: tonight we do not know what was said at those meetings. We can reasonably assume, however, that it was the same evidence that a few months later would lead a jury to convict both doctors of manslaughter.

I spoke earlier of the bond of faith that needs to exist between doctors and patients. The gap between what the jury thought was appropriate when the case came to trial and what a group of the GMC in private thought was appropriate could not be wider. That is deeply worrying.

Let me make it clear that the interim orders committee does not have to strike doctors off. It can take lesser actions. It can suspend a doctor. It can restrict a doctor's ability to practise without supervision, for example. I believe that it could have required the retraining that the Southampton NHS trust thought was necessary. But the interim orders committee did nothing.

Finally, the trial was held and both doctors, having been convicted, were referred back to the interim orders committee. I assume that when the cases came to the interim orders committee a second time, the GMC had available to it all the necessary information. I know that the Crown Prosecution Service provided the prosecution case summary, a bundle of witness statements, the medical records, further prosecution expert medical reports and defence expert reports. What I do not know is whether the GMC had transcripts of the trial—the judge's remarks and so on.

I know that advice on how to obtain the information was passed to the GMC after the trial, but no one from the GMC attended the trial. After the trial the GMC did not ask the police for any material in respect of either doctor. The GMC did not take up the offer made by Hampshire police that after the trial the case officer would supply any or all relevant information. So I can only assume that the GMC had all that information when it decided to take no action, as it finally did. If not, it was grossly negligent. Both doctors went back to the interim orders committee, having been convicted of manslaughter, and the GMC again decided on no action at all.

It is important to put on record that both doctors have the right to appeal against their conviction for manslaughter and that the GMC will not complete its consideration of either doctor's case until that appeal has been heard. I accept that. There may be the possibility of further action and it is possible that the Appeal Court decision will be different from that of the original trial judge, but the whole point of the interim orders committee was to allow the GMC to act quickly, in the public interest, in cases that by their very nature usually take years to conclude. It was the fact that, in previous years, the GMC said that it could do nothing until the legal process was completed that led me, when a Minister, to introduce interim orders—but they have not been used.

As far as I can tell, only two things have happened since the trial. First, a Dr. Gaangophadhyay, who appeared as a witness in the case, was reprimanded by the GMC. The witness is the only doctor to have suffered action at the hands of the GMC. Secondly, Dr. Srivastava's registration was upgraded to full registration. The GMC tells me that because of the conviction a question arose as to Dr Srivastava's "good character". Many members of the public might have taken a different view from the one that the GMC seems to have taken—that being convicted of manslaughter as the result of medical poor practice did not mean that someone was not of good character and was thus no bar to full registration.

My constituent, Annabel Grant, is appalled at the way that she has been let down by the system. Not surprisingly, she feels that neither doctor should ever practise again. I need to be consistent, however. When I occupied my hon. Friend's position as a Health Minister, I accepted that one mistake need not always cost a doctor their career and that we should have a system that offered individuals the chance to retrain, to work under supervision and to learn from their mistakes. But manslaughter is a very serious offence. The gravest thought must be given before allowing doctors convicted of manslaughter to practise and if they are allowed to do so, it can be only under the tightest possible controls. Instead, in this case, no action was taken, despite the jury's decision and despite the clear implication in the judge's words, when he passed sentence, that the doctors' careers were in doubt.

I want to make some final points. The GMC tells me that its procedures will change later this year with the introduction of its fitness to practise review. I asked the Library for advice about that and I agree with it that

> "Even if we did have the final outcome of the current reforms, it would be hard to comment on how these would affect the specifics of the two cases with which you are concerned. For example, I understand that where there has been a serious conviction, the case would, under the new procedures, go directly to the 'fitness to practise' panel but that by itself would not necessarily alter what they decide."

That is the key point. We can have as many procedures as we like, but if we are not prepared to use them they mean nothing.

The crux of the matter is that, on the same evidence, a jury convicts yet the GMC decides there is no problem. That is the challenge that faces my hon. Friend the Minister. I have been impressed by Annabel Grant's determination to pursue injustice but depressed by her story. When I took through the House the new regulations that established the interim orders and gave the GMC new powers in 2000, I genuinely believed that it had at long last recognised that the power of self-regulation carried with it the responsibility to do so effectively. It seems from this case that less progress has been made than I hoped.

If I am right and the GMC had the power to act but failed to do so, will my hon. Friend the Minister take up this tragic case with the GMC and ask why it did not use the power Parliament gave it? If I am wrong and there were legal obstacles to effective action, he must bring in changes, as I tried to do four years ago, but this time we must make the system work.

[Mr. John Denham]

7.29 pm

The Parliamentary Under-Secretary of State for Health (Dr. Stephen Ladyman): I congratulate my right hon. Friend the Member for Southampton, Itchen (Mr. Denham) on securing a debate on this important subject. I congratulate him, too, on the measured and thoughtful way in which he put his case. I freely confess that he has given me much to think about. In case I do not get a chance to make this point at the end, I assure him that everything he has said will be considered by all those dealing with the case and I shall ensure that we all reflect on the points that he has made. I will also ensure that all his points are brought to the attention of my right hon. Friend the Minister of State, who normally deals with issues such as this.

It will hardly surprise my right hon. Friend—who, as he said, was a distinguished health Minister himself—that I begin by paying tribute to the vast majority of doctors and other health-care professionals who give a first-class service to the huge majority of patients and the million people who are treated safely and successfully every day in the national health service. Yet experience tells us that no matter how dedicated and professional staff are, things do go wrong in complex health-care systems, with serious repercussions for patients and their families. Although small in proportion to the volume of good health care delivered daily, such events can, as my right hon. Friend said, erode public confidence.

Patients deserve high-quality health care and must have the utmost confidence in the services that are provided—and, crucially, in the health-care professionals involved in their delivery. In situations involving life and death, when they are vulnerable, patients want and are entitled to expect doctors on whom they can rely. I understand how the tragic events that occurred at Southampton General hospital and afterwards may have combined to undermine that confidence. I also understand why the family of Mr. Phillips feel let down, both by individuals and by the system. At this point, let me add my condolences, albeit belatedly, on their loss.

As the General Medical Council's case against Dr. Misra is still going on, my right hon. Friend will understand that it would not be appropriate for me to comment on these events in detail. He will be aware that the GMC's professional conduct committee is unable to proceed further until Dr. Misra's appeal against his conviction has been heard. The GMC's interim orders committee has considered whether it was necessary for the protection of the public, or in the public interest or Dr. Misra's own interest, to impose restrictions on his registration pending the PCC's hearing. The committee decided, in the light of all the evidence before it, that interim action was not necessary in this case. Dr. Misra therefore remains fully registered with the GMC.

As for Dr. Misra's appeal against his conviction for manslaughter, I am informed that at a directions hearing on 15 June, the Court of Appeal decided that preliminary legal arguments relating to the legality of the offence of gross negligence manslaughter—particularly in relation to the field of medicine—and its compatibility with the European convention on human rights would be determined at a hearing on 20 and 21 July. Following that decision and any subsequent appeal to the House of Lords, and should the convictions stand, further issues will be determined at a court hearing, which will be listed not before September this year.

Mr. Deputy Speaker (Sir Michael Lord): Order. I am reluctant to stop the Minister in mid-flow, but I am a little concerned about the sub judice rule. Can the Minister tell me that the matter has been thought through, and that nothing he says this evening will prejudice either the GMC or, more particularly, court cases that may arise in future?

Dr. Ladyman: You are absolutely right, Mr. Deputy Speaker. That is why I am being more circumspect than I am sure my right hon. Friend would want me to be. I have said all that I am going to say about the specific case; now I am simply putting on record the timing of the case, and when decisions relating to it will be made. I shall describe the generality of the position and justify the way in which we have reached it, rather than talking about the specifics. I am sure that that will disappoint my right hon. Friend and his constituent, but I hope they will understand.

Let me return to the theme of confidence. A key strand of the NHS quality agenda is assuring patient safety. Patients need to be confident that the NHS is doing all it can to prevent and detect errors early, before tragic consequences occur. They also need to be confident that the NHS can learn from such incidents and prevent them from re-occurring, and to have confidence in the professional regulatory framework that is responsible for ensuring that health-care professionals are competent, up to date and trustworthy. As we have seen from other high-profile incidents and investigations, public confidence in the NHS is almost synonymous with confidence in the medical profession.

I am sure that the House will agree that however effective systems are in reacting to an incident, it is clearly preferable that measures be put in place to help detect such incidents, and to prevent them from occurring in the first place. Concerns about a doctor's performance could emerge from a number of sources even before a serious error or incident occurs. It is essential, therefore, to have systems in place to recognise these problems early on and to deal with them effectively, so that the risks to patients are minimised and doctors in difficulty can be helped and supported.

The Government established the National Clinical Assessment Authority in April 2001 as part of a package of measures aimed at underpinning and improving the quality of clinical care in the NHS. The NCAA aims to improve public confidence in the performance of doctors and dentists by helping local organisations to manage performance problems swiftly, effectively and sensitively; by promoting the development of excellent local and national procedures for preventing, identifying and resolving performance problems; and by assessing individual doctors and dentists and recommending practical ways in which their performance can be improved.

Such efforts involve striking a balance between the central importance of protecting patient safety by addressing performance problems, and not needlessly

"writing off" doctors and dentists who could be returned to safe and valued practice. The NCAA has shown that it can help the NHS to strike that balance; indeed, my right hon. Friend acknowledged the importance of doing so. In 2003–04, the NCAA received 524 referrals, of which 93 per cent. reflected specific performance concerns. In terms of advice, assessment and support, its approach is unique among health care systems.

Sadly, as experience has shown, no system can be entirely error-free. However, evidence has also shown that when things go wrong, the causes can often be traced back to a systems error, rather than to the fault of an individual. As the case of Dr. Misra sadly demonstrates, some groups—particularly junior doctors—may, through inexperience or lack of training, make errors that other, more experienced colleagues would usually avoid. The consequences for the patients concerned can be severe—that is clearly the most important issue—but the consequences for the doctor involved can also be serious, as we have seen. That highlights the critical importance of establishing robust systems for supervision and training, and the need for those who supervise students and junior doctors to take those responsibilities seriously, as the GMC's document "Good Medical Practice" clearly points out. An automatic decision to blame and punish staff makes it more likely that errors will be covered up, and that the right lessons will not be learned. The evidence shows that if an organisation's culture is open and fair and people are encouraged to speak up about patient safety incidents, patient safety is improved, as those organisations learn about what has gone wrong and are able to put things right in the future.

In July 2001, the Government established the National Patient Safety Agency. The role of the NPSA is to improve the safety of NHS patients by promoting a culture of learning from, and reporting, patient safety incidents, and to manage the national reporting system that supports that function. Again, the NHS is leading the world by introducing the first truly national reporting system for adverse incidents. The NPSA has already begun to have an impact on patient safety, and it is working on a range of practical solutions to help make care safer for NHS patients.

One such solution is the "incident decision tree", which was launched recently as a web-based toolkit. It has been designed to assist managers in dealing openly and fairly with staff who have been involved in patient safety incidents. As I have said, a culture based on individual blame and punishment makes it more likely that problems will be driven underground and the root cause not tackled. However, there will clearly be times when individual clinical performance must be addressed and staff held accountable for their actions; this toolkit aims to help managers to pose the right questions in order to establish whether that might be the case. It provides a clear path through which to identify cases where deliberate harm, reckless behaviour or criminal act has been involved, to ensure that the right action is taken.

If such behaviour is found to be the root cause of an incident, the regulatory body must then consider whether the individual concerned is fit to remain on the professional register. Patients and professionals alike need to be confident that the procedures for making those decisions are effective and fair. We are therefore in the process of modernising and strengthening professionally led regulation, particularly in respect of the GMC.The GMC exists to protect patients and the public interest by regulating and guiding the medical profession. In response to pressure from both the Government and the public, and in consultation with patients, the GMC has developed the most far-reaching reform package in its history. The foundations for change were laid when Parliament approved the Medical Act 1983 (Amendment) Order in December 2002.

Patients and the public will benefit from simpler GMC proceedings and rules, speedier and more efficient processes and greater openness than before—

The motion having been made after Seven o'clock, and the debate having continued for half an hour, MR. DEPUTY SPEAKER *adjourned the House without Question put, pursuant to the Standing Order.*

Adjourned at twenty minutes to Eight o'clock.

CORRECTION

Official Report, 6 July 2004: In Col. 685, after Mr. Dismore's supplementary question, insert:

Mr. Hutton: I will certainly look into the matter that my hon. Friend has raised.

Deferred Division

Civil Aviation

That the draft Stansted Airport Aircraft Movement Limit (Revocation) Order 2004, which was laid before this House on 8th June, be approved.

The House divided: Ayes 248, Noes 138.

Division No. 217]

AYES

Adams, Irene *(Paisley N)*
Ainger, Nick
Ainsworth, Bob *(Cov'try NE)*
Alexander, Douglas
Allen, Graham
Anderson, rh Donald *(Swansea E)*
Anderson, Janet *(Rossendale & Darwen)*
Armstrong, rh Ms Hilary
Atherton, Ms Candy
Atkins, Charlotte
Baird, Vera
Barnes, Harry
Battle, John
Beard, Nigel
Beckett, rh Margaret
Begg, Miss Anne
Benn, rh Hilary
Bennett, Andrew
Benton, Joe *(Bootle)*
Berry, Roger
Blackman, Liz
Blair, rh Tony
Blears, Ms Hazel
Blizzard, Bob
Boateng, rh Paul
Borrow, David
Bradley, rh Keith *(Withington)*
Bradley, Peter *(The Wrekin)*
Brennan, Kevin
Browne, Desmond
Bryant, Chris
Buck, Ms Karen
Burnham, Andy
Byers, rh Stephen
Cairns, David
Campbell, Mrs Anne *(C'bridge)*
Campbell, Ronnie *(Blyth V)*
Caplin, Ivor
Casale, Roger
Challen, Colin
Chapman, Ben *(Wirral S)*
Chaytor, David
Clapham, Michael
Clark, Dr. Lynda *(Edinburgh Pentlands)*
Clark, Paul *(Gillingham)*
Clarke, rh Charles *(Norwich S)*
Clarke, rh Tom *(Coatbridge & Chryston)*
Clarke, Tony *(Northampton S)*
Clelland, David
Clwyd, Ann *(Cynon V)*
Coaker, Vernon
Coffey, Ms Ann
Colman, Tony
Corston, Jean
Cousins, Jim
Cranston, Ross
Crausby, David
Cryer, Ann *(Keighley)*
Cryer, John *(Hornchurch)*
Cummings, John
Cunningham, Jim *(Coventry S)*
Cunningham, Tony *(Workington)*
Curtis-Thomas, Mrs Claire
Dalyell, Tam
Darling, rh Alistair
Davey, Valerie *(Bristol W)*
Davies, rh Denzil *(Llanelli)*
Davies, Geraint *(Croydon C)*
Dawson, Hilton
Dean, Mrs Janet
Denham, rh John
Dhanda, Parmjit
Dismore, Andrew
Dobbin, Jim *(Heywood)*
Dobson, rh Frank
Donaldson, Jeffrey M.
Doran, Frank
Dowd, Jim *(Lewisham W)*
Drown, Ms Julia
Eagle, Angela *(Wallasey)*
Eagle, Maria *(L'pool Garston)*
Edwards, Huw
Efford, Clive
Ellman, Mrs Louise
Ennis, Jeff *(Barnsley E)*
Etherington, Bill
Farrelly, Paul
Field, rh Frank *(Birkenhead)*
Fitzpatrick, Jim
Fitzsimons, Mrs Lorna
Flint, Caroline
Flynn, Paul *(Newport W)*
Follett, Barbara
Foster, Michael Jabez *(Hastings & Rye)*
Foulkes, rh George
Gapes, Mike *(Ilford S)*
Gerrard, Neil
Gibson, Dr. Ian
Goggins, Paul
Griffiths, Jane *(Reading E)*
Grogan, John
Hain, rh Peter
Hall, Mike *(Weaver Vale)*
Hamilton, David *(Midlothian)*
Hanson, David
Harman, rh Ms Harriet
Havard, Dai *(Merthyr Tydfil & Rhymney)*
Healey, John
Henderson, Doug *(Newcastle N)*
Hendrick, Mark
Hesford, Stephen
Hewitt, rh Ms Patricia
Heyes, David
Hinchliffe, David
Hoey, Kate *(Vauxhall)*
Hood, Jimmy *(Clydesdale)*
Hoon, rh Geoffrey
Hope, Phil *(Corby)*
Hopkins, Kelvin
Howarth, rh Alan *(Newport E)*
Howarth, George *(Knowsley N & Sefton E)*
Hughes, Kevin *(Doncaster N)*
Hutton, rh John
Iddon, Dr. Brian
Illsley, Eric
Jackson, Helen *(Hillsborough)*
Johnson, Miss Melanie *(Welwyn Hatfield)*
Jones, Jon Owen *(Cardiff C)*
Jones, Kevan *(N Durham)*
Jones, Lynne *(Selly Oak)*
Jones, Martyn *(Clwyd S)*
Kaufman, rh Sir Gerald
Keeble, Ms Sally
Keen, Alan *(Feltham)*
Kelly, Ruth *(Bolton W)*
Kennedy, Jane *(Wavertree)*
Khabra, Piara S.
Kidney, David
King, Andy *(Rugby)*
Kumar, Dr. Ashok
Ladyman, Dr. Stephen
Lawrence, Mrs Jackie
Lepper, David
Leslie, Christopher
Levitt, Tom *(High Peak)*
Linton, Martin
Lloyd, Tony *(Manchester C)*
Love, Andrew
Lucas, Ian *(Wrexham)*
Luke, Iain *(Dundee E)*
Lyons, John *(Strathkelvin)*
McCafferty, Chris
MacDougall, John
McFall, rh John
McGuire, Mrs Anne
McIsaac, Shona
McKechin, Ann
McKenna, Rosemary
McNamara, Kevin
Mactaggart, Fiona
McWalter, Tony
Mahon, Mrs Alice
Marris, Rob *(Wolverh'ton SW)*
Marsden, Gordon *(Blackpool S)*
Marshall-Andrews, Robert
Martlew, Eric
Merron, Gillian
Michael, rh Alun
Miliband, David
Miller, Andrew
Moffatt, Laura
Mole, Chris
Moran, Margaret
Morgan, Julie
Mountford, Kali
Munn, Ms Meg
Murphy, Jim *(Eastwood)*
Naysmith, Dr. Doug
O'Brien, Bill *(Normanton)*
O'Hara, Edward
Olner, Bill
O'Neill, Martin
Osborne, Sandra *(Ayr)*
Owen, Albert
Perham, Linda
Picking, Anne
Pickthall, Colin
Pike, Peter *(Burnley)*
Plaskitt, James
Pollard, Kerry
Pond, Chris *(Gravesham)*
Pope, Greg *(Hyndburn)*
Pound, Stephen
Prentice, Ms Bridget *(Lewisham E)*
Prentice, Gordon *(Pendle)*
Primarolo, rh Dawn
Purchase, Ken
Purnell, James
Quinn, Lawrie
Rammell, Bill
Reid, rh Dr. John *(Hamilton N & Bellshill)*
Robertson, John *(Glasgow Anniesland)*
Ruane, Chris
Russell, Ms Christine *(City of Chester)*
Ryan, Joan *(Enfield N)*
Savidge, Malcolm
Sawford, Phil
Sedgemore, Brian
Sheridan, Jim
Skinner, Dennis
Smith, rh Andrew *(Oxford E)*
Smith, Geraldine *(Morecambe & Lunesdale)*
Smith, Jacqui *(Redditch)*
Smith, Llew *(Blaenau Gwent)*
Soley, Clive
Southworth, Helen
Starkey, Dr. Phyllis
Stewart, David *(Inverness E & Lochaber)*
Stewart, Ian *(Eccles)*
Stoate, Dr. Howard
Strang, rh Dr. Gavin
Stuart, Ms Gisela
Sutcliffe, Gerry
Taylor, Dari *(Stockton S)*
Thomas, Gareth *(Clwyd W)*
Todd, Mark *(S Derbyshire)*
Touhig, Don *(Islwyn)*
Trickett, Jon
Truswell, Paul
Turner, Dennis *(Wolverh'ton SE)*
Turner, Dr. Desmond *(Brighton Kemptown)*
Turner, Neil *(Wigan)*
Twigg, Derek *(Halton)*
Twigg, Stephen *(Enfield)*
Tynan, Bill *(Hamilton S)*
Vaz, Keith *(Leicester E)*
Walley, Ms Joan
Ward, Claire
Wareing, Robert N.
White, Brian
Whitehead, Dr. Alan
Wicks, Malcolm
Williams, rh Alan *(Swansea W)*
Williams, Betty *(Conwy)*
Wills, Michael
Woodward, Shaun
Wright, Tony *(Cannock)*
Wyatt, Derek

NOES

Ainsworth, Peter *(E Surrey)*
Allan, Richard
Amess, David
Ancram, rh Michael
Arbuthnot, rh James
Atkinson, David *(Bour'mth E)*
Atkinson, Peter *(Hexham)*
Barker, Gregory
Baron, John *(Billericay)*
Barrett, John
Beggs, Roy *(E Antrim)*
Bottomley, Peter *(Worthing W)*
Bottomley, rh Virginia *(SW Surrey)*

Brady, Graham
Brake, Tom *(Carshalton)*
Brazier, Julian
Breed, Colin
Brooke, Mrs Annette L.
Burns, Simon
Cable, Dr. Vincent
Cameron, David
Campbell, rh Sir Menzies *(NE Fife)*
Carmichael, Alistair
Cash, William
Chapman, Sir Sydney *(Chipping Barnet)*
Chidgey, David
Clappison, James
Clarke, rh Kenneth *(Rushcliffe)*
Collins, Tim
Conway, Derek
Cormack, Sir Patrick
Cotter, Brian
Curry, rh David
Doughty, Sue
Duncan, Alan *(Rutland)*
Duncan, Peter *(Galloway)*
Evans, Nigel
Fallon, Michael
Field, Mark *(Cities of London & Westminster)*
Flight, Howard
Flook, Adrian
Foster, Don *(Bath)*
George, Andrew *(St. Ives)*
Gibb, Nick *(Bognor Regis)*
Gidley, Sandra
Gillan, Mrs Cheryl
Goodman, Paul
Grayling, Chris
Green, Damian *(Ashford)*
Greenway, John
Grieve, Dominic
Gummer, rh John
Hague, rh William
Hammond, Philip
Hancock, Mike
Harvey, Nick
Hawkins, Nick
Hayes, John *(S Holland)*
Heald, Oliver
Heathcoat-Amory, rh David
Hendry, Charles
Hermon, Lady
Holmes, Paul
Horam, John *(Orpington)*
Howard, rh Michael
Kennedy, rh Charles *(Ross Skye & Inverness)*
Key, Robert *(Salisbury)*
Kirkbride, Miss Julie
Kirkwood, Sir Archy
Knight, rh Greg *(E Yorkshire)*
Laing, Mrs Eleanor
Lait, Mrs Jacqui
Laws, David *(Yeovil)*
Lewis, Terry *(Worsley)*
Liddell-Grainger, Ian
Lidington, David
Lilley, rh Peter
Llwyd, Elfyn
Loughton, Tim
McDonnell, John
McIntosh, Miss Anne
Mackay, rh Andrew
McLoughlin, Patrick
Malins, Humfrey
Mawhinney, rh Sir Brian
May, Mrs Theresa
Mercer, Patrick
Mitchell, Andrew *(Sutton Coldfield)*
Moore, Michael
Moss, Malcolm
Murrison, Dr. Andrew
O'Brien, Stephen *(Eddisbury)*
Osborne, George *(Tatton)*
Ottaway, Richard
Paice, James
Paterson, Owen
Price, Adam *(E Carmarthen & Dinefwr)*
Prisk, Mark *(Hertford)*
Pugh, Dr. John
Randall, John
Robathan, Andrew
Ruffley, David
Russell, Bob *(Colchester)*
Sanders, Adrian
Sayeed, Jonathan
Selous, Andrew
Shephard, rh Mrs Gillian
Shepherd, Richard
Simpson, Keith *(M-Norfolk)*
Smith, Sir Robert *(W Ab'd'ns & Kincardine)*
Smyth, Rev. Martin *(Belfast S)*
Spicer, Sir Michael
Spink, Bob *(Castle Point)*
Spring, Richard
Streeter, Gary
Swayne, Desmond
Swire, Hugo *(E Devon)*
Tapsell, Sir Peter
Taylor, John *(Solihull)*
Taylor, Matthew *(Truro)*
Taylor, Sir Teddy
Teather, Sarah
Thomas, Simon *(Ceredigion)*
Tonge, Dr. Jenny
Trimble, rh David
Turner, Andrew *(Isle of Wight)*
Tyler, Paul *(N Cornwall)*
Tyrie, Andrew
Waterson, Nigel
Webb, Steve *(Northavon)*
Whittingdale, John
Wiggin, Bill
Willetts, David
Williams, Hywel *(Caernarfon)*
Williams, Roger *(Brecon)*
Wilshire, David
Winterton, Sir Nicholas *(Macclesfield)*
Young, rh Sir George

Question accordingly agreed to.

House of Commons

Thursday 8 July 2004

The House met at half-past Eleven o'clock

PRAYERS

[MR. SPEAKER *in the Chair*]

Oral Answers to Questions

TRADE AND INDUSTRY

The Secretary of State was asked—

Workplace Rights

1. **Mr. John MacDougall** (Central Fife) (Lab): What further changes to workplace rights she expects to be in place by 2007. [182677]

The Secretary of State for Trade and Industry (Ms Patricia Hewitt): The Government will continue to find the right balance between establishing fair standards for workers and creating more jobs. As we have already announced, we will introduce regulations on age discrimination and implement the information and consultation framework, on which we published a draft for consultation yesterday. We are committed to reviewing our family-friendly package of laws in 2006.

Mr. MacDougall: I thank my right hon. Friend for that response. She mentions family-friendly rights; how successful have such initiatives been, and what progress has been made on issues such as age?

Ms Hewitt: The new law that we introduced last year, which gives parents with young children the right to request a change in their hours, has already been enormously successful. Nearly 1 million parents—about a quarter of all parents with children under six—asked for a change in their working hours. Eight out of 10 of those requests have been granted in full, and a compromise was agreed in respect of a further one in 10. That is extremely encouraging, and we now want to extend much greater choice to older workers, who all too often are locked out of the labour market. This is not about "work till you drop", as the press likes to suggest, but about "choose when you stop". My right hon. Friend the Secretary of State for Work and Pensions and I will invite employers, employees and their unions, and others with a direct interest, to sit down with us and agree a way forward that will promote choice for older workers without imposing burdens on employers.

Mr. Andrew Mitchell (Sutton Coldfield) (Con): Conservative Members are enthusiastic supporters of developing the work-life balance, as I told the general secretary of the TUC when I met him recently, but unlike the right hon. Lady we recognise that it has to be paid for. Does she not understand that the plethora of directives, consultations and burdens under which British business is groaning today will be paid for in jobs, time and competitiveness?

Ms Hewitt: As the hon. Gentleman and his colleagues have made it clear that they would cut public spending, the one thing of which we can be certain is that they would not pay for maternity pay and leave, and that they would not keep the rights that we have already introduced. *[Interruption.]* The hon. Member for Eddisbury (Mr. O'Brien) shows that he simply does not understand that it is the Government and taxpayers who pay for statutory maternity pay. What is more, at the request of small businesses we compensate them for more than the cost of maternity pay, in order to help them cover the administrative costs. There are no burdens from us; instead, there are better rights for parents at work. If the Conservatives were in government, they would cut them.

Mrs. Anne Campbell (Cambridge) (Lab): Does my right hon. Friend agree that high-performance workplaces are those in which employers look very carefully at staff flexibility and make every attempt to allow staff to cope with their domestic, as well as their professional, responsibilities? Does that not reduce stress and absenteeism and mean that staff are more productive in the long term?

Ms Hewitt: My hon. Friend is absolutely right. Businesses, particularly public sector employers, who organise their work flexibly are increasingly finding that doing so is good not only for their employees but for their organisation. So there is a very strong business case for family-friendly working, and that is the basis on which we have introduced the law.

Technology Start-up Businesses

2. **Mr. Archie Norman** (Tunbridge Wells) (Con): What proposals she has to encourage technology start-up businesses. [182678]

The Parliamentary Under-Secretary of State for Trade and Industry (Nigel Griffiths): The university challenge seed fund, the grant for research and development and the UK high technology fund are three ways in which the Government help technology start-ups. As a result, some 17,000 start-ups are assisted every year.

Mr. Norman: Would the Minister like to comment on the report in today's edition of *The Times* that the Chancellor plans to cut £300 million from the DTI's business support division? Can he also confirm that flagship support for technology start-up schemes—the grant for research and development—has already been cut, that the number of grants will be reduced this year from 900 to 300, and that the waiting list for grants has already been extended from two months to five months? Does he not agree that if anything should be cut, it is the cost of running the DTI, rather than support for new start-ups?

Nigel Griffiths: The hon. Gentleman is wrong on both counts. On grants for research and development, over the last five years the number of applicants for grants—all accepted because the criteria were met—resulted in a 17 per cent. underspend on the allocation, and in the past two years we have been able to supplement the allocation by up to £10 million over and above what we expected to spend. The eight new products offered by the Department of Trade and Industry will guarantee future success. Our track record on start-ups is very good. On 31 March the Barclays survey of start-ups showed that 465,000 companies or businesses started up last year—a 19 per cent. increase on the previous year and the highest since Barclays started the survey in 1988. Our track record on start-ups is rather good.

Mr. David Chaytor (Bury, North) (Lab): Does my hon. Friend accept that there is a risk of making it too easy to start up a small business? I would like to tell him about the scandal of the start-up and rapid collapse of Classic World of Fitness, a small private health club in my constituency. Its director, Mr. Robin Brown, who lives in Warwickshire—I have his address and details if anyone is interested—appears to be refusing to pay thousands of pounds to my constituents. If I provided my hon. Friend with the full details, would he be prepared to look further into the case?

Nigel Griffiths: I am happy to ensure that the appropriate authorities investigate that regrettable case. I am pleased to tell my hon. Friend and the House that that sort of case is an exception, but if the allegations are corroborated, we will be able to bring down all the resources of the law on the case. In the meantime, we want to make it easy for people who have good ideas to take them to market and to start up companies. As my previous answer showed, we have been able to help record numbers of people to start companies and I am pleased to tell the House that survival rates are very strong as well, but that will not deter us from ensuring proper consumer protection.

Mr. Julian Brazier (Canterbury) (Con): Is it not the case that overall levels of business start-ups today are significantly lower than in the last three years of the last Conservative Government? Is not the major reason for that simply the ever-increasing burden of bureaucracy, which deters people from starting up companies?

Nigel Griffiths *rose—*

Mr. Brazier: Come on.

Nigel Griffiths: I am puzzled about whether the hon. Gentleman has a comprehension problem or some other problem. Let me give him the facts. The Barclays survey of start-ups, which has been operating since 1988, shows that last year record numbers of businesses started up in this country. The figure is 465,000. If it is a record number of start-up companies, it will obviously be higher than under the last three years of the Conservative Government. We all remember—and we do not have to go back much more than a decade to find out—that 422,000 manufacturing jobs were lost in one year alone. If the hon. Gentleman wants a figure higher than 465,000, he could go back to the Conservative Government's first recession, during which 900,000 manufacturing jobs were lost in a single year. We are not going to take any lessons on start-ups from the hon. Gentleman. I will send him the details if he needs them to be repeated a third time.

Mr. Stephen O'Brien (Eddisbury) (Con): Let us look into the outcomes of all these breathless claims from the Minister. He did not dare to mention the Chancellor's research and development tax credit, which is not surprising because the April KPMG survey established that 48 per cent. of small and medium-sized businesses either found that the tax credit was too complicated to apply for and administer or did not know about it at all. Only 3 per cent. of respondents said that it had been a significant benefit. How does the Minister reconcile his boasts with those depressing facts?

Nigel Griffiths: Let us provide the hon. Gentleman with the facts—not directly from me, but from the chief executive of Isis Innovation in Oxford, who commended the Government. He told the *Financial Times* that the Government had done a great deal to facilitate spin-outs from universities. I recognise that there is a problem with the tax change that was necessary to close a loophole. When I spoke to Tim Cook, the chief executive whom I have just mentioned, and to the director of Exeter Innovation Centre this morning, they told me that they accepted that the loophole had to be closed and agreed with me that we must work to ensure that, in closing it, the Inland Revenue in no way restricts our excellent track record of encouraging spin-outs. We are addressing the problem directly by talking to two of our most successful academic spin-out company directors. In contrast, I do not think the hon. Gentleman has spoken to either of them.

Mr. O'Brien: We can all read, as well as speak to people. Interestingly, the latest comments from the academic community suggest that the system is not working as the Minister claims, because spin-out companies do not have enough connection with that community. So the Government's proposals are flawed. It is important that Ministers are good at more than reading off jargon phrases in Hewitt-speak—but yet again, we have had another smug response.

On Monday next week, the Chancellor is due to announce cuts in the DTI's role and spending. In light of that, what urgent and independent post-audit process have the Secretary of State and the Minister ordered to be carried out to demonstrate how much of the Department's current £8 billion of expenditure has been wasted?

Nigel Griffiths: This Government have spent £3 billion on the science and innovation framework already, and that is due to increase. The Opposition propose to freeze or cut public expenditure, which means that that budget would be diminished. Over the past seven years, the Government have worked with people who have succeeded in starting important spin-out companies. They tell us that they want the start that we have made, and the billions of pounds that the Government have invested, to continue and expand in the way that I have described. They do not want the cuts that the Opposition propose.

Textile Industry

4. **Mr. Gordon Prentice** (Pendle) (Lab): What recent steps she has taken to promote and support the United Kingdom textile industry. [182681]

The Minister for Industry and the Regions (Jacqui Smith): The Government continue to promote and support the textile industry by working with the industry-led textiles and clothing strategy group to build a sustainable future for it in the face of globalisation. Since 1997, the Government have provided more than £100 million worth of support on a range of activities to promote productivity, competitiveness and diversification into new markets.

The DTI has launched its new business support products in respect of innovation, best practice and raising finance. They are available to all eligible companies, including those in the textile industry. Ministers also take available opportunities to promote the sector through participation at industry and other relevant events.

Mr. Prentice: That is all very encouraging, but a textile firm in my constituency recently lost out on a contract for waterproof breathable garments for the Army. I learned from the correspondence that UK contractors can subcontract work to weaving companies in Pakistan.

I took the matter up with Lord Bach, the Minister for Defence Procurement. He said that UK companies using overseas contractors were beyond the reach of the regulations, because "we cannot dictate" where manufacture takes place. Surely that matter is crying out to be looked at, as so much textile work is being allowed to seep overseas?

Jacqui Smith: I understand that companies in the textile and clothing industries are concerned about the problem that my hon. Friend has identified, especially as UK prime contractors increasingly source from overseas. Officials from the DTI and industry representatives recently met officials from the Ministry of Defence to achieve a better understanding of the processes involved in, and the opportunities that arise from, procurement strategy. The aim is to ensure that both Departments are able to deliver better value for money for taxpayers, and that UK producers enjoy the best possible opportunities.

I hope that my hon. Friend will join me in congratulating Panaz Ltd., a company in his constituency. It has developed a very innovative furnishing fabric that has particular importance in health care environments, and today is being presented with the Queen's award for enterprise by HRH Prince Andrew.

Sir Nicholas Winterton (Macclesfield) (Con): Having been involved in the textile industry for more than three decades, may I ask whether the Minister recognises that, in western economies, clothing industries remain successful only when a country operates a profitable textile industry—that is, spinning and weaving—where fabric is provided in domestic mills equipped with the latest high-tech machinery, which dispenses with cheap labour? Will the Minister have a word with the Chancellor of the Exchequer to see whether incentives can be given to the industry to purchase the latest equipment to compete with cheap labour outside this country?

Jacqui Smith: I agree with the hon. Gentleman that the way forward for our textile industry—and our manufacturing industry generally—is to invest in high-tech and innovative production. That is why we have supported the Textile and Clothing Industry Forum in a four-year programme to help to engage the supply chain, manufacturers and designers; to focus on issues such as process mapping and fast fashion; and to ensure that such innovative investment happens. As previous answers have made clear, we are a Government who have focused our attention on innovation and on innovative investment. I am sure that the hon. Gentleman will make a strong case to his Front-Bench colleagues that it is important to maintain such support for business, even in the face of the cuts their party proposes.

Mr. Deputy Speaker (Sir Alan Haselhurst): Order. I seek the co-operation of the House. We have had a classic example of long answers and long questions, and we shall not get much further down the agenda if that remains the case.

Fireworks

5. **Shona McIsaac** (Cleethorpes) (Lab): How many responses she has received to the consultation on "Proposals to Tackle the Anti-Social Use of Fireworks through the Regulation of Use and Supply." [182682]

The Parliamentary Under-Secretary of State for Trade and Industry (Mr. Gerry Sutcliffe): To date we have received approximately 720 responses, the majority of which were collected from constituents of Members of Parliament both at Westminster and at the Parliament in Scotland.

Shona McIsaac: I appreciate that answer. Perhaps my hon. Friend can confirm whether that figure includes the 480 responses from residents of Cleethorpes constituency, who overwhelmingly backed tougher restrictions to deal with the misuse of fireworks. I make an appeal to my hon. Friend on noise limits, because 120 dB is far too high a level for fireworks. Will he consider the noise limits, and when will the regulations become law?

Mr. Sutcliffe: I congratulate my hon. Friend the Member for Cleethorpes (Shona McIsaac) and all her colleagues on the all-party fireworks group, who have worked with us to try to make the regulations appropriate for the firework season. The noise level is a particular problem, but we have worked with the industry and the community to establish an appropriate level. The figure of 120 dB seems to be the fairest option. We take into consideration all the recommendations put to us, and the regulations will—I hope—be announced very soon.

Travel Industry (Unfair Trading)

6. **Mr. Mark Lazarowicz** (Edinburgh, North and Leith) (Lab): What steps she is taking to prohibit unfair trading practices in the travel industry. [182683]

The Parliamentary Under-Secretary of State for Trade and Industry (Mr. Gerry Sutcliffe): The Government continue to do their utmost to promote the competitiveness and success of all businesses in the UK travel industry, while ensuring an appropriate level of protection for consumers and business against those who would trade unfairly.

Mr. Lazarowicz: Osprey Holidays, a travel company based in my constituency, has to pay a large sum of money as a bond every year to ensure that customers who book a package holiday with them are properly protected for flights and accommodation, whereas some of its online competitors, which offer accommodation as an add-on through their websites, do not have to provide a similar level of protection for their customers. Will my hon. Friend look into that practice, which deprives customers of adequate consumer protection and puts companies such as the one in my constituency at a competitive disadvantage?

Mr. Sutcliffe: I am grateful that my hon. Friend has raised that point, which is a concern for the industry and which was raised with me at a meeting in March. I am talking to colleagues in the Department for Transport who are considering the response to the issue of bonded travel by the Civil Aviation Authority. I hope that we will have a response for my hon. Friend in the autumn.

Miss Anne McIntosh (Vale of York) (Con): I know that the Department for Transport is considering the ATOL aspect and it is not in the Minister's remit, but is he aware that the European package directive is being revisited by the Commission? Would that not be a better mechanism to use to ensure that EU-wide cover is provided for both accommodation and flights if an airline goes bust?

Mr. Sutcliffe: I agree with the hon. Lady that this is an issue that needs to be addressed because of the potential damage to consumers. If that is an appropriate route, we will consider it in conjunction with the discussions with the Department for Transport.

Malcolm Bruce (Gordon) (LD): Will the Minister tell the House how he is getting on in his consultations with the travel industry about excessive premiums charged during school holidays? In some cases, they are 50 per cent. to 100 per cent., and out of all proportion to the costs incurred by the operators. Will he also investigate the activities of holiday clubs that use high-pressure selling techniques to obtain thousands of pounds from people for activities which, if covered by the timeshare rule, would allow a cooling-off period? Indeed, under that rule, certain practices would be debarred. Does he agree that the law should be extended to include holiday clubs?

Mr. Sutcliffe: It was important in discussions with the travel industry to look into its and our concerns, one of which is the price of holidays during the school holiday period. I am happy to say that the industry indicated that it would consider what could be done. Loyalty arrangements have been developed with some travel agents, giving people a reduction in price, and that is the sort of thing we want to see. We are looking at many of the issues relating to holiday clubs and I hope to be able to report to the House in the autumn about the issues Members have raised.

Manufacturing

7. **Jim Sheridan** (West Renfrewshire) (Lab): If she will make a statement on how public procurement affects productivity and innovation in the UK's manufacturing sector. [182684]

The Secretary of State for Trade and Industry (Ms Patricia Hewitt): The Government spend £109 billion a year on goods and services, which can be a powerful incentive to businesses to develop new products, processes and services. That is why I have brought together industry leaders and trade unions, to ensure, with the Government, that innovation is in fact supported and encouraged by the procurement system.

Jim Sheridan: I thank my right hon. Friend for that response. Does she agree that, in terms of the £109 billion procurement budget, a successful strategy to support manufacturing must make full use of both EU and international law? Does she also agree that the basis for the award of the procurement contracts should not just be the cheapest option, but should take into account the benefits to the British taxpayer, British industry and, most important, British workers?

Ms Hewitt: I entirely agree with my hon. Friend that instead of looking at the cheapest price the criterion has to be, as it is, best value for money. We shall not abandon competition in public procurement, because it delivers best value to the taxpayer and the best result for public services, but I agree that the ideal outcome is to get best value for money and to have the goods made in Britain. That is why we are bringing together manufacturing industry and the Ministers and officials who make procurement decisions. That is why we are backing British manufacturing.

Mr. David Kidney (Stafford) (Lab): There is a growing manufacturing industry in this country in terms of renewable energy. Can my right hon. Friend do anything to encourage the use of renewable energy in public buildings for their heat and power supplies?

Ms Hewitt: My hon. Friend raises an extremely important point. As I think he knows, we have put renewable energy, along with energy efficiency, at the heart of the new energy policy. We are investing substantially in the renewables sector and we are of course encouraging and, in some cases, requiring the public sector to improve its energy efficiency and thus to make more use of renewables.

Inward Investment

8. **Bob Spink** (Castle Point) (Con): How much inward investment there has been into the UK in each of the last five years. [182685]

The Minister for Trade and Investment (Mr. Mike O'Brien): UK Trade and Investment published the following numbers for inward investment decisions by foreign-owned companies to invest in the UK. In 1999–2000, there were 757 projects; in 2000–01, 869 projects; in 2001–02, 764 projects; in 2002–03, 709 projects and in 2003–04, there were 811 projects.

Bob Spink: I am grateful to the Minister for that response. Does not the Organisation of Economic Co-operation and Development report showing that inward investment to the eurozone is poor while inward investment to the UK—which of course is outside the eurozone—is relatively good, show how wise it is for this country to keep the pound?

Mr. O'Brien: We believe that long-term investment in the UK, especially foreign direct investment or FDI, would improve if Britain were a member of the euro. However, that would depend on the circumstances in which the UK entered the euro. If we entered at the right time and in the right circumstances we would obviously benefit substantially, but we have learned from the failure of the Conservatives in 1992, when they entered the exchange rate mechanism at the wrong time, for the wrong reasons and certainly at the wrong exchange rate. We have our five economic tests, which will, I am sure, enable us to make the right decision at the right time and for the right reasons.

Mr. Martin O'Neill (Ochil) (Lab): Does my hon. Friend agree that it is not only the extra, new foreign direct investment that is important, but continuing investment by foreign companies in existing UK plants? Is he aware that when members of the Trade and Industry Committee visited the United States last week, we received the impression both in Chicago and in Silicon Valley that Britain is still the preferred European location for inward investment from the US, for all the obvious reasons?

Mr. O'Brien: My hon. Friend is entirely right. There were 285 expansions by existing investors—up 22 per cent. on 2002–03—so, as he says, we are seeing that the economic stability; the investment in skills and education; the support provided by the DTI to industry, which is very much a factor that foreign investors see as welcoming for Britain; and the flexible labour market that we have created all ensure that the United States and other countries continue to see Britain as the place to do business. The US improved its investment projects in the UK by 11 per cent. last year, so the US and other foreign investors reckon that Labour has made Britain a good place to do business, which is why the economy is so successful today.

Mr. James Arbuthnot (North-East Hampshire) (Con): What an incredibly complacent answer. The OECD report last month, to which my hon. Friend the Member for Castle Point (Bob Spink) referred, said that the foreign direct investment

"flows into the United Kingdom fell almost by half in 2003, from a level that was already unimpressive by historical standards."—

in other words, by comparison with what happened under a Conservative Government. Why is it that, under Labour, we have falling investment, the lowest economic growth in the Anglo-Saxon world, the biggest trade deficit in 300 years and a collapse in competitiveness and productivity? Is that anything to do with the fact that the hon. Gentleman is in his position?

Mr. O'Brien: The statistic from the OECD that the right hon. Gentleman quoted relates to investment flows. Under those statistics, Luxembourg, not the UK, is the country that benefits, but no one tends to use those statistics to compare foreign direct investment. No one does. Under the method of collating statistics that considers stocks, the UK is clearly the country in Europe to which most foreign investors want to go. We can compare the statistics under the Conservatives: whereas, this year, 811 projects from abroad have been invested in the UK, 10 years ago under the Conservatives the figure was 431—less than half. Under the Conservatives, when we also saw the disease of Euroscepticism putting Britain at the margins, causing squabbling with European partners and internal divisions in the Government, FDI was going elsewhere. Under Labour, stability is ensuring that foreign direct investment comes to this country.

Mr. Peter Pike (Burnley) (Lab): Does my hon. Friend agree that inward investment into the regions of this country is very important? If we choose to have elected regional assemblies, will they not, in fact, give us more power in the north-west to ensure that more of that inward investment comes to the north-west to create jobs in the manufacturing sector?

Mr. O'Brien: My hon. Friend is entirely right: if we support regional development, as we have been doing, foreign direct investment will flow to the regions, and regional assemblies would certainly enhance that prospect. Our work with the regional development agencies has shown that they are an enormous success. We want to continue that success in the regions.

Sir Robert Smith (West Aberdeenshire and Kincardine) (LD): It was intriguing that the Minister used the number of projects as a measure of inward investment, rather than the impact on the economy of the jobs involved or the value of those investments. Obviously, one large project can have more impact than several small projects that do not add up to the same impact on the economy. Will he explain why the Department considers the number of projects?

Mr. O'Brien: One reason why we consider the increasing number of new projects that find their way into the UK is that they are often high-tech and the number of jobs involved in the UK will expand in the years to come, and the quality of the jobs that we are getting is improving enormously. For example, a manufacturing plant, Abbott Laboratories in Dartford, has set up a substantial new project—one third of new

projects coming to the UK from foreign direct investment are in manufacturing—in which 80 per cent. of the employees must be graduates, and 20 per cent. of them are PhDs. Those are high-tech, highly paid jobs, and that is why getting large numbers of new projects into the UK is so important.

Coal Miners' Compensation

9. **Mr. Eric Illsley** (Barnsley, Central) (Lab): If she will make a statement on the progress of coal miners' compensation claims. [182686]

The Parliamentary Under-Secretary of State for Trade and Industry (Nigel Griffiths): To date, more than 353,000 payments have been made to former miners and their families under the main health schemes, totalling more than £2.1 billion. We continue to pay out a further £1.8 million a day, and I am grateful to all hon. Members for their help in ensuring that we are delivering the biggest health compensation scheme in history.

Mr. Illsley: I am grateful for that reply, and I congratulate the Government on what they have achieved so far on coal health claims. Has any progress been made in negotiating settlements for those categories of workers who are currently excluded from compensation claims, such as surface workers who contracted chronic bronchitis and emphysema through working in dusty conditions, albeit on a colliery surface?

Nigel Griffiths: I am grateful to my hon. Friend for giving me the chance to update the House on that. Mr. Justice Turner asked the miners' solicitors for evidence to support claims for compensation for surface workers. I made sure that the solicitors had our full co-operation and access to all the British Coal dust records. I understand that the solicitors have identified lead cases, which they intend to present to Mr. Justice Turner next week or the week after. As always, the DTI will meet the full liability to any miner determined by the courts.

Mr. Roger Williams (Brecon and Radnorshire) (LD): Undoubtedly, compensation claims and compensation are flowing through the system. Apart from surface workers, however, there are real problems for miners who worked in small private mines, particularly those who fall outside the qualifying period and who are finding it difficult to have that period disregarded and their claims considered. Will the Minister assure us that those miners will have their claims considered quickly?

Nigel Griffiths: I share with other hon. Members concerns about the small mines. I am happy to say that the claimants' group representing the miners reached agreement with the small mines representatives on their outstanding issues in February. Measures are being put in place to ensure that the necessary systems exist to make full and final offers, and those include amendments to the claims handling agreement, software adjustments to the calendar models and other things. I should appreciate it if the hon. Gentleman and others kept me posted on the impact that that is having on their constituents. We have a common aim.

Jon Trickett (Hemsworth) (Lab): The miners helped to make this country the wealthy place it is today. Many became ill in the process because of the negligence of the coal board. It is to the Government's great credit that they have secured the largest compensation package in history, resulting in more than £30 million being paid out in Hemsworth alone.

May I draw my hon. Friend's attention to one small group of individuals? The burden of proof is on the miners to demonstrate that they worked in the mining industry. Some are old and their colleagues have died, leaving no evidence around that they worked down the pits and are now suffering as a result. If I write to my hon. Friend, will he look into that problem?

Nigel Griffiths: Yes, I should of course be grateful to hear about that. We want to rectify any outstanding injustice. My hon. Friend takes a close interest in these matters and will realise that we need some evidence, although records may not be available. We are going as wide as possible in accepting evidence, but I shall be happy to examine in some detail the case that my hon. Friend mentioned.

Energy Supply

10. **Anne Picking** (East Lothian) (Lab): What assessment she has made of the security of energy supply. [182687]

The Minister for Energy, E-Commerce and Postal Services (Mr. Stephen Timms): We set out our market-based approach to the delivery of energy in last year's White Paper. It worked well to deliver secure energy supplies last winter, and we expect it to continue to do so. My right hon. Friend the Secretary of State has tabled an amendment to the Energy Bill, which has attracted wide support, requiring an annual report on security of supply for debate in Parliament.

Anne Picking: I am sure that my hon. Friend agrees that the renewables agenda is laudable; however, if the wind does not blow, we are snookered. My constituency has Torness power station, which guarantees a regular supply, and Cockenzie power station, which has the flexibility to kick in and generate when security of supply is at risk—indeed, it is a flagship power station in Britain and Europe for its capacity to do that. Does my hon. Friend agree that security of supply is paramount, even if new nuclear replacement is required?

Mr. Timms: I agree with my hon. Friend about the importance of security of supply, which is one of the four key goals set out in the energy White Paper. I also agree with her about the flexibility that we enjoy, with coal-fired generation and with an important contribution made by nuclear power stations such as Torness. The White Paper stated that we should not become over-dependent on any one fuel, but I believe that the development of renewables will help us by providing another independent source of power. On that basis, I think that we can look forward with confidence to continuing security in future.

Dr. Vincent Cable (Twickenham) (LD): The Government have used security of supply arguments to justify subsidising nuclear power, but now that energy prices, especially power prices, have recovered strongly, how can they justify placing hundreds of millions of pounds of taxpayers' money at risk through a continuing line of credit?

Mr. Timms: It is important that we enjoy continuing security. British Energy is working through a restructuring, which we all hope will be successful, and the Government provided a line of credit to facilitate that process. The European Commission is examining the state aid implications of that and we expect its decision before long. Our approach to British Energy's restructuring is the right one. It provides good grounds for optimism about—to echo my hon. Friend the Member for East Lothian (Anne Picking)—the security that we need in future.

Mr. Geoffrey Robinson (Coventry, North-West) (Lab): I am sure that my hon. Friend is aware of the Prime Minister's recent remarks about nuclear energy. Can he confirm that it remains Government policy—as set out in the White Paper—to retain the basic engineering skills in the sector, so that if a decision were made to embark on a new nuclear programme, we would be able to carry it through?

Mr. Timms: I can confirm that earlier this week my right hon. Friend the Prime Minister repeated the statement in the energy White Paper that we need to keep the nuclear option open, including by ensuring that we maintain the necessary skills, because we may well need new nuclear power stations in future. He also pointed out that we had first to overcome two major barriers. First, the economics of nuclear are pretty unattractive at present. Secondly, we need good answers to the question of what becomes of nuclear waste; work on that is ongoing. None the less, I agree that it is important that we keep the option open.

Power Generation

11. **Mr. Bob Blizzard** (Waveney) (Lab): What assessment she has made of the future contribution of carbon capture and storage to the power generation process. [182688]

The Minister for Energy, E-Commerce and Postal Services (Mr. Stephen Timms): We published last year the conclusions of our "Review of the Feasibility of Carbon Dioxide Capture and Storage in the UK". We see the technology as potentially playing an important role in the long term, but the report identified a number of major hurdles that still need to be overcome.

Mr. Blizzard: Is it not the case that even if we meet the difficult target of generating 20 per cent. of our electricity from renewable sources by 2020, there will still be a gap in meeting our carbon dioxide emissions target? Is it not vital that the Government act now to develop carbon capture and storage technology in order to bridge that gap? That would be compatible with investment in renewables, but if the Government do not—

Mr. Deputy Speaker: Order. The hon. Gentleman asked at least two questions, which is sufficient.

Mr. Timms: The programme that we have set out for achieving our ambitious goals on reducing CO_2 emissions includes the development of renewables, as my hon. Friend said, big programmes, ambitious efforts on energy efficiency and other initiatives. CO_2 capture in power generation needs considerable research and development, as it is still rather costly. The USA's FutureGen project, for example, will cost about $1 billion, but will not be ready until 2015. There are important opportunities, but it is difficult to envisage carbon capture and storage becoming viable before 2020.

Bank Holidays

12. **Mr. John Grogan** (Selby) (Lab): What recent representations she has had asking for an increase in the number of bank holidays. [182689]

The Parliamentary Under-Secretary of State for Trade and Industry (Mr. Gerry Sutcliffe): The Department receives a variety of requests for new bank holidays. Over the past three months, we have received six requests to make St. George's day a bank holiday, one request for a UN day of peace, and one request to recognise a Bengali religious holiday. Only one request was received asking for a one-day increase to the number of bank holidays on an unspecified date.

Mr. Grogan: Given that it is many weeks before the next bank holiday, that most European countries have far more bank holidays than we do and Ministers' emphasis on the work-life balance, is it not time that they show they retain their joie de vivre and launch a consultation on the number and nature of our bank holidays?

Mr. Sutcliffe: May I congratulate my hon. Friend on his linguistic talents? The notion of extra holidays is attractive, and he will acknowledge that this Government, unlike the previous one, introduced the concept of four weeks paid annual leave. We have to balance the issue of bank holidays with the costs for businesses, which are about £2 billion a day. There is a balance between costs and extra bank holidays, but we will keep the matter under consideration.

Adam Price (East Carmarthen and Dinefwr) (PC): I am glad that St. George has at least six supporters, but may I make a bid for St. David? The National Assembly for Wales recently supported a proposal to make St. David's day a national public holiday in Wales, so will the Minister agree to meet a small delegation from the Assembly to discuss that proposal?

Mr. Sutcliffe: I am always happy to meet delegations, but I fear that I could meet large numbers of them if I gave way on this issue. People feel strongly about St. David's day, as they do about St. George's day, and if they and the hon. Gentleman write to me, I will provide a response.

Broadband

14. **Mr. David Cameron** (Witney) (Con): What recent representations she has received about difficulties in accessing broadband technology in rural areas; and if she will make a statement. [182691]

The Minister for Energy, E-Commerce and Postal Services (Mr. Stephen Timms): My Department has received over 100 items of correspondence on this subject since January. The proportion of rural households within reach of a broadband service is rising quickly, and there is a realistic prospect that every community in the country will have broadband by the end of next year.

Mr. Cameron: I am grateful for that answer. Trigger levels have been set for all the exchanges in my constituency, and they have all been reached, so does the Minister agree that the next big issue—he did not really address this in his reply—is how we get broadband to homes, farms and businesses that are some distance from the exchanges? Many groups such as Oxfordshire Rural Broadband provide community service solutions, but how will the Government help to tackle a pressing problem that will become more acute in rural areas as businesses and farms realise that they cannot get the service that the Minister talked about?

Mr. Timms: The hon. Gentleman makes a fair point. Some 87 per cent. of UK homes and businesses have access to broadband, but only 72 per cent. in market towns, and 22 per cent. in rural villages. There is still a big job to do, which is why the DTI and the Department for Environment, Food and Rural Affairs jointly set up a rural broadband unit that has carried out important work. The hon. Gentleman will be encouraged by British Telecom's progress in extending the distance over which its exchanges can support an asymmetric digital subscriber line. We are working closely with regional development agencies on the issue, and the rural broadband unit is working through the community broadband network to support community-based providers such as the one in his constituency to which he referred. I very much support that work and we are, in a variety of ways, encouraging and promoting further progress.

Mrs. Ann Cryer (Keighley) (Lab): I wonder if my—

Mr. Deputy Speaker: Order. At this stage, the hon. Lady just has to ask Question 15.

Company Directors (Remuneration)

15. **Mrs. Cryer:** If she will take steps to stop the practice of continuing to reward company directors who fail to fulfil their duties. [182692]

The Parliamentary Under-Secretary of State for Trade and Industry (Mr. Gerry Sutcliffe): Directors' remuneration is a matter for companies and their shareholders. It is a provision of the combined code that remuneration committees should avoid rewarding poor performance. Best practice guidance issued by the Association of British Insurers, the National Association of Pension Funds and the Confederation of British Industry also makes it clear that that is unacceptable.

Mrs. Cryer: I apologise, Mr. Deputy Speaker, for my mistake. I was watching the clock instead of looking at the list of questions.

Does my hon. Friend agree that rewarding company directors for failing to fulfil their duties sends out the wrong message to shop floor workers and trade union members in my constituency? They would be amazed were they to receive bonuses for shoddy work and lessening productivity.

Mr. Sutcliffe: I agree with my hon. Friend. She will acknowledge the work that my right hon. Friend the Secretary of State has done on issues relating to the Higgs report on corporate governance and the Tyson report about the make-up of boards of directors. Clearly, failure should not be rewarded, and that should act as a motivation to make sure that people who are productive get their just rewards. That should apply in the boardroom, as well as on the shop floor.

MINISTER FOR WOMEN

The Minister for Women was asked—

Domestic Violence Victims

20. **Bob Spink** (Castle Point) (Con): What assessment she has made of the services available for women fleeing domestic violence or abuse. [182669]

The Deputy Minister for Women and Equality (Jacqui Smith): Domestic violence accounts for one fifth of all violent crimes, affects one in four women and causes the death of two women each week. Those are shocking statistics that we are determined to tackle. Our hand will be strengthened by the new Domestic Violence, Crime and Victims Bill, which includes a range of measures and services that will provide additional protection and support for victims and help to bring perpetrators to justice.

Bob Spink: Could the Minister ensure that the services that must be available to women in those circumstances always take children into consideration, and that women, particularly those with children, who have to flee from violence, perhaps to a women's refuge, can get on to the local council's housing register without any impediment?

Jacqui Smith: The hon. Gentleman makes an important point. Frequently, children, too, are victims of domestic violence. That is why we need more refuges and why the increase in Government support of between £7 million and £9 million this year and next year will be important. The hon. Gentleman is right—I am sure he has had constituency cases, as I have—that we need to ensure that our housing authorities are open and responsive to the needs of women fleeing domestic violence, especially those with children.

Kali Mountford (Colne Valley) (Lab): Does not the Domestic Violence, Crime and Victims Bill, together with the Children's Bill, mark a unique step forward in protection and security for families in their home? In addition to that legislative framework, should not the inter-ministerial group consider the wider social context and encourage collaborative and partnership working not just with local authorities, but right across the social framework, in order that the legislation can do its work effectively?

Jacqui Smith: My hon. Friend is right. There is a series of responsibilities at national and local level, in the voluntary sector and more broadly for ensuring that the widest framework of support is available, helped by additional Government investment through the supporting people programme, which received £57 million this year for housing-related support services. That is backed up by the activities of housing associations and other support organisations, and by the important work of voluntary organisations in this area, particularly Women's Aid and Refuge, which are working together to provide a single national 24-hour freephone helpline.

Iraq

21. **Mrs. Ann Cryer** (Keighley) (Lab): If she will make a statement on the representation of women in positions of power in the new Iraqi Government. [182670]

The Minister for Women and Equality (Ms Patricia Hewitt): I am delighted to say that six women have been appointed as Ministers and seven women as Deputy Ministers in the new Iraqi Interim Government. That includes a Minister for Women.

Mrs. Cryer: I thank my right hon. Friend for that encouraging list of appointments in Iraq. Will she have any input into the organisation of elections to the National Assembly, which I understand may well have a reserved list for women, perhaps even of 25 per cent.? Will she have a word with Members of the National Assembly of Pakistan, who were elected on such a list and who are pretty well disregarded by their colleagues because of the way in which they were elected?

Ms Hewitt: My hon. Friend raises an extremely important point. As she knows, we have throughout supported Iraqi women who want and, I believe, deserve a strong voice in the future government of their country. I am delighted to say that two of the seven commissioners on the Independent Electoral Commission for Iraq are women. There is indeed a commitment that 25 per cent. of the candidates for the new Transitional National Assembly should be women. That is being taken forward by the United Nations, which will facilitate that election and electoral system.

Malcolm Bruce (Gordon) (LD): Although it is welcome that women are involved in the new Government, the role of women in the new Iraq needs to be at least as good as it was under the previous regime, which ironically, in its general treatment of women, was better than many other states in the middle east. With regard to the question from the hon. Member for Keighley (Mrs. Cryer), is not the problem the fact that we have transferred sovereignty to the people of Iraq? Our job is not to tell the people of Iraq how to organise their society, but to ensure that there is a democratic framework that enables women to prosper and thrive in that society and in its Administration.

Ms Hewitt: I must say that the Iraqi women with whom I have worked closely over the past 12 months would not recognise the hon. Gentleman's description of the previous regime, under which many of them and their families suffered and from which several of them were forced to flee. We do not seek to dictate how the Iraqi people should shape their future society and Government, and we support Iraqi people, and in this case Iraqi women, in having their voices heard. Iraqi women insisted on the transitional council withdrawing its proposal to reinstate sharia law, and they also insisted—we supported them—on the inclusion of women in all the new power structures. Many of those strong and courageous women will be elected to the Transitional National Assembly, and they will play an important role in building a strong, stable and democratic Iraq.

Professional Qualifications (Government Support)

22. **Ms Sally Keeble** (Northampton, North) (Lab): What support the Government are providing for women returning to work who want to acquire professional qualifications. [182671]

The Deputy Minister for Women and Equality (Jacqui Smith): We recognise the barriers that women face in returning to work and acquiring professional qualifications, and consequently we have introduced a raft of measures to help ease the transition. Those measures include the new deal for partners, the new deal for lone parents, the new deal 50-plus, new rights for working parents, a national child care strategy, tax credits and financial support as part of the lifelong learning programme.

Ms Keeble: Is my hon. Friend aware that University college Northampton in my constituency runs very good nursing and teaching courses? However, women find it difficult to complete those courses and return to work because they have problems paying for child care, and other problems arise during holidays. Such women say that the schemes help them return to work to stack shelves, but not to do professional jobs. Will she talk to her colleagues in the Department for Work and Pensions and the Department for Education and Skills—some of them are sitting on the Front Bench—about integrating benefits and the student support system to allow women to qualify as nurses and teachers and to take degree courses rather than just diplomas? *[Interruption.]*

Mr. Deputy Speaker: Order. I do not want advice from Opposition Front Benchers. The hon. Lady knows that her question was far too long and rambling.

Jacqui Smith: My hon. Friend rightly identified not only the challenges faced by those who want to return to teaching or the health service, but the importance of bringing back into those sectors those women and their skills. Progress has been made on bursaries and child care support in both education and the national health service, and I shall bear my hon. Friend's comments in mind and report them to my colleagues.

Mrs. Eleanor Laing (Epping Forest) (Con): Is the Minister aware that it takes a long time to obtain a professional qualification in child care and that the need for more people to work in child care is urgent? Does she agree that a mother who has successfully brought up a child to school age has effectively served a rigorous apprenticeship in child care? Will she consider accrediting that experience towards a professional qualification for mothers who want to return to work in the child care profession?

Jacqui Smith: The hon. Lady is right. The massive expansion in child care under this Government has placed child care workers' skills at a premium. The hon. Lady makes a fair point about the skills that women gain by bringing up their own children. My right hon. Friend the Minister for Children and other ministerial colleagues are examining how we can recognise those skills, while also recognising the importance of high quality training for our child care workers.

Gender/Trade Issues

23. **Mrs. Anne Campbell** (Cambridge) (Lab): What action she is taking on gender and trade issues. [182672]

The Minister for Women and Equality (Ms Patricia Hewitt): Yesterday, I published a White Paper on trade and investment that makes the case for global trade that is fair, as well as free, and stresses the need for trade policies in developing countries to be integrated with programmes for development and poverty reduction and to ensure that the position of women, who are the majority of the poor in those countries, is taken fully into account.

Mrs. Campbell: Does my right hon. Friend agree that women are often more adversely affected than men by trade globalisation issues? For instance, they are more likely to be affected by the transfer of call centres abroad. Will she ensure that her policies take account of gender issues and that our trade rules mean that globalisation is good for women as well as for men?

Ms Hewitt: I absolutely agree with my hon. Friend that we have to consider the differing impact that growing trade and technology can have on men and on women. It can work in both directions. The manufacturing jobs that we have lost to global trade have often been male jobs, but the new jobs created in developing countries have often been taken by women. The point is to take such factors into account to ensure that women as well as men, in developing as well as developed countries, can benefit from the growth in the world economy.

Education and Skills (Five-year Strategy)

12.30 pm

The Secretary of State for Education and Skills (Mr. Charles Clarke): Today, I am proud to publish the Government's five-year strategy for education and skills and for children's services.

Since 1997, substantial new investment and significant reform have brought education, skills and children's services to the centre of our national life. A powerful alliance now exists for higher standards, embracing parents, our schools, colleges and universities, the voluntary sector, local authorities and employers. Improvements can be seen across the board: nursery education is now available for all three to four-year-olds; our 10-year-olds are among the best readers in the world; specialist schools are producing our best-ever results in secondary education; record numbers of young people are going on to university; and adults at work are gaining new skills.

That progress has reversed years of under-investment and complacency; but more than that, it has lifted expectations in communities all over the country where educational failure had become entrenched. People know that education provides the key to lifelong achievement, and they now believe that it can be for them and for their children. They are right to have those expectations, challenging though they are to all of us in Government. Most parents do not want good schooling to depend on the ability to pay or to be rationed by admissions to selective schools. For many years, a quality education was the prerogative of the few: it must now become the entitlement of all.

Five key principles of reform will underpin our drive for a step change in children's services, education and training: first, greater personalisation and choice, with children, parents and learners centre stage; secondly, opening up services to new and different providers; thirdly, freedom and independence for front-line head teachers and managers, with more secure streamlined funding arrangements; fourthly, a major commitment to staff development, with very high-quality support and training; and fifthly, partnerships with parents, employers, local authorities and voluntary organisations to maximise the life chances of children, young people and adults.

Our five-year strategy is ambitious for children and learners at every stage of life. In the early years, all parents will be able to get one-stop support through children's centres that provide a combination of child care, education, health and advice services, and there will be a flexible system of "educare" that joins up education and childcare to provide 12½ hours of free support a week for three to four-year-olds before they start school, with more choice for parents about when they use it. Local authorities will play a major new role, through children's trusts, in joining up all local services for families and children.

In primary schools, we will continue to drive up standards in reading, writing, numeracy and science, but also to enrich the school curriculum and to give every child the chance to learn a foreign language and to take part in music and competitive sport. We will develop more dawn-to-dusk schools offering child care and after-school activities to help children and busy parents. Those extended schools, as they are called, will combine with early years and with family learning providers to provide a genuine educational centre to every local community.

In secondary education, we will build on the achievements of the past seven years to increase freedoms and independence, accelerate the pace of reform in teaching and learning and extend choice and flexibility in the curriculum. Driving our reform will be a system of independent specialist schools—not a new category of school, but more independence for all schools.

Independence will be within a framework of fair admissions, full accountability and strong partnership. We will never return to a system based on selection of the few and rejection of the many. The strict national requirement for fair admissions will remain and we will not allow any extension of selection by ability.

We will put in place eight key reforms. First, real freedom for schools will come only with secure and predictable funding in the hands of head teachers. Every penny meant for schools must get to them. We will therefore introduce guaranteed three-year budgets for every school from 2006, geared to pupil numbers, with a minimum per pupil increase for every school each year. That dedicated schools budget will be guaranteed by national Government and delivered through local authorities. We will consult in the autumn on the practical arrangements and on ensuring there are no adverse effects for other local government services.

Secondly, we expect all secondary schools to become specialist schools with a centre of excellence. They will now be able to take on a second specialism. High-performing specialist schools could become training schools or leaders of partnerships.

Thirdly, every school will have a fast-tracked opportunity to move to foundation status, which will give them freedom to own their land and buildings, manage their assets, employ their staff, improve their governing bodies and forge partnerships with outside sponsors.

Fourthly, there will be more places in popular schools. There is no surplus places rule. We already enable popular and successful schools to expand—we have a special capital budget for that. Now we will speed up and simplify the means to do it. There will be more competitions for new schools, which will enable parents' groups and others to open up schools.

Fifthly, a new relationship with schools will be established to cut red tape without abandoning our ambitious targets for school improvement or intervention in failing schools. We will halve the existing inspection burden on schools, with sharper short-notice inspection. Schools will have a single annual review carried out by a school improvement partner—typically, a serving head teacher from a successful school.

Sixthly, in areas where the education service has failed pupils and parents, sometimes for generations, we will provide for 200 independently managed city academies to be open or in the pipeline by 2010. About 60 of those new academies will be in London.

[Mr. Charles Clarke]

Seventhly, through the "Building Schools for the Future" programme, and a sevenfold increase in the capital budget for schools since 1997, we will refurbish or rebuild every secondary school to 21st century standards in the next 10 to 15 years.

Eighthly, foundation partnerships will enable schools to group together to raise standards and take on wider responsibilities, such as special educational needs or hard-to-place pupils.

Local authorities will play a key part as champions of pupils and parents, setting a strategic vision for services in their area, encouraging and enabling strong partnerships of schools, holding schools to account and intervening where standards are at risk.

In each school, every pupil should have the personalised teaching they need to succeed, backed by excellent training for teachers, a broad and rich curriculum and more sport, clubs, societies and trips. We will continue to crack down on truancy and poor behaviour wherever it occurs, giving new powers to schools and local authorities.

From the age of 14 onwards, there will be a much wider choice of subjects, with better vocational options delivered in close collaboration with employers, and the opportunity to start an apprenticeship at 14. There will be more choice after 16, with high-performing specialist schools opening more sixth forms where there are not enough.

There will be a new framework for the curriculum and qualifications following the Tomlinson review. I appreciate the Conservative party's support in working with us. That will help the reform process. I also appreciate the strong support that the director general of the Confederation of British Industry gave yesterday for working together. That is a positive step.

In the autumn, we will publish a Green Paper on bringing together activities and services for young people. The structure of what is currently offered to young people is too complicated and unclear, and we will tackle that.

For adults developing their skills, there will be free tuition for basic skills and for those going on to level 2 qualifications, which is equivalent to five good GCSEs. There will be a leading role for employers through sector skills councils and a reformed further education sector, rewarding success and closing weak courses and colleges. For those going on to university, there will be grants for students who need them, an end to up-front fees and a fair system for graduates to contribute to the cost of their course. There will be foundation degrees in vocational subjects, designed with and for employers, and world-class research to maintain our leading edge, particularly in science and technology.

This ambitious programme of reform is backed by the further investment announced by the Chancellor in his Budget statement in April. Spending on education will rise by more than £11 billion to £58 billion by 2008 and—through the efficiency review and the 30 per cent. reduction in the Department's main staff—will be focused more than ever on front-line services.

The dividing lines for the future of children and schools are clear: whether we select a few, or raise standards for all; whether there is no role for local authorities, or a new role for local authorities; whether we take funding out of public services, or put it in; whether there is freedom for all, or a free-for-all; and whether some children matter, or every child matters. On this side of the House, we have made our decision: for excellence, for opportunity, for choice, but, importantly, for all.

Mr. Tim Collins (Westmorland and Lonsdale) (Con): I am grateful to the Secretary of State, not only for his customary courtesy in letting me have early sight of his statement, but for ensuring that every Member of the House could thoroughly familiarise themselves with its contents by reading the papers in recent days.

They say that imitation is the sincerest form of flattery, in which case Conservatives should feel really flattered today. There is much in what the Secretary of State has said that we can and do welcome: making it easier for good schools to expand; putting choice at the heart of the drive to raise standards for all; giving schools new independence; redefining the role of local authorities; and sharply increasing spending on schools. That all sounds rather familiar. Indeed, all of it was lifted from the Conservative policy document that was launched last week. Much of today's announcement is a tribute to the power of the photocopier; it is a product not so much of Blair or Clarke as of Xerox.

We welcome the Secretary of State's renewed commitment to early-years education and the concept of the extended school. A three-year budget for schools, geared to pupil numbers, is getting towards the idea of funding following parental preference, which we also welcome, and I certainly support what the right hon. Gentleman said about our wish to play our part in finding consensus on vocational education, in particular for 14 to 19-year-olds.

The Secretary of State said that parents must have more choice. Does he accept, however, that such a statement is meaningless without a commitment to create more capacity in the system? Why did he say this morning,

"we haven't got a new places figure"?

Why will he not match the Conservative pledge to create 600,000 extra school places to ensure that at least 100,000 additional parents can gain their first choice of school within four years? He also said this morning,

"we will encourage new providers to come in",

but he will not, will he? He will not match our pledge to pay for any child at any school a parent chooses, so long as everyone there is charged the basic state rate, so he is not really offering choice at all, is he?

The Secretary of State says that he wants to create more city academies, which are a rebranding of the Conservatives' city technology colleges. Will he confirm, however, that future waves of city academies will receive far less funding from the state than those being set up at the moment? He says that he wants to create more sixth forms, which is an astonishing statement given that, under this Government, learning and skills councils up and down the country are driving through plans to close existing excellent sixth forms. Will he tell the LSCs to call off their attacks on sixth forms, or is his affection for sixth forms only skin deep?

In his statement, the right hon. Gentleman made great play of saying

"we will not allow any extension of selection by ability."

However, he also said this morning that

"specialist schools are allowed to select up to 10 per cent. of their children by aptitude".

That means that all the schools that he now intends to turn into specialist schools—all secondary schools—will be able to select. Or does he seriously expect us to believe that there is a real difference between selection by ability and selection by aptitude? If selection is such a bad idea, why was the BBC briefed this morning to say that under the Government's plans

"comprehensive schools will be swept away"?

Is not the truth that he wants to be able to tell the middle classes that selection will come back, while telling his Back Benchers that selection will be kept out?

Will the Secretary of State's proposals require primary legislation? If so, when will we see it?

The Secretary of State said this morning that his main theme was that

"we want to give more independence to schools."

Therefore, does he agree with the unnamed Cabinet Minister who told a newspaper this weekend that

"if you want to say these are like grant-maintained schools, I couldn't disagree"?

That is the big idea: new Labour, new grant-maintained schools. They will seek a mandate for a third term promising to do the exact opposite of what they did in their first term. It is not much of an election slogan: "Vote Labour to reverse everything that the dreadful Labour Government have been doing."

Will not teachers and parents recognise that if even Labour now admits that only choice, diversity and deregulation can raise standards, they should have a Government who believe in such ideas in their bones, not in their focus groups? Will not everyone know that the only way to get real choice and a real lift in standards is to vote Conservative?

Mr. Clarke: Let me address those points one by one.

First, on the question of mechanisms and capacity, let me remind the House that this Government are increasing investment in schools and school places by massive numbers. We are building the new schools, we are putting in the places, and we are offering the capacity to take the choice forward, on the back of a position of cuts, cuts, cuts during the Tory years.

Secondly, I am glad that the hon. Gentleman has clarified that his policy is to put more money from the state sector into private schools. When that is quantified, which his noble Friend in the other place has done, we realise that between £1 billion and £1.5 billion a year would be taken from state schools and put into private schools.

Thirdly, on future waves of city academies, the commitment is to ensure that city academies reach 21st century world-class standards. It is not a commitment to a particular amount of money—some can be refurbished, some can be built, and that is the position. But they will reach those top-quality standards.

Fourthly, it is completely untrue to suggest, as the hon. Gentleman does, that learning and skills councils are launching an assault on sixth forms, to use his words. Learning and skills councils in every part of the country have a programme to consider what is the best provision locally, to widen choice and to widen opportunities. That is what they are doing.

As I think the hon. Gentleman will know, 94 per cent. of specialist schools offer no selection whatever on aptitude or anything else. The aptitude tests that we are talking about relate to sport, music and such directly related issues. I am glad, however, that he raised the issue of selection as he did. The truth is that that is the dividing line between the parties in the House: we say that there should be a code of admissions and no selection on the basis of ability; the Conservative party says that every school should have the ability to select its pupils with tests, in every circumstance, not only at the age of 11 but at the age of 5. That is a massive difference and the people of the country will know it.

The hon. Gentleman asked about primary legislation. There are aspects of our proposals that require primary legislation, which will be introduced in due course.

Finally, I remind the hon. Gentleman that grant-maintained schools were funded by a national funding agency, which we are not reintroducing—we are funding through local government. Let me remind him that they had beneficial levels of funding compared with everybody else, whereas our specialist schools, city academies, non-specialist schools—all schools—are funded on the same basis, without the discrimination that was established through the Conservatives' system. Therefore, whoever the anonymous Cabinet member was, they were wrong, and I am glad to say that in public. No doubt he can tell me who that individual was.

There is a choice facing the country—it is the choice that I have set out. I hope and believe that the country will vote for progress in the way that I have established.

Mr. Phil Willis (Harrogate and Knaresborough) (LD): I echo the thanks to the Secretary of State for an advance copy of his statement and of the five-year plan.

Having spent a lifetime in education, it is very sad that I should respond to a five-year statement by saying that the hon. Member for Westmorland and Lonsdale (Mr. Collins) has summed it up right: it is Tory policy being delivered by a Labour Government, and I find that absolutely scandalous.

We support much of what is in the mission statement launched by the Secretary of State today and by the Prime Minister yesterday, in his evangelical announcement in Camden. No one could deny that we need to raise standards for all, to eradicate educational failure, to extend educational achievement and to give schools more autonomy and freedom. It is strange to think that two years ago the Secretary of State vetoed a Liberal Democrat amendment to what became the Education Act 2002 that would have given all schools earned autonomy. That has now become standard policy.

We support those objectives. Our differences with the Secretary of State lie in how they are to be achieved. We welcome the move to three-year budgets, which I think will be welcomed by every head teacher in the land, and the sensible change to a budget year beginning in

[Mr. Phil Willis]

September and ending in August. Why, though, did the Secretary of State not support the idea of an activity-led funding model, particularly for higher schools and particularly for the 14-to-19 phase? We also welcome his commitment to early-years centres. He said that all parents would have access to them, but will he confirm that by the end of the five years 80 per cent. of the poorest boroughs will have no early-years centres? I do not know how he can reconcile that with his commitment.

Few Members would oppose the concept of excellence and opportunity for all, but the Secretary of State's plan seeks not to erase but to widen division. We were told that there would be no selection—that schools would not be allowed to choose students. How on earth can any Secretary of State try to persuade the House and the public from the Front Bench that that can be achieved by giving specialist schools the right to choose 10 per cent. of their pupils, and dancing on the head of a pin when it comes to aptitude and ability? How can it be achieved by allowing 500 new independent specialist schools to select 100 per cent. of their students on the basis of ability or similar criteria, and allowing 200 academies to select for whatever purpose they choose? [HON. MEMBERS: "You got it wrong."] With respect, we got it wrong when Ministers said that there would be education for all. Saying that there will be no selection and then allowing virtually every school in the land to select is an illusion worthy of David Blaine.

We are not concerned about academies or specialist schools. We are concerned about ensuring that children gain access to good local schools that receive state funding. Can the Secretary of State explain how—given the increased plethora of admission arrangements that he has announced—it will be possible to give all children, irrespective of postcode, ability, social class or religion, an equal chance to gain access to the schools of their choice? If he cannot guarantee that, yesterday's claim by the Prime Minister of excellence and opportunity for all was little more than a cruel deception.

The deception does not stop there, however. How can the Secretary of State believe that creaming off £5 billion from the capital budgets of "schools for all" to pay for 20 new academies will do other than provide fewer resources for the rest? Will he confirm that local authority asset management plans are now redundant, and that a deprived community will be able to acquire a new school only if it is an academy? If the 500 new foundation schools all expand with the help of additional capital and revenue, what will happen to the others—the schools that are left with falling roles and fixed costs? How can that give the poorest of our kids the opportunities that they so richly deserve?

This Government came to power promising standards, not structures; but today's statement was all about structures. It contained nothing about standards. Where was there mention of a curriculum in the new five-year arrangement? What is happening to the vocational offer? As for special educational needs, they have been parked out of sight.

The Secretary of State ought to look around the country. He would find that not all schools are like London schools. Many are in rural areas where there is no choice because there is only one school.

This is not a five-year plan. It is an election plan, launched in an attempt to steal the Tories' clothes before the next general election and next week's humiliating by-election results in Leicester and Birmingham.

Mr. Clarke: Out of respect to the hon. Gentleman, I was not going to mention the by-elections, but as he has mentioned them himself, perhaps I will. I was in both Birmingham, Hodge Hill and Leicester on Monday. In both cases specialist schools had been announced last Thursday, and in both cases the Liberal Democrats had opposed those schools from the outset. The Liberal Democrats twist and turn on these issues all the time.

The hon. Gentleman got four things completely and utterly wrong. First, we are not saying that only 20 per cent. of wards in Britain will have children's centres and support for them; he will realise that if he reads the document. We have identified financial priorities, but we intend to provide children's centres for all people throughout the country. That is what we are seeking to do, and that is what we will do.

Secondly, the hon. Gentleman was wrong about selection. There is a code of admission for city academies, specialist schools and all other schools, which rules out selection on the basis of ability. It applies to all schools in those circumstances. City academies and specialist schools have mixed-ability intakes, should have mixed-ability intakes, will continue to have mixed-ability intakes and, beyond that, will have a responsibility—set out in this document—to work together to do far better for excluded pupils and pupils with special educational needs than they do at present.

Thirdly, the hon. Gentleman simply failed to grasp the massive implications of our "Building Schools for the Future" programme. I said in my statement that spending on capital is now seven times as great as it was in 1997. We have a programme, set out in the April Budget statement, to ensure that every secondary school in the country has world-class resources and will continue to do so over the next 10 to 15 years. My hon. Friend the Minister for School Standards has already announced the first wave, and later this year we will announce the second group of local authorities involved. Academies are included in that programme, are working on it, and are a key element in it. The hon. Gentleman's suggestion that the only way in which a school can secure modernisation and investment is by becoming an academy is completely and utterly wrong.

Fourthly, the hon. Gentleman asserted that none of this was about the curriculum. Next time, I will not make the mistake of giving him a copy of a document in advance. If he had taken the trouble to read this document even at the most elementary level, he would have seen that the curriculum and everything about it is at the centre of our proposals. That applies to enrichment in primary education, to choices for 14 to 19-year-olds in secondary education, and to academic vocational courses. It is central. The hon. Gentleman is

right to say that it is central, but he should not pretend that it is not central for us. We are driving curricular standards up: that is what our programme is all about.

Several hon. Members *rose—*

Mr. Deputy Speaker (Sir Alan Haselhurst): Order. I realise that there is a great deal of interest in the statement, but we have the business statement to come, and the subsequent debate, which is on a highly important matter, has had to be time-limited. I therefore hope that Members will make their questions extremely brief, and that the Secretary of State will respect that in his answers. I should add that, in line with Mr. Speaker's practice, I do not intend to call Members who were not present for the beginning of the statement.

I now call the Chairman of the Select Committee on Education and Skills, who I hope will get us off to a crisp start.

Mr. Barry Sheerman (Huddersfield) (Lab/Co-op): I congratulate my right hon. Friend on what was, for me, a clear indication that the Government's obsession with education continues. That gives great pleasure to a Chairman of the Education and Skills Committee. I am reminded of the 1995 commitment of the then leader of the Labour party, now the Prime Minister, to both diversity and an end to selection.

I have one brief point to make about something that concerns me. The three-year commitment to schools will be widely welcomed, but I have a little query about the extent to which the strategic role of local education authorities will be enhanced.

May I end with a short request for information? I have tried to visit every specialist school that selects on the basis of aptitude, and have managed to find only schools specialising in music and the performing arts.

Mr. Clarke: My hon. Friend is entirely correct on his last point, and that is a key issue on which his Committee will report shortly. We will study that report very carefully, and I appreciate the work that we have done with the Committee. Local education authorities have a key strategic role to play through the children's trusts, but more importantly through their involvement in the single annual review of every school, so that we can move towards higher standards. The local authority role is enhanced strategically, but the important issue is the budget that we have established for every school.

Sir Patrick Cormack (South Staffordshire) (Con): Why, in six pages of this statement, is there no mention of discipline? Does the Secretary of State not understand that what is undermining his efforts to bring better standards to many schools is the collapse of discipline in them?

Mr. Clarke: I used the word "behaviour" rather than "discipline", but I did deal with that issue; indeed, the document contains a lengthy passage on it. The hon. Gentleman is right to refer to the need for good behaviour and discipline, and the document sets out a number of suggestions on how to address that issue. I shall not repeat them now, but I am happy to discuss them with him further.

Jeff Ennis (Barnsley, East and Mexborough) (Lab): Given that more than 91 per cent. of parents already get the school of their choice, how will that statistic be increased as a result of today's announcement? More importantly, how will choice be given to poorer parents who do not have their own means of transport?

Mr. Clarke: My hon. Friend is right to point out that the overwhelming majority of parents do have choice. However, the areas in which parents do not enjoy choice are not spread evenly throughout the country, and in some areas the level of choice is inadequate, which is why we are investing in them. As my hon. Friend suggests, the level of choice is least in those working-class areas in which education provision has failed for a number of years. That is why we are investing in them through independent specialist schools and the city academies, and it is to those areas that resources should be directed. Through programmes such as excellence in cities and those that deal with behaviour in schools, we will continue to focus on extending choice in those areas where the level of choice is least.

Mr. John Maples (Stratford-on-Avon) (Con): Whatever the rights and wrongs of selection, Warwickshire has several very popular grammar schools and, at the same time, a Labour-led local education authority. Unfortunately for the Secretary of State, those grammar schools are among the most popular and successful schools in the county. The Government scheme for funding the expansion of popular and successful schools, to which he referred, rather trivially and unnecessarily specifically excludes grammar schools. Is the scheme that he announced today going to include or exclude grammar schools, or will his plan to encourage the expansion of popular and successful schools specifically exclude the most popular and successful ones of all?

Mr. Clarke: The plan will not exclude them. It focuses on specialist schools, rather than schools that select by choice, but as I said to my hon. Friend the Member for Huddersfield (Mr. Sheerman), we will consider what the Select Committee has to say about selection and then decide how to proceed in respect of Warwickshire and elsewhere.

Ms Karen Buck (Regent's Park and Kensington, North) (Lab): There are quite exceptional intake variations between inner-London schools in terms of the proportion of pupils with special needs, the proportion of looked-after children and the proportion receiving free school dinners. What measures are in place to ensure that all schools take a fair proportion of children who present the greatest challenge to the school intake?

Mr. Clarke: My hon. Friend is right to draw attention to this issue, with which two of the measures that I set out today deal. First, the single annual review will ensure that all agencies can work with schools to determine whether they are taking the range of pupils that they need to take. Secondly, we want to establish foundation groups, through which headmasters come together and take responsibility for children in such circumstances. There have been some very positive

[Mr. Clarke]

developments in this regard, and we will work to deal with this issue in a way that meets my hon. Friend's concerns.

Mr. David Curry (Skipton and Ripon) (Con): Will the whole of the three-yearly budget for schools, which presumably will increase year on year, be funded by the central formula grant, without taking into account local authority demands for annual increases in council tax, and will local authorities influence the distribution of the grant within their areas?

Mr. Clarke: Yes.

Jonathan Shaw (Chatham and Aylesford) (Lab): Given that my right hon. Friend wants to give parents more choice, and that the state has parental responsibility for looked-after children, what is he going to do to address the fact that 73 per cent. of such children leave school without any educational qualifications? Is it not about time that children in care got access to the very best and most popular schools?

Mr. Clarke: I strongly agree with my hon. Friend and pay tribute to his record in campaigning on this issue. There are some 60,000 looked-after children, and their educational achievement is very poor. I can confirm that we have agreed a public service target to drive up educational standards for such children; indeed, this will be a central theme, as I said in answer to my hon. Friend the Member for Regent's Park and Kensington, North (Ms Buck).

Dr. John Pugh (Southport) (LD): On the surplus places rule, are local authorities still obliged to do something about a problem that they can no longer realistically control, or is their new role to be the unwelcome undertaker for unlucky schools?

Mr. Clarke: Absolutely the opposite: their new role is to drive up standards in the existing area and to focus on doing so in a proper way. Every local authority, including the hon. Gentleman's own, will have identified areas of educational failure, particular groups who are not getting the education that they need, and subjects that are perhaps not being taught as well as they should. It is the role of the LEA to drive up standards, and the proposals that I have announced today will assist in that regard.

Glenda Jackson (Hampstead and Highgate) (Lab): Who will decide what constitutes a fair admissions policy? For example, if local parents want their children to go to a specialist and/or foundation school that is single gender and faith-based, will its policy have to be adapted so that it becomes co-educational and takes children with or without any religion?

Mr. Clarke: The short answer is that the Secretary of State decides on such matters by establishing a code of admissions that applies to all schools, including the ones to which my hon. Friend refers. It is a major subject of discussion as to whether the code should make statements on gender, single-sex education, faith schools and so on, and what those statements should be. The Secretary of State will continue to deal with such matters—in contrast with the policy of the Conservatives, who argue that they should be dealt with instead by each individual school.

Mr. Henry Bellingham (North-West Norfolk) (Con): Bullet point 4 states, "More places in popular schools. There is no surplus places rule." Is the Secretary of State aware that many parents in my constituency want to send their children to King Edward VII school or to Springwood high school, but are being told that those schools cannot expand so long as there are surplus places in King's Lynn? What are his views on that?

Mr. Clarke: I hope that, in the light of our proposals, the hon. Gentleman will be an enthusiastic supporter of them.

Mr. David Chaytor (Bury, North) (Lab): I welcome my right hon. Friend's recognition of the fact that the vast majority of parents do not wish to have their children's access to good schools denied on the ground of a spurious test of ability at the age of 11, and his commitment to a code of practice on school admissions that excludes ability as a criterion for selection. But does he agree that there is a fundamental contradiction between a policy that places parental choice at its heart, and a policy that enables 3,000 secondary schools to become their own admissions authorities, and thereby to establish the oversubscription criterion? Either parents choose the schools or schools choose the children; which is it going to be?

Mr. Clarke: A national code of admissions deals with the point raised by my hon. Friend. I pay tribute to his involvement in this debate over many years, and I know that he was very keen that the Select Committee of which he is a member should conduct the inquiry it is in the process of concluding. I shall certainly look very carefully at its recommendations.

Mr. Graham Brady (Altrincham and Sale, West) (Con): Given the Secretary of State's clear assertion that there is no surplus places rule, will he give an equally clear guarantee now that any oversubscribed school that wants to expand will be able to do so immediately?

Mr. Clarke: I cannot give that absolute assurance for a very simple reason: in deciding what to do, such schools have to take account of the local situation, of other schools in the area, of the adjudicator, and so on. *[Interruption.]* Of course they do. The idea that they can have an unequivocal right in this regard is simply not correct. The question is: can we achieve more flexibility? We believe that we can.

Mr. Clive Betts (Sheffield, Attercliffe) (Lab): Does my right hon. Friend accept that, by definition, more places in popular schools means more unfilled places in other schools? Does he understand that some of us are concerned about the potential disadvantage of a policy that is based on even more choice? One pupil's choice can be another's half-empty, struggling and inferior school.

Mr. Clarke: I accept that my hon. Friend raises serious issues. When I visited a school in his constituency a few months ago, we discussed that matter. However, I would say that the genie of parental choice cannot—and, in my opinion, should not—be put back in the bottle. The fact is that the exercise of parental choice is an important process and I believe that we need as flexible a system as possible to meet the choice agenda. I acknowledge the fears that my hon. Friend reflects, but I believe that the system that we have established meets them.

Dr. Vincent Cable (Twickenham) (LD): How does the Secretary of State expect to meet his very ambitious school building programme when the leading private finance initiative contractor for schools is currently on the brink of bankruptcy? Has he conducted any discussions to establish how massive disruption and cost escalation can be avoided when PFI contracts go belly up?

Mr. Clarke: The issue raised by the hon. Gentleman refers to only one of a series of contractors, and we are keeping a close eye on the situation. The fundamental issue is that the PFI is only part of our overall schools capital programme. Moreover, the performance or otherwise of a particular contractor is not the central theme of the whole capital programme and will not direct it in any particular way.

Claire Ward (Watford) (Lab): My right hon. Friend will be aware that nationally 10 per cent. of children do not succeed in getting into one of their choices of school. In the Watford area, about 15 per cent. do not get into one of their three choices of preferred schools. What message does my right hon. Friend have for parents—[HON. MEMBERS: "Vote Conservative."] That would make it worse. Can my right hon. Friend assure parents in Watford that this package of ideas will improve their choices and that schools will not be able to continue to act, as they do now, on the basis of partial selection?

Mr. Clarke: I have spoken to my hon. Friend on a number of occasions about the circumstances in her constituency. To illustrate my earlier answer to my hon. Friend the Member for Barnsley, East and Mexborough (Jeff Ennis), there are some patches of the country where the problem of lack of choice is more acute than in others—and that certainly applies to Watford where there have been lengthy discussions, as well as legal challenges, between Watford schools and the adjudicator. Gradually, there has been a diminution in the ability of certain schools to admit pupils on the basis of parental choice. I believe that the message that we are sending out, both through the single annual review and the foundation groups of schools, will work in the right direction towards achieving my hon. Friend's objectives. I commit myself to working with her to ensure that the choices of Watford's parents are properly met.

Gregory Barker (Bexhill and Battle) (Con): What is the real difference between allowing city colleges and specialist schools partially to select on the basis of aptitude as opposed to ability? Is not the Secretary of State's language bogus and a sham?

Mr. Clarke: Not at all. First, there is a difference between 10 per cent. and 100 per cent. Secondly, there is a difference between recognising aptitude in music and art in the terms described by my hon. Friend the Member for Huddersfield (Mr. Sheerman) and conducting 11-plus type examinations, which the hon. Gentleman wants to set for all schools. Those are fundamental differences and I am amazed that the hon. Gentleman cannot see them.

Lynne Jones (Birmingham, Selly Oak) (Lab): My right hon. Friend spoke about establishing a framework for strong accountability and fair admissions. What will be the mechanism for strong accountability and how will the national code on admissions ensure a more balanced intake into our schools and an end to admissions by selection or by postcode?

Mr. Clarke: First, through the profile that we have set out, we will ensure that each school is directly accountable to parents in the area. Secondly, local education authorities will be accountable to the public on the strategic issues that will be the subject of a single annual review. Thirdly, I believe that there are ways of intervening to encourage schools to accept people from across the whole range of selection and to work together. I believe that will make a major difference.

Bob Spink (Castle Point) (Con): The right hon. Gentleman seems to have forgotten our wonderful special schools. Will he give greater encouragement and support to moderate learning difficulty schools such as Cedar Hall school in Thundersley? Inclusion is not right for all MLD children. Parents must have choice: they know best what is right for their children.

Mr. Clarke: Absolutely. We do not ignore the special schools. Indeed, we recently announced that such schools could join the specialist school programme. The key thing is to secure genuine partnerships. I do not know whether the hon. Gentleman has seen it happen in his own constituency, but specialist schools are working with special schools in the locality to develop stronger learning arrangements. That partnership will continue.

Mr. Gordon Prentice (Pendle) (Lab): Of the 200 city academies, how many will be new-build and how many will be re-badged? What is the mechanism for re-badging them and who will run them in the long term?

Mr. Clarke: As each one develops, there will be a development programme, which may include rebuilding and refurbishment. As I said earlier, their objective is to attain world-class standards for the poorest communities in the country that have lacked them in the past. The decision to establish a city academy is a matter for the Secretary of State, but partnerships will be made to make that happen effectively. If my hon. Friend visited city academies—I hope that he will—he would recognise their positive impact in communities where education has been backward looking for many years.

Geraint Davies (Croydon, Central) (Lab): The Harris city technology college in Croydon secures better academic results than any other state school, including religious schools, in the area. It allocates places on the

[Geraint Davies]

basis of a representative range of abilities across the community in nine streams. Does the Secretary of State believe that it would be good to extend that practice to all state-funded schools and, if so, how would he achieve it—by regulations or some other mechanism?

Mr. Clarke: That is one of the ideas that we will consider after the publication of the Select Committee report in a couple of weeks.

Mr. Harry Barnes (North-East Derbyshire) (Lab): In my right hon. Friend's statement, there were two separate sentences on the roles of local authorities. He elaborated partly on that in response to a question from my hon. Friend the Member for Huddersfield (Mr. Sheerman), but can he say how much of the traditional role of local authorities will go?

Mr. Clarke: To answer my hon. Friend candidly, the most important aspect of that traditional role to go is the ability of local authorities to take allocated money from schools. In future, such allocations will be ring-fenced. This is a significant issue for local government, as my hon. Friend's question suggests. Those authorities will be able to top up education funding by choice, if they wish, but I have clearly explained the major change. I know that it gives rise to concerns among some of my hon. Friends, but I believe that the gain from allowing schools to run three-year budgets themselves will be a massive one in respect of educational standards. That means that that change is worthwhile.

Mike Gapes (Ilford, South) (Lab/Co-op): There are four specialist secondary schools in my constituency, each doing extremely well. Unfortunately, the policy of the Conservative leadership of the local authority has led to a serious shortage of school places being made available. Will my right hon. Friend consider how to force incompetent local authorities to ensure that all parents have the right to get their children into school without the stress and anguish currently suffered by many of my constituents?

Mr. Clarke: Yes, together with my hon. Friend I will pursue the issues about Redbridge that he has raised.

Mr. Hilton Dawson (Lancaster and Wyre) (Lab): My right hon. Friend has set out a dynamic and exciting vision for the future, but if we are to achieve excellence, opportunity and choice for all, do we not have to ensure that the opportunities provided for schools are rooted in the Government's commitment to end child poverty? That will assist the integration of services across the board, particularly across the crucial boundary with health.

Mr. Clarke: I agree with my hon. Friend, who has campaigned on that issue for a long time. One aspect of my announcement—I referred to it in my statement but it has received little attention—was a major uplift of everything we do for under-fives in early years provision. We want education, health and social services to work together to provide a strong offer of assistance to individual parents and families. Through the extended school programme for primary schools, we are specifically encouraging joint work with social services and health, which I believe is the key to what I and my hon. Friend want to achieve.

Jon Trickett (Hemsworth) (Lab): I represent 20 highly deprived mining communities where there are low levels of educational attainment. Given the geographic spread of those villages, the poor infrastructure and low car ownership, is not the offer of choice of school a false prospectus? Would it not be better if the four excellent comprehensive schools were properly managed, well funded and provided a full curriculum?

Mr. Clarke: That is true, but let me add a point of view not from a mining community but from rural Norfolk, where there are a number of schools in small villages and towns that educate only up to the age of 16. There is no choice at that point, just as there is no choice in my hon. Friend's area. Those schools are banding together to see if they can jointly offer proper sixth-form provision. I believe that that is the way forward, which is why I commend our proposals for foundation groups of schools to my hon. Friend as they extend choice in a way that we both want.

Peter Bradley (The Wrekin) (Lab): If choice is to be available to all parents, it is accepted that we will need spare capacity in our school system. As has been suggested, that will arise in the less popular schools, which will lose per capita funding and risk further decline. Will the radical reform of the school system be accompanied by a radical review of school funding, so that we can ensure that all schools achieve the excellence needed to give all children real choice?

Mr. Clarke: The short answer is yes. I believe that my statement today offers the most radical change to school funding systems for decades. The commitment to three-year budgets enables us to address those questions. I acknowledge that there are issues about managing change in these circumstances, and that is why I came to the view that national funding for education should be through local authorities. They are better able to manage the process of change than the national funding agency that would have been an alternative.

Kali Mountford (Colne Valley) (Lab): In recent years, standards in all Colne valley schools have risen phenomenally, but they have risen fastest in the poorest community. That is a remarkable achievement. Moor End high school has become Moor End technical college, through the hard work of Steve Morris, the head teacher, and of Molly Walton, the chair of governors. That phenomenal change will need to go further as a result of today's announcement. Will my right hon. Friend look at how we support school governors, on whom we will rely to bring that further change about?

Mr. Clarke: I am glad to say that the phenomenon described by my hon. Friend—of better performance in schools that used to have the worst performance in the past—is not confined her constituency, and it stems from this Government's policies. Today's announcement will accelerate that process and lead to greater fairness.

I agree that the governors' role is central. We are exploring a variety of ways to improve the quality of governors, and the training and support available for them. In that way, we can achieve a much stronger position. I believe that the foundation status announcements that I have made today will assist that process.

Mr. Deputy Speaker: I am grateful to all right hon. and hon. Members for helping us to achieve such good progress.

Business of the House

1.22 pm

The Leader of the House of Commons (Mr. Peter Hain): With permission, I should like to make a statement about the business for next week.

MONDAY 12 JULY—Consideration of Lords amendments to the Asylum and Immigration (Treatment of Claimants etc.) Bill.

TUESDAY 13 JULY—Proceedings on the Statute Law Repeals Bill *[Lords]*, followed by remaining stages of the Energy Bill *[Lords]*.

WEDNESDAY 14 JULY—Remaining stages of the Patents Bill *[Lords]*, followed by a debate on public expenditure on a motion for the Adjournment of the House.

THURSDAY 15 JULY—Motion to approve a Ways and Means resolution on the Traffic Management Bill, followed by consideration of Lords amendments to the Traffic Management Bill.

FRIDAY 16 JULY—Private Members' Bills.

The provisional business for the following week will be:

MONDAY 19 JULY—Consideration of Lords amendments, followed by remaining stages of the Health Protection Agency Bill *[Lords]*. Followed by remaining stages of the Public Audit (Wales) Bill *[Lords]*.

TUESDAY 20 JULY—A debate on Iraq on a motion for the Adjournment of the House, followed by consideration of Lords amendments.

WEDNESDAY 21 JULY—A motion to approve three regional assembly and local government referendums orders, followed by consideration of Lords amendments.

THURSDAY 22 JULY—If necessary, consideration of Lords amendments, followed by a motion on the summer recess Adjournment.

Mr. Oliver Heald (North-East Hertfordshire) (Con): I thank the Leader of the House for the business.

May I congratulate the Father of the House on winning the award of parliamentarian of the year? In his speech, he highlighted the current difficulties in mounting campaigns here, the lack of debates in which the Prime Minister participates, and the shortage of time available for hon. Members.

Does not the Leader of the House have a responsibility to strengthen Parliament? In particular, he should allow sufficient time for the really important debates—something he signally failed to do over tuition fees, the Hutton report and the local government settlement.

May I also ask the right hon. Gentleman why nothing has been heard of the review of Select Committee powers—the Osmotherly rules—following the Hutton report? Why should we always have to bring in a judge when we want a serious inquiry?

More than six months ago, the European Scrutiny Committee asked the Leader of the House to change Standing Orders so that it could sit in public. Why has nothing happened about that?

[Mr. Oliver Heald]

The Leader of the House announced that the three regional assembly referendum orders will be discussed on 21 July, before the Electoral Commission has even reported on the postal ballots fiasco, and before the debate—or indeed the publication—of the draft regional assemblies Bill. This morning, the *Liverpool Echo* reported that the Government will not publish that draft Bill before the House rises for the summer, even though we have been promised it time and again. Will the right hon. Gentleman confirm that that is the case? How are we expected to judge all-postal balloting and the proposals for regional assemblies if the report has not been published and we have not seen the draft Bill?

Will the Prime Minister be publishing his response to our request for independent Electoral Commission observers at the two upcoming by-elections? Given the recent evidence of postal vote manipulation in Birmingham and elsewhere, surely that is necessary.

I thank the Leader of the House for finally announcing the debate on Iraq, which I have been seeking for many weeks. Is he able to confirm that the statement by the Prime Minister on the Butler report will definitely be made on Wednesday 14 July?

Finally, will the Leader of the House be taking part in the debate to explain why he pre-empted Lord Butler on GMTV by saying that whatever the verdict, no heads would roll? Surely those found to have made serious mistakes, including Ministers, should take the rap?

Mr. Hain: On the hon. Gentleman's final question: if he is doing me the courtesy of quoting what I said on GMTV, he should do so accurately and not rely on newspaper spin. I said:

"I do not know whether the Butler report will be critical or not but let's just wait for Lord Butler to report and then we will make a judgment. There may be lessons to be learned."

Then I said:

"I think the secret intelligence service MI6 and the domestic security service MI5 do a fantastic job for us. That is not to say that they do not make mistakes from time to time any more than Government Ministers like me or . . . the Prime Minister. But overall they do a fantastic job so I am saying in advance that this Government will not be a party to any kind of witch hunt against anybody"—

especially the intelligence services. That is the point that I am making. I hope that the hon. Gentleman will defend the intelligence services, and the work that they do on behalf of our national security, as vigorously as do the Government.

The hon. Gentleman asked about a statement on Iraq and the Butler report. I understand that Lord Butler will indeed publish his report on 14 July. My right hon. Friend the Prime Minister will make a statement to the House, in accordance with arrangements to be agreed with Mr. Speaker, as soon after that as is appropriate and when Lord Butler has informed us of the precise arrangements for making his report public. That is a matter for him. In the usual way, there will be discussions with Opposition Members about where they fit into that picture. We are anxious to be helpful in whatever way that we can, but I stress that this is not a matter for me or the Prime Minister, primarily. The hon. Member for North-East Hertfordshire (Mr. Heald) will understand that it is a matter for Lord Butler.

Mr. Heald: On the same day?

Mr. Hain: On the same day, indeed. Shortly after Lord Butler's report has been made public and he has been able to explain it, the Prime Minister will make a statement, as is appropriate and with the agreement of Mr. Speaker.

The hon. Member for North-East Hertfordshire asked about the Father of the House. I, too, congratulate my hon. Friend on his well deserved award of parliamentarian of the year. He is one of our greatest parliamentarians, even if he makes life uncomfortable for Ministers from time to time. He did that for me when I was the Foreign Office Minister covering Iraq, but he is a man of tremendous courtesy, and he is one of the best Members of this House.

The hon. Member for North-East Hertfordshire referred to the Prime Minister reporting back to the House. Like me, the hon. Gentleman is a member of the House of Commons Commission, and he therefore will have studied every page and line of the Commission's report in great detail. It shows conclusively that the number of debates and the opportunities for debating time have remained the same. The changes made by this Government have strengthened Parliament. My right hon. Friend the Prime Minister appeared before the Liaison Committee only the other day. He appears before it twice a year, and that is a novel feature that we introduced. He has made many statements and come before the House pretty well whenever he has been asked to do so. On the issue of the Osmotherly rules, my right hon. Friend made it clear at the Liaison Committee earlier this week that I will bring before it the Government's suggestions and proposals for updating the rules. No dates have yet been agreed with the Committee, but it will be sometime in the autumn—whether early or late has yet to be decided, as I am sure the hon. Gentleman will understand.

On the European Scrutiny Committee's vote to open its proceedings, we have not changed the Standing Orders because there has been no opportunity, in business terms, to do so. The hon. Gentleman is a member of the Modernisation Committee, so he will know that it is considering the question, and he will be able to contribute to that consideration.

I have not seen the *Liverpool Echo*. It remains, as I have said before in business questions—perhaps even in answer to the hon. Gentleman—our objective to publish the draft Bill for pre-legislative scrutiny before the House rises. We want to achieve that.

On the issue of postal votes, we await the Electoral Commission's report, which will appear in September. The commission, as the hon. Gentleman knows, has been enthusiastic about promoting wider postal voting and I am sure that its report will be read with great interest in respect of elections and referendums of all kinds.

On the issue of election observers, my right hon. Friend the Prime Minister has written to the Leader of the Opposition following his request that the Electoral Commission should appoint observers to the

by-elections in Birmingham and Leicester. My right hon. Friend makes it clear in his response that the decision about whether the commission should observe those elections is a matter for it to decide.

Mr. Paul Tyler (North Cornwall) (LD): We, too, congratulate all the winners last night, including the Father of the House. I was also delighted to see that my right hon. and learned Friend the Member for North-East Fife (Sir Menzies Campbell) received an award from the Leader of the House. They were able to exchange greetings as former Young Liberals.

The Leader of the House may wish to give us some information about the hunting Bill and his further plans. Has he noticed that the hon. Member for West Ham (Mr. Banks), who chairs the Committee responsible, has recently hung a huge picture of a hunt in full cry in the Members' Tea Room? Is he trying to tell us something?

Both the Secretary of State for Defence and the Secretary of State for Health have been invited to give evidence to the independent inquiry, chaired by Lord Lloyd, into the illnesses suffered by troops in the first Gulf war. Will a statement be made on how the two Secretaries of State intend to respond to that invitation? It is an important independent inquiry into a very serious issue, and it concerns many veterans in all our constituencies.

The Leader of the House has already referred to the excellent report from the House of Commons Commission and I pay tribute to all those who contributed to it. I should point out that I am not a member of the Commission. The Leader of the House is right that the report should be given more coverage. I know from his work on the Modernisation Committee that he is anxious that people outside the House should be fully aware of all the work that takes place here, and given that it is our principal role to hold those who spend the taxpayer's money to account—some £140 million of that money is spent at this end of the building—how and when can we debate that report? For example, will we have the opportunity to do so in Westminster Hall?

Mr. Hain: On the latter point, I will look sympathetically at the hon. Gentleman's request. As he said, the report contains much fascinating and important information, although I am not sure that it will make the front page of the tabloids. I think that the hon. Member for North-East Hertfordshire (Mr Heald) will agree with him that it is an excellent report and deserves wider coverage. I also agree that the work of the House is not just about the cockpit of the Chamber: it is also about Select Committees, Standing Committees, other domestic Committees and a range of activities that keep almost all Members busy from dawn to dusk in their work as parliamentarians. That message needs to be spread more widely. We have agreed a series of recommendations in the Modernisation Committee report entitled "Connecting Parliament with the Public", and I hope that the House will take them forward. It is up to many other bodies in the House to take the practical suggestions forward and I hope that they will do so.

I very much endorse the hon. Gentleman's praise for the right hon. and learned Member for North-East Fife (Sir Menzies Campbell). As I said last night, he is one of our greatest parliamentarians and a wonderful person. That was not because of my history in the Young Liberals 30 years ago; it was because I think that he is a genuinely nice person, which cannot be said for all 650-odd Members of Parliament. [HON. MEMBERS: "Name them."] No, I will not be led further down that road.

On the picture in the Tea Room, I have had it reliably whispered in my ear that it is of a steeplechase, not a hunt, and that it has been there for three years. It is nothing to do with the issues that the hon. Member for North Cornwall (Mr. Tyler) raises, but hunting is a matter that has been raised with me repeatedly at business questions. I cannot add anything to what I have already said and I do not intend to do so. The position is clear.

On the issue of Gulf war syndrome and illnesses, I am sure that my right hon. Friends concerned will want to take close notice of the hon. Gentleman's important points. He properly raises the genuine concern about the issue.

Mr. Deputy Speaker (Sir Alan Haselhurst): Order. I have in mind the time that I want to move on to the next business. Whether hon. Members can read my mind or not is up to them, but I appeal once again for brevity and for proximity to next week's business. I shall not call any hon. Member who was not here for the start of the statement.

Sir Gerald Kaufman (Manchester, Gorton) (Lab): Has my right hon. Friend noted that early-day motion 978, in my name and those of several of my right hon. and hon. Friends, has now attracted 269 signatures?

[That this House looks forward to the early re-introduction of the Government's Hunting Bill; recalls its own votes to ban the cruel sport of hunting with dogs on at least nine occasions since 1995; welcomes the Government's commitment to resolve the issue in this Parliament; notes, in the event of a further rejection of this legislation by the House of Lords, that the provisions of the Parliament Acts will apply; and looks forward to seeing a ban on hunting on the statute book by the end of this parliamentary session.]

Last week, my right hon. Friend told my hon. Friend the Member for Cleethorpes (Shona McIsaac) that there were two more business statements before the recess. There is now only one more business statement before the recess. I have assured the enormous number of people who have written to me about this issue that my right hon. Friend can be trusted to do what our early-day motion says, which is to ensure that the ban on hunting is on the statute book by the end of this parliamentary Session. I would like my right hon. Friend to confirm that our trust is justified.

Mr. Hain: I fully understand why my right hon. Friend asks that question and has signed that early-day motion. Indeed, had I been on the Back Benches, I would probably have signed it myself. I can assure him that all those concerned in government are well aware of the obligations that we have to resolve the matter. He can be assured on that issue, as I have assured him in private before and as I have assured many hon. Members in the Chamber before.

Mr. Bernard Jenkin (North Essex) (Con): Will the Leader of the House find time for an early debate about telecommunications masts, a matter that is exercising my constituents in Great Bentley because Orange proposes to install a controversial mast there? Could we also use that debate as an opportunity to discuss why the Deputy Prime Minister is mounting a challenge in the Court of Appeal to his own guidance? That guidance resulted in a mast in Harrogate being sited very near a school, but many people regard it as a health risk and believe that the precautionary principle should apply. Why is the Deputy Prime Minister attacking his own guidance in the Court of Appeal, unless the Government's policy is a mess?

Mr. Hain: The Government's policy is not a mess. We are seeking to provide certainty on the matter, under the law. We are clear that it is not the Government's objective to have telephone masts dumped in school playgrounds, although I recognise the proper constituency issues that the hon. Gentleman raises. The same issue has been raised in Birmingham where the Liberal Democrat candidate, who has been dubbed Nokia Davies, is a lobbyist for a telecommunications company that seeks to spread telephone masts all over the Hodge Hill constituency, which would be dreadful for the local constituents.

David Winnick (Walsall, North) (Lab): Is my right hon. Friend aware of the growing concern and anxiety among Labour MPs that the hunting Bill will not become law and will miss its chance, as it did in the last Session? As time is very short indeed, and bearing in mind the possible date of the next election, can my right hon. Friend give a firm promise that the Parliament Act will be used and that the Bill will become law and that a vile and barbaric so-called sport will come to an end?

Mr. Hain: I have repeatedly made my position very clear, including to my hon. Friend. I appreciate why he asks his question, but time may not be quite as short as the tone of his question suggests.

Mrs. Angela Browning (Tiverton and Honiton) (Con): I was very concerned that the Leader of the House did not announce a date during the next two weeks for the Second Reading of the Mental Capacity Bill, as the Government have published the Bill and we have had First Reading. I serve on the Bill's Scrutiny Committee, and have held discussions with Lord Filkin on the Bill's possible passage, so I hope that the Leader of the House can reassure me that we shall see the Bill before the Queen's Speech.

Mr. Hain: Obviously, as business unfolds I shall be able to answer the hon. Lady's question more specifically. From what I said earlier, however, she will know that a lot of business is coming back from the Lords, so it would be sensible to dispose of that before the recess, not least so that Royal Assent can be given to many urgently needed pieces of legislation.

Keith Vaz (Leicester, East) (Lab): May we have an urgent debate next week on the shocking statistics published by the Home Office, which show that the number of stop and searches of people of Asian origin has risen by 38 per cent. since September 2001, and by 36 per cent. for those of Afro-Caribbean origin? That is of concern to the people of Leicester and also to the wider community, so does my right hon. Friend agree that we should have a debate about that important issue?

Mr. Hain: I know that the matter is of concern to the people of Leicester and I am grateful that my hon. Friend has raised it. The Government are concerned about any issue of disproportionality and those figures suggest that pretty conclusively. We are committed to improving and developing a close partnership with the Muslim and other communities, with the shared aim of combating terrorism, as I know those communities want us to do, and we are undertaking specific work to reassure Muslim communities that counter-terrorism powers are being used proportionately and appropriately and that that will continue to happen in the future.

Rev. Martin Smyth (Belfast, South) (UUP): Can the Leader of the House tell us whether we will have a statement on the situation in Darfur before the House rises for the summer recess? There has been speculation that armed elements from the African Union and elsewhere will be going there to defend the people. When will they be in place and what other help is being given to the 1 million people who are under threat every day?

Mr. Hain: As the hon. Gentleman knows, my right hon. Friend the Secretary of State for International Development made a statement two weeks ago. We all share the hon. Gentleman's concern. The Prime Minister is well seized of the matter and has been actively engaged, along with the Foreign Secretary, and there will be an opportunity for the hon. Gentleman to raise the point again next Wednesday.

Mr. Dennis Skinner (Bolsover) (Lab): Is the Leader of the House aware that on the basis of what he has already said to my right hon. Friend the Member for Manchester, Gorton (Sir Gerald Kaufman), it would seem that waiting until 11 October will be a bit too late to get the hunting measure through? Will the Leader of the House confirm that it is in his mind that when we come back in September would be the most appropriate time, as there is not much time left now? It would make those eight or nine days very exciting—although we only need one—if we got the measure through and put the House of Lords firmly in its place.

Mr. Hain: There speaks the voice of experience and great wisdom in Parliament, but as my hon. Friend also knows from his long experience I have not yet announced any business for September.

Mr. Alistair Carmichael (Orkney and Shetland) (LD): Will the Leader of the House ensure that next Tuesday's business finishes promptly so that as many Members as possible can watch the excellent BBC programme "Restoration", which, as it happens, features a project in my constituency, Clestrain hall in Orphir in Orkney? It is not just about the restoration of a building but about the belated restoration of a man's reputation—that of the late Dr. John Rae, who was vilified by the

19th century establishment as a result of the evidence he brought back about the fate of the Franklin expedition in the north-west passage. Will the right hon. Gentleman ensure that we are not forced to miss that televisual feast?

Mr. Hain: It sounds fascinating and the hon. Gentleman has given it a fantastic plug.

Mr. Graham Allen (Nottingham, North) (Lab): Neither the House nor I, as a Nottingham Member, has been directly informed about this: I read in the newspaper this morning that my city of Nottingham is to be rate-capped. The council tax payers will be billed, at a cost of £250,000, for an over-budget of £180,000. Does my right hon. Friend accept that that is arrant nonsense and that over-centralisation has reached a ridiculous pitch? The orders are before the House at present. Will my right hon. Friend ensure that the matter is debated on the Floor of the House, rather than being tucked away in a Committee Upstairs, so that Members from Nottingham can bring the Deputy Prime Minister to the Dispatch Box instead of the Minister for Local and Regional Government, who is fully conversant with the fact that it is ridiculous to save £180,000 by charging council tax payers £250,000?

Mr. Hain: Both the Minister for Local and Regional Government and the Deputy Prime Minister will have carefully noted my hon. Friend's statement. The Minister for Local and Regional Government made a written ministerial statement today, which outlines the whole position, and my hon. Friend will be able to have sight of it now. Notwithstanding the issues that he properly raised about Nottingham, I am sure he will understand that it is in the interests of all council tax payers and of the country that local authorities keep their council tax rises to an absolute minimum, especially for people on fixed incomes.

Mr. Bill Wiggin (Leominster) (Con): The Leader of the House will be aware of the fantastic job that the Royal Welch Fusiliers are doing in Basra. Will there be an opportunity to discuss, debate or even prevent the cuts that may be coming to the manpower in our armed forces because the Ministry of Defence has probably spent too much on equipment?

Mr. Hain: As Secretary of State for Wales, I was in Brecon on Thursday night, watching a marvellous display of beating the retreat performed by Welsh regiments. I share the hon. Gentleman's view that the Royal Welch Fusiliers have done a fantastic job in Basra, as have many other Welsh soldiers. Some of them have just returned from action there and some are about to go out. Perhaps we can at least unite in applauding all their work.

Mr. Tony Banks (West Ham) (Lab): Speaking as a chairman of the works of art committee, I confirm my right hon. Friend's observation that the painting in the Members' Tea Room is indeed of a parliamentary steeplechase. The only dog that appears is a Jack Russell, clearly an unsuitable beast for chasing foxes. Perhaps the hon. Member for North Cornwall (Mr. Tyler) should have listened more closely to his mother's strictures when she told him that if he carried on doing it his eyes would eventually fail him.

May I tell my right hon. Friend that, although he is trusted implicitly on the Labour Benches on the abolition of hunting wild mammals with dogs, there is also a degree of nervousness? It is a problem for us, and I hope that he will not misunderstand the fact that my right hon. Friend the Member for Manchester, Gorton (Sir Gerald Kaufman) and various right hon. and hon. Members will be going to see the Prime Minister to ensure that his firmness and integrity on the issue are the same as my right hon. Friend's.

Mr. Hain: I am sure that there is no question about the Prime Minister's views on the matter. Just as I am on the same side of the football pitch as my hon. Friend, as a Chelsea supporter, so, too, I am on the same side as him in the argument about hunting.

Bob Spink (Castle Point) (Con): May we find time for a further debate on choice in education? I can then show how wrong it would be to close one of Canvey's three excellent secondary schools, not least because it would frustrate both parties in developing policies on choice in education and would prevent the Conservatives from giving the people of Canvey real choice following the next election, which we will win.

Mr. Hain: Obviously, I cannot speak of the situation in Canvey, which the hon. Gentleman quite properly raises as a local Member of Parliament, but the people of Canvey will be very clear about the choice before the next election: continued massive investment under Labour, with more and more public provision for schools free of charge, and the Conservatives' policy of taking money from the state system and shipping it down the road to private schools to subsidise with taxpayers' money private schools that only a minority of the country can attend. We are in favour of choice and high standards for everyone, not a tiny, Conservative few.

Mr. John Lyons (Strathkelvin and Bearsden) (Lab): The Leader of the House will be aware of early-day motions on the future of the Forensic Science Service. He will also understand that there is widespread support throughout the House to keep that service. Will he urgently find time to hold a debate on that issue?

Mr. Hain: I will certainly ensure that the Home Secretary hears what my hon. Friend has said—my right hon. Friend is sitting next to me—but the Forensic Science Service has played a very important part over the years and will continue to do so.

Bob Russell (Colchester) (LD): Has the Leader of the House had any notification from the Secretary of State for Defence that he will come to the House before the summer recess to announce the downsizing of Her Majesty's armed forces? If that is to happen, will the Leader of the House guarantee that that statement will not be made on a quiet day to bury bad news? Does he not understand that there is great unease in military circles, particularly in garrison towns, such as Colchester, which are already suffering from the

[Bob Russell]

overstretch and undermanning of the Army? If the Government are planning to downsize the armed forces, let us at least have a debate, let us have it before the summer, and let us have all the cards on the table.

Mr. Hain: The Secretary of State for Defence will want to come to the House as soon as it is possible for him to do so, and practical in business management terms, after the comprehensive spending review has been announced on Monday, when the hon. Gentleman can raise those issues. I am sure that he will agree that what we have seen over recent years and what will continue is massive investment in our defence forces on a scale that has not occurred before under any Government, especially a Conservative Government. I do not know how far back he wants to go in terms of a Liberal Government, but that support for our armed forces and the work that they do will continue under this Labour Government. Of course, under a Conservative Government there would be cuts in defence spending, along with many other cuts as well.

John McDonnell (Hayes and Harlington) (Lab): May I ask the Leader of the House to allow an urgent debate next week on the district auditor's role in ensuring probity in local government? As a result of an Adjournment debate last month, we exposed the fact that the London borough of Hillingdon was forging and fiddling its planning performance figures to gain Government planning service delivery grant. The district auditor has completed his inquiry and is preparing his report but has not interviewed all the relevant former staff or the councillor who exposed the scandal, has not approached me or the residents who are coming forward with other planning scandals, exposing them individually, and proposes to provide the report to the London borough of Hillingdon's senior members and officers, who will decide whether that report is published or sees the light of day. I ask that with a sense of urgency.

Mr. Hain: I understand my hon. Friend's concern, and the Ministers concerned will have noted it very carefully.

Mr. Wayne David (Caerphilly) (Lab): The Leader of the House will be aware of early-day motion 1473, on the activities of a company called Walters (UK), which is removing contaminated waste from my constituency, but in doing so is causing extensive atmospheric pollution of the local area.

[That this House expresses its concern about the operation of Walters (UK) in removing contaminated waste from the Castlegate development (Penrhos) in Caerphilly; believes that the people of Caerphilly are having to endure unacceptable noxious odours because of the failure of the company to prevent atmospheric pollution; points out that the company has belatedly brought in additional equipment, owing to public concern, and that this equipment should have been onsite from the first day of the operation; calls upon Walters (UK) publicly to apologise to the people of Caerphilly for the noxious odours which their operation has released; and suggests that all honourable Members should examine carefully whether this company should carry out future work in their constituencies.]

Will my right hon. Friend join me in condemning that company's activities in having total disregard for my constituents' interests? Will he call on the company to consider compensating my constituents for the inconvenience that it has caused?

Mr. Hain: I understand the strong feelings that my hon. Friend has properly expressed on behalf of his constituents. I understand that the situation has been constantly monitored by the local authority, which has appointed specialist consultants to advise it, and that the Environment Agency is also monitoring any impact on ground and surface water. Although the smells are very unpleasant, the regulators are apparently satisfied that no health risk is involved. I am told that work on removing the wastes that are causing the odours should be completed by mid-July.

Alan Simpson (Nottingham, South) (Lab): May I repeat the request to hold a debate on the Floor of the House about the written announcement about the designation of authorities subject to council tax capping made by the Minister for Local and Regional Government? The statement gives central Government a bad name. The words "mind-bogglingly" and "stupid" spring to mind when considering the fact that Nottingham faces an overspend of £180,000 and a cost of £250,000 to re-bill every council tax payer to give them a rebate of £1.75—less than the cost of a pint. As we will have to defend that to local ratepayers, will the Leader of the House ask the Minister to explain why he refused to allow Nottingham to address that in the current year's budget, make the adjustment in the year that follows, use the £250,000 for productive purposes and not put us in an absurd position? If that was being done by the councillors themselves, we would demand resignations or sackings—

Mr. Deputy Speaker: Order. The hon. Gentleman is packing a speech into a question.

Mr. Hain: The Minister for Local and Regional Government will, in due course, read with close concern the points that my hon. Friend makes, but I repeat what I have said already. The Government are between a rock and a hard place: local council tax payers, including his constituents, naturally become very angry about unacceptable council tax rises, and it is important that the Government maintain close control over excessive council tax increases. Of course, Nottingham and other local authorities were given plenty of notice to allow them to adjust the situation before such action was necessary.

Mr. Gordon Prentice (Pendle) (Lab): My right hon. Friend knows that the Public Administration Committee, on which I serve, will publish a hugely significant report next week. May we have an early debate on whether we really need lords and ladies, knights and dames in this day and age? There is huge interest about that subject outside the House, and I hope that we can debate the report.

Mr. Hain: I cannot comment on a report that has not been published.

Mr. Clive Betts (Sheffield, Attercliffe) (Lab): May I draw my right hon. Friend's attention to early-day motion 1448, on the regulation of estate agents?

[That this House recognises the Government's proposals to regulate the buying and selling of homes by the introduction of home information packs; notes that, while solicitors, surveyors, home inspectors and financial advisers are all subject to regulation, estate agents, who are responsible for the co-ordination of the buying and selling process, are not subject to any regulatory or licensing arrangements; and believes that, in light of the abuses and bad practices highlighted by the Consumers' Association and the BBC's Brassed Off Britain, and with the support of the UK Association of Estate Agents and the Royal Institution of Chartered Surveyors, all estate agents involved in the buying and selling of homes should be subject to statutory regulation, including an independent disputes resolution process with compensation arrangements for disadvantaged customers.]

Given the proposals in the Housing Bill on the introduction of home information packs, will my right hon. Friend arrange an early debate, so that those who are central to the most important financial transaction that most people will undertake in their lives are first, fit and proper people, secondly, properly licensed, and thirdly, qualified to do the job? May I suggest that he will make himself extremely popular with the general public if he accedes to that very modest proposal?

Mr. Hain: I well understand the point that my hon. Friend makes. The Department of Trade and Industry is considering the Office of Fair Trading report on the estate agency market in England and Wales, which includes recommendations on the future regulation of the industry. We aim to publish a response shortly.

Mr. David Chaytor (Bury, North) (Lab): In previous years, I have always noticed that my constituents' complaints about antisocial behaviour—everything from neighbour nuisance to under-age drinking and even the misuse of air rifles—increase as we enter the summer period. As local authorities and the police can now enforce antisocial behaviour orders, may we have a debate next week to assess the effectiveness of those orders? That would also enable us to tell the public why the Liberal Democrats oppose them.

Mr. Hain: There is a great deal of concern about hypocrisy on this matter. We find that hon. Members—mostly Liberal Democrats—vote against speeding up the process of evicting noisy neighbours, against issuing fixed penalty notices for antisocial behaviour and dispersal orders to tackle antisocial behaviour, against closing down crack houses in 48 hours and against fines for the parents of truants, and so on. Yet the Liberal Democrat candidate in Hodge Hill says that she supports all those measures. The voters will understand that that is plain hypocrisy.

Points of Order

1.58 pm

Mr. Graham Allen (Nottingham, North) (Lab): On a point of order, Mr. Deputy Speaker. It is clear from the newspapers this morning that the press were informed last night—well before Parliament was informed today, and I have not yet been informed—of the decision to rate-cap certain authorities. May I ask you to underline the strictures that we have heard from you before—that the House should be informed of those matters, so that the Members of Parliament who represent those constituencies can, even at the last minute, make representations to Ministers, rather than being pre-empted by briefings given to the press the day before?

Mr. Deputy Speaker (Sir Alan Haselhurst): I think that Mr. Speaker has great sympathy with hon. Members who find themselves in that position, but I venture to suggest that such matters may involve difficult questions of timing. The hon. Gentleman has put his point on the record, and no doubt Ministers will consider what he has said.

Alan Simpson (Nottingham, South) (Lab): Further to that point of order, Mr. Deputy Speaker. May I ask you to consider the fact that before today's business questions Members were not able to get the written statement on rate capping that was issued at 10 am today? I was able to obtain it only by getting a copy from the Library. No copies were made available for Members through the Vote Office before business questions.

Mr. Deputy Speaker: The hon. Gentleman has reinforced the point made by the hon. Member for Nottingham, North (Mr. Allen), and I am sure that the matter will be examined.

Mr. Paul Tyler (North Cornwall) (LD): On a point of order, Mr. Deputy Speaker. We have been told that the Butler inquiry report is expected to be published next Wednesday and that the Prime Minister will make a statement thereafter. Not necessarily today, but in due course and perhaps early next week, can you give some indication of the likely timetable for that? It is an extremely important issue about which many Members will be concerned. If the statement is not immediately to follow Prime Minister's questions, which I understand may be the case, it would be helpful if, on Monday, Tuesday or whenever, the Chair could indicate when the statement is expected to be made.

Mr. Deputy Speaker: I will ensure that the hon. Gentleman's point is brought to the attention of Mr. Speaker. There may also be activity in the same direction through the usual channels.

ROYAL ASSENT

Mr. Deputy Speaker (Sir Alan Haselhurst): I have to notify the House, in accordance with the Royal Assent Act 1967, that the Queen has signified her Royal Assent to the following Acts:

Appropriation Act 2004

Age-Related Payments Act 2004

Gangmasters (Licensing) Act 2004

University of Manchester Act 2004

Intelligence and Security Committee Annual Report 2003–04

Motion made, and Question proposed, That this House do now adjourn.—*[Joan Ryan.]*

2.1 pm

The Secretary of State for the Home Department (Mr. David Blunkett): As the House will be aware, my right hon. Friend the Foreign Secretary and I interchange presentations on Intelligence and Security Committee reports, and it is my duty to lead this afternoon.

I thank the Committee for another thorough and constructive report, which scrutinises, examines and holds to account those in the services and the Ministers who oversee their work in an absolutely critical area. For myself and my right hon. Friend, I express appreciation for the unstinting work of the Chairman of the Committee, my right hon. Friend the Member for Dewsbury (Ann Taylor). She would be here this afternoon if she were not attending a more joyous occasion—celebrating the graduation of her son, whom we wish well. My right hon. Friend the Member for Rother Valley (Mr. Barron) will do a sterling job in her place.

Our thanks are due, once again, to the security and intelligence services, to GCHQ, to the counter-terrorism branch and special branch forces across the country, and to the police. Their work stands between us and disaster. On a number of occasions, my right hon. Friend the Foreign Secretary and I have made it clear that whatever we do in terms of internal resilience and whatever steps we take in foreign policy, diplomacy and the tackling of causes across the world, the work of the intelligence and security services is vital in protecting our interests, and we thank them again for what they have done over the past 12 months, which has safeguarded us so far.

My right hon. Friend will reinforce my thanks to the outgoing head of the security and intelligence service and to his successor. My thanks are also due for the work of the commissioners for intelligence and interception, of the chief commissioner for surveillance and of the chair and members of the investigatory powers tribunal. I thank them because it is important to highlight on this annual occasion the level of scrutiny and oversight that takes place in those critical areas, in a way that does not exist anywhere else in the world. We are proud of that, and it is important in ensuring that my right hon. Friends the Foreign Secretary and the Secretaries of State for Northern Ireland and for Defence can undertake our duties knowing that there is proper scrutiny and that we are held to account through the monitoring of those bodies and by the House of Commons. Today is one of those occasions on which there is often more light than heat and on which we receive less coverage than we would on a subject featuring more hot air than considered judgment. Nevertheless, this is Parliament doing its job, ensuring that scrutiny is real.

As my right hon. Friend the Foreign Secretary will outline, there have been horrendous examples across the world over the past 12 months of how the threat is real and how we, in this House, were right in the way that we tackled matters in the aftermath of the events of

11 September 2001. From Istanbul to Madrid and from Saudi Arabia to Morocco, we have seen incidents over the past few months involving real terror and the taking of life. We have seen, too, the preparation of that terror in other countries. I was with the Spanish Interior Minister when he made a presentation to European Interior Ministers earlier this week. He outlined the material that Spain has gathered, the lessons learned, and how critical it is to be able to track those who prepared the attack in Madrid on 11 March. He outlined the way in which that preparation spread its tentacles across national boundaries, and how people going about what appeared to be their normal business were actually preparing to turn into terrorists. Those people were not suspected, and they were holding down normal, professional jobs. They were not on the very edge of disadvantage, alienated and disaffected. They were, in the old cold war term, sleepers, waiting their opportunity to wreak terror and death on innocent civilians in Madrid.

We are beholden, as we consider how we undertake the work of protection and how we respond to the Intelligence and Security Committee report, to remind ourselves that people, in the House and outside, have been sceptical about whether measures were necessary, whether the threat would continue for years to come, and whether what my right hon. Friend and I have described in relation to franchised terrorism—the network that exists and the loose associations—really constituted a threat that could really require a war on terror. We believed that it could, and the tragic examples that we can give emphasise that that is the case.

In the United Kingdom, we have seen the superb work of our services disrupting and foiling potential attacks. The Metropolitan Police Commissioner, when reporting this morning on his decision to conclude his term in office in January—I thank him for his work, although there will be other opportunities to do so—described the way in which often hidden, unspoken, unpresented work can safeguard our interests in the capital and across the whole country. There are case-by-case incidents of which we do not hear publicly, and when we do hear about them there is often too much heat and not enough light, which gets in the way of the necessary investigations.

Often, cases are continuing. Often, there is an inability to spell out why statements cannot be made. That is just part of dealing with the kind of terror we face. We simply ask, as we have on other occasions, that people be patient about what we can do to make that work more apparent. We have seen how the much maligned and traduced part 4 of the Anti-terrorism, Crime and Security Act 2001 has worked in practice. Over the past 12 months, since we last debated it in the House, and since February, when we debated the Newton Committee, Lord Carlisle's report and the annual renewal of provisions, the Special Immigration Appeals Commission has dealt with continuing cases of appeal. Fourteen cases have been dealt with, and 13 led to the original decision to certificate being upheld. I was grateful for how Lord Carlisle's report upheld the process by which those certifications had taken place.

I am grateful to the Special Immigration Appeals Commission, a court of superior record chaired by a High Court judge, for its work. One individual was released, which shows that the fear voiced by some MPs when the Act was passed that the commission would act as a rubber stamp was unfounded. The commission did not believe that the individual in question was free of connections with terrorism, but was unable to conclude that he had links with al-Qaeda and the international terrorist network.

Mr. Mark Oaten (Winchester) (LD): The Home Secretary will remember that when we debated the Act and the Newton report, he said that he was moving towards examining intercept communications as a means of securing more evidence. Will he expand on that this afternoon?

Mr. Blunkett: I did not intend to go into the matter in depth, although we have given a commitment that should our policy change—I shall discuss the steps that we are taking in that respect shortly—it would be right and proper for the House to debate it thoroughly. A tide of opinion in favour of some adjustment is running in all three major political parties and beyond.

Before I move on to that matter, let me say that one individual subject to the Special Immigration Appeals Commission arrangements has been bailed to remain under surveillance at home because of mental health problems. I wish to assure the public that close surveillance is being kept and we are ensuring that no risk arises from that decision.

In response to the hon. Gentleman's intervention, let me set out our current position. Given the concerns expressed and the long-running debate on intercept, we indicated that we would ask for a review that examined in detail the way in which it would be possible to use intercept in individual cases, in terms of intelligence and evidential presentation. That work is continuing—an interim report will be presented to the Prime Minister shortly—because of the important issues touched on in the 27 February debate relating to the ability to separate intelligence from work that would prove to be usable as evidence presented to a court, and therefore usable in terms of charge. We have to determine how to separate the two and what to do with those aspects that do not fall neatly into the intelligence or signal system, which obviously will not be suitable for intercept, and those aspects that fall into the category of potential evidence to be presented to a court. The difficulty is substantial, because one has to devote resources to being able at the end of the process to present material in a form that is usable without knowing at the beginning of the process that one will wish to use it or that it will become usable. When we debate the subject in full, we shall have to address some of those issues.

Let me make my position clear. I was deeply sceptical, but I am prepared to be won over to the view that, in limited circumstances, intercept might be of value. However, we need to be won over to its use. We cannot presume that it can be used and live with the consequences in ignorance of the detail and the damage that might be done. I do not have a closed mind, and I do not believe that my right hon. Friends the Foreign Secretary and the Prime Minister have. However, we must not be carried away by enthusiasm for a new way to present material in evidence; we must deal with the difficulties that the services have presented to the inquiry. We must also bear in mind the differences between our system and the one used in Europe, not

[Mr. Blunkett]

least in terms of the nature of investigating magistrates and the preparation of cases, and the differences between our system and the one used in the United States and north America. I hope that we can produce a measured report, but I think that my right hon. Friend the Foreign Secretary agrees that, whatever decision we reach, we should present it to the House so that we can have a debate on that important issue and thrash out the questions raised, not least by the Intelligence and Security Committee, which knows about the ongoing work and which will take our evidence and report back to the House itself.

Let me return to the way in which existing powers are being used. Since the attack on the World Trade Centre and the Pentagon, some 562 arrests have been made under the Terrorism Act 2000, which was introduced by my right hon. Friend the Member for Blackburn (Mr. Straw) when he was Home Secretary. Of those arrests, 97 have led to charges being made under the Act, and other charges under other legislation and other powers have been made in other cases. It is worth reflecting on the changes in the nature of the threat, on why the Anti-terrorism, Crime and Security Act 2001 was necessary, and on why the terms on which we have used other parts of the 2000 Act have been important.

Last week, there was controversy about the use of powers under sections 41 and 44 of the 2000 Act. We have the matter under scrutiny; that is why we published detailed figures and set up an action team. We are keen to ensure that intelligence-based policing, rather than wholesale sweeps, drives the necessary work and the use of those powers. Inevitably, there has been a massive increase in the use of the powers, particularly those in section 44, illustrated by the fact that the number of incidents of their use has increased from just over 8,000 to 21,500. That increase has affected all racial and ethnic groups, but disproportionately the Asian and black communities, which is why we are taking a close look at the matter. However, we recognise that use of the powers and designation of areas under section 44 inevitably centre on certain areas of the country—the figures reflect changes in practice not throughout Britain, but only in areas that are more likely to be affected by known danger, and are therefore likely to be targeted for the necessary use of police surveillance.

I am encouraged by the way in which the police have responded. There are good examples, including in south London, of detailed work with the community. Part of securing our safety and stability—part of the work of intelligence, security and policing forces, domestic and foreign—is securing the confidence and therefore the engagement of the communities most affected. The communities that are most likely to be targeted and traduced by those who are intent on using terrorist methods and on funding and planning terrorism need to be part of the solution. I welcome strongly the work of Iqbal Sacranie of the Muslim Council of Britain. It has taken brave steps to encourage everyone in the Islamic community in the UK to assist and support our efforts and to understand that, as citizens and residents of this country, we are in this together. It is therefore encouraging that communities in south London which, because of their nature and that of the dangers that they face, have been the subject of interventions under sections 41 and 44, have been drawn into understanding the nature of stop and search. Their members have been monitoring with the police the reasons for such interventions and have been applauding and welcoming police action to protect their communities. I want that work to be extended to other parts of the community in Britain, so that we can engage everyone in feeling that they are part of the solution.

Together, the four strands of our internal work on resilience—prevent, pursue, protect and prepare—make sense. If I were still a Methodist local preacher I would say that the greatest of those four is prevention. We are in the process of drawing up better, more relevant information and guidance for the public on their role and what they can do, and we will make that available shortly.

Turning to the report and the way in which it affects areas for which I am responsible—my right hon. Friend the Foreign Secretary will obviously deal more broadly with global issues—I shall concentrate on domestic security and policing. We have increased resources dramatically, and that will be reinforced in the vote on the allocation for the security and intelligence services following the spending review. We will expand the capacity of the Security Service, for example, by 50 per cent. over the next three years, and the work that it, the intelligence services and GCHQ do will be substantially underpinned in the spending review. The joint terrorism analysis centre—JTAC—was established exactly a year ago, and is a model of inter-agency working. Everyone involved would commend the work that it has done since its inception. The national security advice centre is working with the business community to look at the forthcoming challenges, not least electronic intervention and terrorism, and has been assisted by information and other support provided by the police.

The eight regional intelligence cells that have been created following the reorganisation of special branch are up and running, and Bryan Bell, the director in charge of reorganisation, has continued his work. As the House knows, we provided an additional £15 million for that work. The House has debated at length the relationship between serious and organised crime and terrorism. The serious organised crime agency is taking shape, and the necessary posts have been advertised. It will help to tackle that relationship more effectively, linking the work of immigration agencies, Customs, the National Crime Squad and the National Criminal Intelligence Service. The underpinning will remain the work of the Security Service, and I stress that while the percentage of resources has remained steady, there is no less a commitment from the Security Service to supporting cross-boundary and international operations.

The Chair of the Intelligence and Security Committee referred to espionage in the publication last week. I shall make the position clear—we are spending a smaller percentage of the enhanced and expanded budget on counter-espionage, but in fact we are spending more than we did last year. The service is using new techniques in addition to tried and tested methods to make its surveillance more effective. We give an assurance to the House, the country and people overseas who may be attempting to intervene, whether from former enemy countries or friendly nations, that the services do not merely stand ready—I apologise for that terrible civil service phrase—but, in fact, are ready to intercept and

are doing so. If there is a dramatic increase in resources re-prioritisation is inevitable. By increasing the sums available we can ensure that work will continue even if the percentage allocated has been adjusted.

Counter-terrorism is receiving the support and resources that it requires, as well as the domestic back-up to reinforce resilience. The Intelligence and Security Committee has, with considerable fervour, ensured that this year the intelligence services committee chaired by the Prime Minister has drawn together all the relevant services and Ministers to co-ordinate and pull together the various strands of that important work. My right hon. Friend the Member for Rother Valley will speak about other areas that the Intelligence and Security Committee has touched on, including the BBC monitoring facility. As for information, we are keen that the national infrastructure security co-ordination centre, which my right hon. Friend the Member for Blackburn set up in 1999 when he was Home Secretary, should examine areas outside the scope of its existing operations. I thank its chairman for his work in creating a one-stop shop to develop awareness and new approaches to threats that have not previously existed.

Expertise is essential if we are to link the work of the Secret Intelligence Service to an understanding of what is happening across the world and an awareness of our vulnerabilities. Many desktop exercises have taken place over the past year and, as we discussed in February, there was an up-front exercise at Bank tube station on 7 September last year. We learned many lessons and are keen to develop further exercises, including a joint exercise with the United States in the spring. I suggested to Dominique de Villepin, the French Interior Minister—he was previously the opposite number to my right hon. Friend the Foreign Secretary—that we undertake additional joint work with the French, and he agreed to that earlier this week.

It is incumbent on all of us to come up with ideas, questions and proposals to monitor what we are doing, as I spelled out at the beginning of my speech. We cannot guarantee 100 per cent. success, but we can ensure that 150 per cent. effort goes into protecting our country and the effective use of our resources to do so. The most fundamental duty of Government is to ensure the security of the nation. We must balance reassurance and confidence building with honest and transparent dialogue about the dangers.

We must balance the necessary steps for security, as we spelled out at the end of February, against the necessity to provide freedom and liberty without encroaching disproportionately on individuals' rights. Getting that right is a difficult task. We believe that so far we have done so, and when we published a consultation paper on the recommendation of the Newton committee at the end of February we asked people to give us their thoughts on further developments including, for example, new legislation on association with terrorism. Over the summer, we asked people to examine the relationship between domestic and foreign terrorist acts, and between individuals. Following the consultation, we will establish a way forward and present proposals before the spring so that the House can debate them in time for the renewal of the necessary orders and in preparation for the sunset clause which, the two Houses of Parliament agreed, would come into force in 2006.

We must be sensitive to difficult issues on which party divides have often broken down—people of all persuasions have been convinced to set aside the usual adversarial approach to get things right. It is in that spirit that my right hon. Friend the Foreign Secretary and I address those issues this afternoon.

2.29 pm

David Davis (Haltemprice and Howden) (Con): I, too, received a very courteous letter from the Chairman of the Intelligence and Security Committee, explaining that she could not be present today. We quite understand why. I am sure she will be well represented by the right hon. Member for Rother Valley (Mr. Barron), but he will forgive me if I say that we will still miss her presence, as she is a formidable Chairman.

There was much to agree with in the Home Secretary's opening remarks, even his lay preacher quote, which I think was from I Corinthians 13. I join him in paying tribute to the intelligence and security agencies and the whole of the UK intelligence community for their constant hard work—so far, fortunately, successful hard work, and I am touching wood, as is the Foreign Secretary—at a time when the threats and challenges we face have never been so great.

I join the Home Secretary in thanking the Intelligence and Security Committee for its persistent scrutiny of intelligence undertaken on behalf of the House, and I also pay tribute to the Committee. Looking back through previous debates, it seems traditional to tease the Committee for the sheer number of asterisks in its reports. Paragraph 37, for example, reads:

> "We have been told that ***
>
> ***. We are concerned that ***
>
> ***
>
> ***
>
> ***
>
> ***
>
> ***. We will return to this matter."

That was an interesting paragraph. The Government's response states:

> "The government notes the Committee's concern and its intention to return to the matter."

I wonder, frankly, whether there is any point in including such a paragraph in the report. I understand the redaction process that goes with it. As hon. Members have said in previous years, we should consider how liberal we can be with information. Some of it could be more forthcoming, particularly on financial figures—an issue that I raised before in a previous incarnation.

As the Home Secretary said, the threat that we face is real and immediate. It is sad that historically we—the UK is not alone—have consistently underestimated the threat to our security. The Committee states:

> "The number of people willing to become involved in terrorism is rising",

and

> "They are fanatical in their determination to succeed".

[David Davis]

The Director General of the Security Service tells us at paragraph 9:

"The initiative generally rests with the terrorists. The timing of any attack is of their choosing".

That is why we must always be ready and, in the words of the Home Secretary in his White Paper, I think, be one step ahead.

I welcome the Home Secretary's comments on resources. Because we are dealing with the security services, he is in a considerably better position than I am to make a judgment about the exact numbers involved. The ISC report goes into resources in some detail and states that resources should be made available sooner. The report analyses the shortfall in funding and comments, at paragraph 135:

"A turning point could have been the East African Embassy bombings in 1998, which first demonstrated the power of Usama Bin Laden and the Al Qaida network, but this resulted in no significant changes to priorities or resources."

It goes on to analyse the continuing shortfall in funding at the turn of the century, points up the delays implicit in training staff, and says of the agencies' request for a sizeable increase last year:

"This was too late and it is why they do not have the level of resources that they need for all their priority requirements. We hope that the period of under-expansion has now been ended by the significant increase in funding for the Security Service. However, we remain concerned that the SIS and GCHQ will need further additional funds if the collection gaps are to be reduced and the UK's ability to identify, monitor and disrupt threats from abroad is to be improved."

At paragraph 125, the Committee goes on to identify another key failure. It states:

"We were also informed that the JIC had not assessed the threat to the CNI"—

the critical national infrastructure—

"from electronic attack since 2002. Capabilities to attack the CNI exist, and, while both NISCC and CESG sought to reassure us that they were reducing the vulnerability of the CNI to technical attack, we were not convinced."

That is entirely consistent with the rather slow response elsewhere by Government to the more unglamorous parts of defending ourselves against terrorism—the important services to deal with the aftermath of an attack, such as the NHS's ability to deal with chemical, biological and nuclear attack, the failures of the emergency planning mechanisms, or the lack of urban search and rescue equipment for firefighters. If there was ever a need for joined-up government, it is now and in this area. The critical national infrastructure is a key part not to be forgotten.

Before I turn to the fundamental issue of intelligence in the report, I shall ask some specific questions relating to the Home Office. I am happy to take an intervention from the Home Secretary, as I did not quite pick up the timing of one or two aspects to which he referred. The ISC notes that the Home Office paper on the formation of the Serious Organised Crime Agency states that the review of whether intercept evidence should be admissible as evidence in court was to be completed by June 2004—in other words, already.

To say that the report was time critical would be an understatement. The liberty of individuals and the safety of the whole nation will be materially affected by its conclusions. The Home Secretary did not mention that in his general or specific remarks. Will the report be available very soon, or was this the report he referred to for next year? I hope the Foreign Secretary will pick up the issue later. We need to know what progress has been made.

We welcome the work set out in paragraph 60:

"As part of this work a group, led by NCIS, will produce a new national intelligence requirement by June 2004. We will monitor how this requirement for crime-related intelligence will feed into the JIC Requirements and Priorities for secret intelligence and we will take evidence on the impact that the formation of SOCA will have on the Agencies."

That is one of the Home Secretary's better inventions, if I may say so. It holds out hope for serious improvement in the way we deal with international crime, in particular.

One of the specific criminal and security concerns that the ISC raises is the possible threat to national security posed by the importation of dangerous goods via the post. Paragraph 149 notes that the Committee warned the Government about "this potential vulnerability" two years ago. This is not just a terrorist issue; it is a criminal issue too. There is considerable anecdotal evidence of readily convertible imitation weapons coming in by post from overseas suppliers, for example. Although we appreciate and support the role of the police intelligence systems in detecting the flow of such weapons, we believe that much more widespread screening of packages from abroad should be instigated. That is a matter of relatively straightforward policy. I should be interested to hear the Government's proposals in that regard.

Before I deal with the general intelligence picture, I shall raise one question about a paragraph in the report that struck me as surprising. It is about the performance of GCHQ. My question is aimed at the members of the Committee. The report states in paragraph 55:

"GCHQ has successfully managed the PFI contract".

I accept that GCHQ is world class in its capabilities in decoding, interception and intelligence gathering, and the ISC reflects that. However, in relation to the management of the private finance initiative, the Public Accounts Committee heavily criticised the GCHQ management. In addition to the six specific criticisms in the report, the Chairman of the PAC said:

"There have been unwelcome cost increases on this programme. The process of moving the technology so critical to GCHQ's business will take longer and cost well over £300 million more than initially estimated, including extra running costs during the transition period. It is astonishing that GCHQ did not realise the extent of what would be involved much sooner, given how critical these systems are to its core business."

Perhaps the Committee could explain whether it took the PAC report into account, or whether it simply disagrees. That is rather important.

I turn to the central issue: intelligence. Intelligence is gathered to assess threats. That is self-evident. The purpose of intelligence is to inform policy-makers. The question that has been hanging over us with the Butler report and which cannot be avoided in this debate is whether we have used intelligence in such a way that the Government got what they wanted to hear, rather than what they should have heard. That means, of course, that intelligence ceases to be useful. The ISC report on weapons of mass destruction cast serious doubt as to

whether that line was crossed. The issue comes up again in this report. Before I turn to the substance of that issue, I shall raise a number of apparent failures to keep the ISC properly informed during the course of the year.

The ISC itself raised the Government's failure to provide it with eight Joint Intelligence Committee papers relating to Iraqi WMDs and UN inspections, and it was mighty generous to accept the Government's apology and statement that no deliberate attempt was made to withhold information. It seems extraordinary that the Cabinet Office's intelligence and security secretariat, an arm of Government whose sole function is information handling, was incapable of handling information on that occasion.

In its investigation for last September's report on WMDs, the ISC was not told that two members of the Defence Intelligence Staff had registered their concern about the 24 September dossier. Indeed, it was told that no such concerns had been expressed, but the report states that three members of GCHQ and the Secret Intelligence Service were moved from Gulf war duties, presumably because of similar concerns. I am not sure of the extent to which the Committee was made conscious of the level of dissenting opinion in the agency in drawing up both its September report and this report.

In paragraph 87, the Committee states:

"we are not satisfied with the Government's response"

to the September report on WMD.

"It emphasised only four key conclusions while either rejecting or failing to address fully"

the other 24

"conclusions and recommendations. We regard this as extremely unsatisfactory and we recommend that the Government explicitly address each of our recommendations and conclusions in future responses."

The Government response, which was published this week, states:

"we regret the Committee found its response unsatisfactory . . . The government accepts the Committee recommendation and future responses and will adopt the format used in this response".

After one ISC report and a Government response, and another ISC report and another Government response, we still do not have the answers to the fundamental questions raised by the ISC. If I ask the Government some of those questions again today, perhaps we will be lucky.

I will not go through all the fundamental questions, but I shall ask four of them. First, why did the JIC assessment not precisely reflect the intelligence provided by the SIS? Secondly, why did the JIC assessment not highlight in its key judgments the uncertainties and gaps in the UK's knowledge about Iraq's biological and chemical weapons? Thirdly, do the Government not accept that through deleting comments on the nature of the threat to the UK, the case was not balanced? A rounded judgment on the threat to the UK should have been reached. Finally, the failure to be specific in the dossier was irresponsible and misleading. The Government should have provided the public with clear and accurate information. Those concerns highlight an uncertainty or lack of knowledge about the real threat, which stands in stark contrast to the confident public position initially struck by the Government.

The simple truth is that only four of the conclusions and recommendations were dealt with explicitly because that suited the Government's agenda at the time, which is another example of an Administration caught up in denial and blame. Let me remind the House of the Prime Minister's statements on the matter. In the preamble to the September dossier, the Prime Minister said:

"What I believe the assessed intelligence has established beyond doubt"—

beyond doubt—

"is that Saddam has continued to produce chemical and biological weapons".

He also said:

"I and other Ministers have been briefed in detail on the intelligence and are satisfied as to its authority"

In July 2003, the Prime Minister told the Liaison Committee that he had

"absolutely no doubt at all that we will find evidence of mass destruction programmes".

However, in his evidence to the same Committee earlier this week, he contradicted himself by saying:

"I have to accept that we haven't found"

WMDs

"and that we may not find them".

What is the Government's position? Is it that the weapons existed, but that we have not found them, or is it that they did not exist all along? That issue is unavoidable in a debate addressing the effectiveness and use of our intelligence gathering services.

The Prime Minister said that he and other Ministers

"were satisfied as to the authority"

of the intelligence. Was he referring to the Home Secretary and the Foreign Secretary? If so, will the Foreign Secretary tell us whether he is still satisfied as to the authority of that intelligence? When Ministers reached those opinions, was it on the basis of knowing the qualifications and possible weaknesses of the intelligence or was the intelligence that they saw stated as a certainty? Was the intelligence changed or were qualifications and doubts removed in order to satisfy the Prime Minister's agenda? Was the intelligence changed in order to persuade the public that Iraq was an imminent threat when it seems now that that may not have been the case?

The normal procedure, where there is doubtful intelligence, is that the chairman of the JIC attaches a caveat note to the Prime Minister. Did those caveats remain attached to the intelligence containing information provided by, for example, dissident Iraqi cells, and if not, why not? If so, why did the Prime Minister allow dubious intelligence to be included?

The aim of the intelligence dossiers in the run-up to the war in Iraq was to outline the current threat in the context of UN resolutions to the public. It is fundamental in a democracy that such a document should give a balanced view, and documents of such importance should have been analysed word by word. This question must be answered, and we may get the answer today or we may get it after the publication of the Butler report: were the public let down, not through the inaccuracy of the agencies, but through the selective

[David Davis]

and improper use of information? Did our Government subordinate the nationally vital issue of intelligence to the politically convenient demands of propaganda?

Madam Deputy Speaker (Sylvia Heal): Order. I remind all hon. Members that Mr. Speaker has imposed a 12-minute time limit on all speeches by Back Benchers.

2.45 pm

Mr. Kevin Barron (Rother Valley) (Lab): First, I want to pass on the apologies of the Chair of the ISC, my right hon. Friend the Member for Dewsbury (Ann Taylor), for her absence from this important debate. She has written to hon. Members to explain that today is her son Andrew's graduation day, and I am sure that hon. Members understand why she is absent.

I am grateful to my right hon. Friend the Home Secretary and the right hon. Member for Haltemprice and Howden (David Davis), both of whom referred to our report. Our report commends the agencies for the work that they have done in the past year, most of which will never be made public. It is right publicly to thank the staff of the Secret Intelligence Service, the Security Service, GCHQ, the Defence Intelligence Staff and the assessments staff for their important work and their contribution to the protection of UK interests, both here and abroad.

The ISC performs an important role in the oversight of the UK's intelligence community, and I should like to pass on our Chair's thanks to all members of the Committee and our secretariat for their work over the past year. The work load has been heavy, especially for the secretariat, over the past 12 months—the Committee produced two substantial reports during the course of the year. The first report was published in September 2003 and concerned intelligence on and assessments of Iraqi WMDs. The second report, which we are debating today, is the annual report that the Committee is statutorily required to produce and which the Prime Minister is required to present to Parliament.

During my years as a member of the Committee, we have always debated the annual report. I welcome those debates and hope that other hon. Members welcome them too. We completed the report in May this year, the Prime Minister published it on 29 June and the Government produced their response on Tuesday of this week. Our report contains a number of conclusions and recommendations, which the Government have, for the first time, separately addressed in their response.

The right hon. Member for Haltemprice and Howden mentioned recommendation C, which he quoted in full, including the asterisks. The Committee felt that it was important to include recommendation C. We knew what would happen to recommendation C and that the issue of asterisks had been raised in previous debates, but we included it in the interests of good housekeeping and to bring an important point to Ministers' attention. I have no doubt that recommendation C will appear in the press, who will no doubt have fun with it.

David Davis: I did not raise recommendation C simply to tease the Committee—amusing as it is. Redaction is a matter of judgment, and it is not a clinical exercise. For example, when the Public Accounts Committee produced a report on the overrun on MI5 and MI6 buildings, the redactions were reduced by about 90 per cent. by the use of a rigorous approach, which might have been applied to this report. I do not know about the current procedure, but it is well worth reviewing.

Mr. Barron: That may be so. Most of the report that we produced earlier this year would not have been in the public domain unless it had been crafted so as not to identify sources. We have moved on substantially in that respect. We realised that recommendation C would be treated in that way. I assure all hon. Members, and anyone who may read or listen to these debates, that any redaction in any of our reports is agreed by the Committee. We unanimously agreed this report and the previous report on Iraq. If we were unhappy with any redaction made in this report or any previous one, we would say so.

We welcome the Government's detailed response to our recommendations. The key point is that we are still taking evidence on the nature and circumstances of the interviews of US-held detainees that are conducted by or observed by UK intelligence personnel, and on the usefulness of those interviews. We intend to carry on doing that.

We comment that, owing to the necessary additional efforts allocated to counter-terrorism, risks are being taken in the area of counter-espionage, and that collection gaps exist in other areas.

My right hon. Friend the Home Secretary was right to raise the issue of money. Having a bigger pot and a smaller percentage does not mean that there is not more money. As experience moves from one area to another, counter-espionage develops some gaps, as I am sure my right hon. Friend recognises.

We note that the agencies were given additional resources in the 2000 and 2002 spending rounds which they were not able fully to spend, partly because, although they have embarked on recruitment campaigns, it takes time to train staff to be effective. That is not a question only of languages, but of dialects. Some agencies have to undertake a complicated and difficult process in that respect.

The Committee concludes that the scale of the challenge posed by international terrorism was underestimated by the agencies at the end of the millennium. However, the formation of the joint terrorism analysis centre in 2003 addressed the concerns about co-ordination and timeliness of reporting that we raised in our report on the Bali bombings. Although the agencies were expanding and receiving additional resources, they did not reassess the threat and challenge that international terrorism posed until late 2003, partly because the scale of the problem became apparent only through increased co-operation with partners. That reassessment prompted Ministers to agree to a significant increase in Security Service staff over the next four years. We believe that that significant increase should have occurred earlier—hence our view that it was too late—and remain concerned that the SIS and GCHQ will require additional resources in terms of people and funding if collection gaps are to be filled. We got that message across to Ministers very strongly in the course of our deliberations with them.

We state our intention to take additional evidence on the Defence Intelligence Staff, particularly on how its analysis work links with that of the assessments staff and how its collection effort supports national requirements. We have received good co-operation from the DIS in that regard. We will also take evidence on the internal systems of the intelligence and security secretariat, which contains the assessments staff, and its structures and resources. I agree with the right hon. Member for Haltemprice and Howden about the absence of the eight reports, which did not reach us for logistical reasons. We did not understand why that happened, but we received a good explanation and accepted an apology, which will be put into the annual report. I hope that the ongoing work that we are doing will ensure that we have effective systems whereby material is retrievable if required.

We intend to complete our work on the relationship between the intelligence community and the media. In that regard, we would welcome comments from the media on the contact and information that they receive from the agencies. We said in our report on Iraq that we would undertake that work, but it is not yet complete.

The right hon. Member for Haltemprice and Howden mentioned the Public Accounts Committee. He quoted from paragraph 55 of the report, in which we said:

"GCHQ has successfully managed the PFI contract, which has provided them with an excellent facility, and the fact that the sigint service to customers has been maintained during the transition is welcome."

People may have become confused about that. We were referring specifically to the private finance initiative contract for the new building, which was the biggest single PFI project undertaken in Europe. There is a long history of comments about cost overruns and time overruns on PFI hospitals and other public buildings. However, this project was successful. The PAC looked into the transitional cost in terms of the upgrading of new equipment and so on, and made certain recommendations and conclusions. Having taken evidence on the matter, we dealt with it in our annual report of 1999–2000 under the heading, "GCHQ New Accommodation Project". We said:

"We understood that Ministers would be asked to authorise transition costs between four and ten times the original estimate."

We were well aware of the situation, which the PAC picked up on because it has gone through the system. Indeed, Parliament should have been well aware of it, and not as surprised as was suggested in some of the press reports when the PAC published its report.

The Committee has a good working relationship with the agencies and Departments. We see relevant Ministers, in terms of responsibility or as users of intelligence, perhaps more than any other Committee of parliamentarians. This year, we took evidence from the Secretaries of State for Foreign Affairs, for Home Affairs, for Defence and for Transport, as well as from the Chief Secretary to the Treasury and the Attorney-General. We also see several senior officials, including the heads of the three agencies and the DIS, the security and intelligence co-ordinator and the Chairman of the Joint Intelligence Committee.

Our report on Iraq and WMD included two sections entitled "Terminology and Organisation" and "Intelligence Sources", which were deliberately included to inform Parliament and the wider public about matters relating to intelligence. In our latest report, we included a section headed "The Limitations of Intelligence", which is on page 9. That has the same intention—to inform Members of Parliament and the general public of intelligence issues that are not normally discussed. I hope that people read it.

Before I conclude my remarks, I should like to put one matter on the record. The Committee has been asked to comment on the appointment of people to particular jobs, including heads of agencies. It is not, and never has been, for the ISC to comment on timing or the people appointed. We do, however, comment on the process that has been followed in making the appointment. In the case of the next chief of the SIS, or "C", the Committee is content with the appointment process. In our report, we record that the appointment of a JIC Chairman—

Madam Deputy Speaker: Order. The hon. Gentleman's time is up.

2.59 pm

Mr. Mark Oaten (Winchester) (LD): I join the Home Secretary and shadow Home Secretary in thanking the Intelligence and Security Committee for its work. It is a shame that the right hon. Member for Rother Valley (Mr. Barron) had to be cut off, given his able job in representing the Chairman. We entirely understand the reasons for her absence—she has a happy occasion to attend. I pass on the apologies for absence of my right hon. Friend the Member for Berwick-upon-Tweed (Mr. Beith), who is also a member of the Committee, and whose daughter is having a baby today.

I want to put on record the thanks of Liberal Democrat Members for the wonderful work of our intelligence committees. The intelligence services in this country carry out marvellous work, much of which we never hear about. It is an incredible achievement and the report and today's debate afford an opportunity to put that firmly on the record.

We all think back to where we were on 11 September. My mind was racing then about the consequences of those events. I suspect that, like me, many hon. Members were pretty sure that we would face an attack in this country in the ensuing period. Although terrible events have occurred in Madrid, Istanbul, Bali and other places, it is to the credit of those who work in our intelligence services that, so far, we have avoided such an attack in this country. That is a remarkable achievement. If I had been asked to predict events after 11 September, I would not have believed it possible to avoid some sort of atrocity in this country for such a long time.

The intelligence services have had to adjust to a changing world, which has moved from one of difficulties and problems between superpowers to that of super-terrorists. That means complex changes, which have required the intelligence services to adapt. They require much more resources and their activities have become more important than ever—that is difficult for them. Our ability to scrutinise their activities becomes correspondingly more important as their actions are much more in the public domain. I therefore welcome the debate and believe that we should have an annual occasion to examine their work.

[Mr. Mark Oaten]

Not only the intelligence services but the politicians have had to adapt to a changing world. The Home Secretary was right to reflect on those difficulties and tensions when he clearly set out the tension that he feels as Home Secretary in bearing the burden of responsibility for all of us in ensuring that he and the Government do everything possible to protect our security. There is tension between doing that and ensuring that we do not abandon the freedoms that we are trying to protect.

I know that the Home Secretary becomes enormously irritated with my colleagues and me. I almost choked on my yoghurt—not muesli—when listening to "Today" and heard myself described as part of the Libertariat—[HON. MEMBERS: "Liberati."] It was "Liberati". [*Interruption.*] I want to put it on the record that I do not eat muesli; I do not come from Hampstead—I was born in Watford; I started wearing sandals only when I saw David Beckham doing it, and I note with interest that, out of the three Home Affairs spokesmen, the only one with a beard is the Home Secretary. That may suggest that there is a Liberal desperately trying to get out.

The more serious point is that whatever one's values when taking on the Home Secretary's job, I imagine that the burden of responsibility and the information to which one is made party creates a tension about the direction that one should take. When Liberal Democrats are critical, I hope that the Home Secretary acknowledges that we understand his problems and difficulties and that it is our job in opposition to probe, test and ensure that we are doing what we can to protect values, which are perhaps sometimes not ideal in our changing world.

Let me consider the report, which begins by dealing with resources. I acknowledge the need for increased resources, but perhaps the Home Secretary or the Foreign Secretary could comment on the dilemma between putting more resources into intelligence services and the knock-on effects on our police. I was greatly struck by the conversations that I have held with members of the Metropolitan police. They said that although they obviously welcomed all the intelligence that they received, the more they get, the more demand it creates for individual police officers to follow it up, participate in raids and deal with the consequences. It is therefore not simply a case of ensuring that we put extra resources into the intelligence services. They must be matched by extra resources for the affected police authorities and forces so that they can conduct the necessary activity on the ground.

I congratulate the Home Secretary on his discussions with the Chancellor. Press reports and the Chancellor's comments suggest that the Home Secretary has successfully secured considerable resources. That is welcome and appropriate in such times. The Home Secretary mentioned the disparity in terms of the work in counter-espionage and the fall in the percentage figure of the budget devoted to it. Does he believe that, although there is extra money available to the Home Department, next week's spending review announcement will also mean a slight increase in that specific percentage? Will the percentage as well as the money improve?

The shadow Home Secretary pointed out that it is ridiculous that page 11 of the report provides a breakdown and a bar chart that examines the resources for the Secret Intelligence Service, the security services and GCHQ, but displays only asterisks from 2001 to 2005. It is hard to make a case for not revealing the amount of resources that goes to the individual services. I cannot understand the security risk involved in that. The advantages in parliamentary scrutiny outweigh the dangers and risks of including those figures.

Nearly all the consequences of extra resources involve people. Recruiting is clearly a difficult and complex process. For example, the Committee mentions the difficulty in trying to obtain a good ethnic balance in recruiting. That is important not only in its own right but especially because of the types and style of work that we expect our intelligence services to undertake, their understanding with specific communities, and their ability to communicate and gain the confidence of some communities. I hope that the Home Secretary will pick up on the Committee's comments and ascertain whether we can do much more to get a good ethnic mix.

Some concerns have been expressed to me about the National Criminal Intelligence Service and what happens when it transfers to the serious organised crime agency. I get a sense from people who are connected with NCIS that they are worried that the organisation is suffering from a sort of brain drain and that some of the more senior individuals who have been seconded from police forces are now starting to be taken back into them. That is happening partly because of financial pressure in NCIS to reduce the budget and partly because of the process of moving towards SOCA. It would be worrying if the transfer, which will not happen for 18 months, had an impact on the effectiveness of NCIS as individuals leave before the new agency is established. I hope that those who respond to the debate will tackle that and confirm that the Committee will be able to examine the work of SOCA as well as that of NCIS and that that organisation will be scrutinised properly. The Home Secretary is nodding and that is welcome confirmation.

The shadow Home Secretary made some strong points about Iraq. Perhaps they would have been more powerful if they had been made during the debate on Iraq rather than after the event. He hoped that the Butler inquiry might be able to answer some of the questions about the interrelationship between the intelligence services and Ministers, but I do not believe that it can provide those answers. That is precisely why Liberal Democrat Members decided not to take part in the process. Somewhat belatedly, Conservative Members made the same decision. I fear that, when the Butler report is published next week, we will all be asking for Butler mark 2 because it will pose a set of questions about Ministers' interpretation of information. Everybody will be dashing around studios demanding a further inquiry to ascertain how Ministers established that information. The Government could have settled this issue once and for all by wrapping those two issues up at the same time.

I am grateful to the Home Secretary for confirming that he still has an open mind on the issue of intercept communications. Like the shadow Home Secretary, we have moved on this issue. Indeed, I think that all three

parties have done so. I have definitely come to the conclusion that it would be better to try to produce proper evidence against people rather than holding them without trial, so the sooner we can complete and see the evidence from that review, the better.

I was surprised that the Home Secretary did not give us any indication of the progress, if any, made at his summit in Sheffield this week with his counterparts from mainland Europe. I would have been interested to hear what progress had been made on shared intelligence and, particularly, on issues such as DNA and biometrics. We look forward to receiving more information about the progress that is being made on working with our European counterparts in those areas.

I do not want to drag up the issue of identity cards now but, while we would be very much in favour of shared intelligence and ensuring that such information was passed around, and while the idea of biometric data on passports is worth looking at in principle, I want to put on record again my concern that the Government are implying that biometrics and ID cards would have a role to play in tackling terrorism. I can seem them having a role if the cards were compulsory, or perhaps in regard to the ability of certain individuals to claim benefits, but I remain unconvinced—particularly after spending a couple of days in Madrid last week talking to some of the people involved in these matters—that an ID or biometric card system would create a serious means of preventing terrorism in this country.

I have one final question, which relates to page 23 of the report, on which the Committee raises concerns about the way in which some of the interviews of detainees took place. The wording is not clear to me, however. The report looked at the way in which detainees in Afghanistan, Iraq or Guantanamo Bay had been interviewed, and the response begins by saying:

"Interviews of detainees conducted or observed by UK intelligence personnel have"—

and then goes on to list some concerns about the way in which those interviews had taken place. It is not clear to me whether this section confirms that interviews were conducted by UK intelligence personnel in a way that would go against the Geneva conventions. The wording is not clear, and it is important that we receive clarification on that point.

Mr. Michael Mates (East Hampshire) (Con): Just to put the hon. Gentleman right, may I tell him that we received that letter from the Prime Minister just a few days before our report went to the printers? We put it in as he wrote it, and our answer is in paragraph 79, which states:

"We will take evidence on all these matters."

So the hon. Gentleman must wait until we report, and then he will know.

Mr. Oaten: I am grateful to the right hon. Gentleman. He clearly wants to ask the same questions as I do. We hope that there will be a chance to do that, but we could circumvent that process if the Foreign Secretary were able to clarify that matter when he responds to the debate today.

I said earlier that these are difficult matters, and I want to assure the Home Secretary that, where possible, we shall give cross-party support on many of them. However, it is important that we also probe and test the Home Secretary if we believe that legislation at times crosses into areas that we are trying to protect.

3.13 pm

Alan Howarth (Newport, East) (Lab): The annual report of the Intelligence and Security Committee offers much praise, makes some criticisms, and includes some of our usual painstaking passages of educational material. We are happy to praise MI6 and the Foreign Office in respect of Libya. Alongside that has been the unravelling of the A. Q. Khan network. We praise the establishment of the joint terrorism analysis centre, which is a model of inter-agency and interdepartmental co-ordination and commitment. We were particularly impressed by the speed with which that institution was set up, and by the quality of what it does. The one problem that it has had is that so many people have beaten a path to its door—it has become a popular destination for "spooks' tours" from all over the world—that it has been interrupted in the performance of its duties more often than it might have expected.

Such good co-ordination is a particular strength of the British system. We see it in the Joint Intelligence Committee, where the heads of all the agencies sit with representatives of other Government Departments. The committee centralises the assessment of intelligence material from a whole range of sources. We are pleased that a new system for establishing requirements and priorities has been achieved, and that the ministerial Committee on Intelligence and Security was engaged in that process. That was something for which we had been calling for some considerable time.

SCOPE, the computerised database of intelligence data linking 10 different Departments and agencies that is now in development, represents exactly the right way to go. Of course, there are all the problems of big public sector computer systems, and we have raised some questions about training, security and costs, but we have no doubt that it represents the right way to go.

We make criticisms of the low priority given to counter-espionage. We took a peace dividend after the cold war, but China, Russia and others continue to seek to find out what they usefully can about things that go on in Government and in business in this country that we ought to keep secret. On a visit that the Committee made to the United States of America recently, we were strongly reminded of instances of penetration of the American agencies, and it was impressed on us how important it is to look after our crown jewels, and to keep our secrets secret.

In the report, we chart the fall in the share of Security Service resources going to counter-espionage from some 20 per cent. in 1999–2000. That share is bottoming out at about 10 per cent. today—as the Home Secretary told us—thanks to the promise of a 50 per cent. increase in funding for the Security Service over the next four years, which is extremely welcome. This has been a calculated risk on the part of the Home Secretary and the director general of the Security Service, and we were pleased to understand from our discussion with the Chief Secretary to the Treasury that he understands the nature of the risk that was being taken.

The Committee regrets that not enough resource has hitherto been committed to helping the intelligence agencies play their part in addressing serious organised

[Alan Howarth]

crime. We saw some remarkable models of inter-agency co-operation in dealing with drugs crime at Key West and in Jamaica, and some similarly excellent interdepartmental co-operation centred at Vauxhall Cross relating to various other kinds of serious organised crime. However, those good arrangements were undermined by the lack of resource going into them, when so much more could be achieved. It is very important that we should achieve more in that direction, and investment in this area would certainly yield a quick return. There is a spectrum between organised crime in the drugs trade, for example, all the way through to terrorism. We therefore welcome the commitment of extra resources that the Government have now promised, and we look forward to the serious organised crime agency

"building on the intelligence capability already available across law enforcement and security and intelligence agencies".

We draw attention to collection gaps, which are—irritatingly, for right hon. and hon. Members—asterisked in the report, those places that are not named but where we would like to see a stronger intelligence effort. My right hon. Friend the Prime Minister told the Liaison Committee this week of today's threat, which he defined as

"a new form of global terrorism combined with repressive, unstable states that proliferate or engage in chemical, biological and nuclear weapons development".

The world is a small place in terms of the capacity of terrorists and proliferators to move quickly from one part of it to another. It is very large, however, when we come to consider how to cover it comprehensively with intelligence, particularly when we bear in mind the length of the lead time to establish an effective intelligence capacity in any particular place.

It is easy to be wise after the event, and we suggest that the east African bombings in 1998 should have been a wake-up call to the world. It appears that not until 11 September 2001 did the world begin to wake up to the nature of the new threat. I was looking last night at a book called "Among the Believers: An Islamic Journey", written by V. S. Naipaul, which I see that I read in 1982. As long ago as that, Naipaul described a journey through Iran, Pakistan, Malaysia and Indonesia, in which he found Islam in ferment, and more and more people seeking the comforting simplifications of religious fanaticism. He wrote:

"This political Islam was rage, anarchy".

For 20 years after that, however, western leaders continued to embrace Saudi Arabian leaders and to ignore Wahhabism. For 20 more years, we were comfortable with the existing concept of threat, our modes of threat analysis, and the ways in which we derived the requirements for the intelligence and security agencies. We took that peace dividend after the end of the cold war, and were guilty of complacency in the 1990s.

The enemy is an Islamic fundamentalism that is uninhibited in its willingness to use violence: sophisticated, implacable enemies, many of them trained individually in particular technical skills in the west, who exploit the values of our liberal society, our concern to preserve such values as privacy, a refusal to discriminate on grounds of race or religion, and the right to preach. If we are to protect ourselves physically against this kind of threat, we will need huge cultural and institutional adjustments, but if we make those, will it be a victory for us or for terrorism?

We agonise as to how to respond and deal with threats of this nature. What the hon. Member for Winchester (Mr. Oaten) said just now on that subject was helpful. We find it difficult and painful to judge what we are to do about the authorisation of surveillance, the use of intercept material in judicial proceedings, the development of policy on immigration, naturalisation, passports and ID cards, and the difficult question of detainees, to which we drew attention, and which has been referred to in the debate. The Prime Minister's letter in paragraph 78 of our report describes a detainee hooded and shackled during an interview, which was not reported at the time, and refers to other complaints, austere conditions and inappropriate treatment, and concerns passed on to the US authorities. As the right hon. Member for East Hampshire (Mr. Mates) has just said, we will take evidence. But as the Home Secretary has said, Parliament will need to think hard about where we set the boundaries in these matters.

Iraq confronted us with a question: to what lengths are we willing to go when intelligence tells us that there is a threat from WMD? There have been, of course, passionate disagreements within our country and internationally. That issue cannot be ducked, and certainly not by political leaders Our Committee reported on the intelligence and assessments made in relation to Iraq, and the House debated our report, albeit perfunctorily. Others have trawled these waters: Lord Hutton, the Butler committee, and Mr. David Kay, the former head of the Iraq survey group, a real expert in these matters, and a revisionist, who said:

"It turns out that we were all wrong."

Too much may be being read into those words. Kay accepts that Iraq was at an early stage of renewing its nuclear weapons programme, that it had removed the elements most vulnerable to inspection but kept its scientists and technology, and that research continued on chemical, biological and nuclear weapons. The missile and unmanned aerial vehicle programmes were still moving ahead, and the weapons programmes were designed to allow future production. If Saddam had had the political opportunity, he would assuredly have resumed those programmes.

Kay thinks that we were wrong to take the view that there were stockpiles, but he also says that there was no evidence either way on that. He describes the difficulties. Given the body of intelligence, over 15 years, it was hard not to conclude that Iraq, in his words,

"was a gathering, serious threat to the world".

Saddam lied systematically, the scientists lied, the inspectors caught them lying and in breach of resolution 1441, so the analysts assumed the worse, perhaps wrongly in some respects. But a corrupt, terrorised society was very hard to read, and there was not enough human intelligence to enable us confidently to assess the motives and intentions of the Iraqi leadership at all points.

Were errors made? Possibly; but given what the intelligence community saw and knew, or thought that it knew, it still seems to me that it reached the only

conclusion that it reasonably could. The looting and deliberate destruction of documents and material that took place following the failure of the coalition to achieve physical security in Iraq after 9 April means that the Iraq survey group may never establish the facts as to that period. Perhaps there were no stockpiles, but I do not doubt that the dangers to the region and therefore to the world were very great, that Saddam would have resumed his programmes, and that, already, the risks of proliferation through willing buyers meeting willing sellers in Iraq were very great. If there are questions about the integrity of UK officials and politicians taking decisions in this area, I believe that they are entirely unfounded.

3.26 pm

Mr. Michael Mates (East Hampshire) (Con): It is a great pleasure to follow the right hon. Member for Newport, East (Alan Howarth) and the right hon. Member for Rother Valley (Mr. Barron), beside whom I sit in the Committee Room, and have done for the past seven years—I think that I can say that without asterisks—while we get on with our work. As it was referred to from the Front Bench, it is worth emphasising that in the 10 years since this Committee was formed—I have had the honour of serving on it for all that time—it has been a zone entirely free of party politics. It does not enter into our work at all, and I am grateful that it does not. Indeed, on one visit that we made abroad, after we had been having discussions with some opposite numbers for seven or eight hours, the question of partisanship came up. We asked them to guess which parties we all came from, and they got every single one of us wrong—to the chagrin of some of us. There we are.

In the report there is a short essay about the limitations of intelligence, which I commend to everyone in the House and outside it. For far too long, people have wrestled with a faint impression that intelligence can tell us everything, and that if we put enough resources into it, and do enough things correctly, we will know what we need to know. That is not the case, and I will not surprise anyone or breach any confidence when I say that in a report that will be published next week, that subject is likely to be raised again. It is important that all of us get it across to the outside world that intelligence really does have limitations, particularly now, since the end of the cold war and the break-up of the two great blocs who aimed almost all their intelligence and security resources against each other. The threats to us today do not come, as they used to, from just one bloc; they come from a disparate group of rogue states, terrorist organisations and countries who are secretly engaged in trying to build up stocks of weapons for illegal and improper use, be they chemical, biological or nuclear or the missiles necessary to deliver them.

There is not one target for the agencies today but many. Assessing the relative importance of those targets and directing to them resources that are inevitably limited is much more difficult than ever before.

One difficulty with the agencies' work, which I know is experienced by many hon. Members, is that because all their activities are conducted within a ring of secrecy, scrutiny must of necessity take place within that ring of secrecy as well. As a result we in the Committee must trust the agencies and those who work for them not to abuse their powers, and to be honest with us about what they have done. In the House, we must place a certain amount of trust in Ministers to conduct themselves honourably and not to misuse the agencies or the intelligence they provide for partisan or other purposes. Trust is at the heart of intelligence work.

Some Members do not place their trust fully in our Committee, because it is not a Select Committee. Those who feel like that should look at the record of our work throughout the last decade. I do not believe that we can be criticised for having been unwilling to ask awkward questions of both agencies and Ministers. We have always taken a robust approach, and the fact that we have not always said what some people want to hear does not mean that we have not investigated issues fully.

It is the misuse of intelligence that undermines trust in the agencies and reduces the authority of their statements. That trust must be maintained, even if the price is that Ministers—and, indeed, we in the Committee—cannot always make public the intelligence on which decisions have been based.

I want to raise two small points, or at least points that figure in the report in a relatively small way. The first, which has already been mentioned, relates to the risk that has been taken with regard to counter-intelligence. It has been acknowledged by Ministers, and I think we are right to remain concerned about it. Some years ago, a former head of the CIA said, "There is only one thing worse than finding a spy in your organisation, and that is not finding a spy in your organisation." The risks have been taken because of the reduction in funding suffered in the 1990s, as has been acknowledged, but it is important to point out for future reference that there is no such thing as a quick fix. It is no good suddenly providing more money and expecting everything to be back where it was before, the following morning. It takes months, indeed years, to build up the necessary experience, the necessary organisation, and the right way of conducting counter-intelligence activities before they are up and running properly again, and it will be some years before the agencies are back to where they were before they reduced their staff.

Postal screening has also been mentioned in passing. Our report expresses concern, and I must say that I have found the Government's response a touch complacent. If I could specify the concerns and the risks I would have the entire House and, I suspect, the entire country behind me, but I cannot do that: if I described the risks, those who wish us ill could use the routes available to them to avoid the risk of being caught out. What I can say is that it is a question of more co-ordination, and of waking up to a problem that is very real before we see another major incident. I am thinking of the occasion on which 100 or so weapons were sent through the post from Florida to Northern Ireland. Quite by chance, an operative in a postal screening depot saw what was happening and stopped it. That is public knowledge because there was a trial and people went to jail, but I must tell the Government that the situation does not just need looking at and—what is the word?—reviewing; it requires action.

[Mr. Michael Mates]

I hope that the House will think that the report is balanced and does not skate over problems. I commend it, because I know that all of us in the Committee have done a lot of work on it.

3.33 pm

Dr. Gavin Strang (Edinburgh, East and Musselburgh) (Lab): I am pleased to follow the right hon. Member for East Hampshire (Mr. Mates), who makes such a big contribution to the Committee's work. As he said, party politics does not enter into our work.

In last year's annual report, the Committee said that according to the Joint Intelligence Committee al-Qaeda and associated groups continued to represent by far the greatest threat to western interests. As the House will know, al-Qaeda has existed for many years, having evolved from those who travelled to Afghanistan in the 1980s to join resistance to the Soviet Union. It is thought that attacks on the interests of the United States and its allies by groups linked to al-Qaeda can be traced as far back as 1992. The subsequent decade saw several attacks linked to al-Qaeda, including the bombing of US embassies in east Africa in 1998, the attack on the USS Cole in October 2000, the atrocities of September 2001 of course, and the Bali bombing of October 2002. It would be a mistake to see al-Qaeda as a fixed organisation run according to the direct orders of Osama bin Laden. It is an open question as to how—if at all—the activities of the various groups are co-ordinated, and whether anyone in bin Laden's inner circle is influencing the planning of attacks. But the phenomenon can exist without a disciplined root-and-branch organisation.

The National Commission on the Terrorist Attacks Upon the United States has concluded that al-Qaeda has fundamentally changed since it lost Afghanistan after 11 September. It is far more decentralised, with operational commanders and cell leaders now making command decisions previously made by bin Laden himself. Instead, bin Laden is the inspiration for the movement, which is a collection of groups with differing characteristics, and agendas that vary according to the politics of each region.

I want briefly to consider the impact of the war in Iraq on international terrorism. Al-Qaeda was responsible for more than a decade of terror prior to the launching of military action by the US and the UK against Iraq in March 2003. When this House—and, indeed, most of the world—was debating whether it was justified to take that military action, one consideration was the impact that it would have on international terrorism. It was reasonable to assume that launching a war in Iraq against the will of the international community would be detrimental to the international coalition that had formed against terrorism. It was also a reasonable hypothesis that the war in Iraq would cause an increasing number of individuals to identify with al-Qaeda's aims and methods, which in turn would mean more attacks.

Last September, the ISC report on Iraqi weapons of mass destruction stated that the Joint Intelligence Committee had itself assessed that the threat from al-Qaeda and associated groups would

"be heightened by military action against Iraq".

The judgment was whether that was a risk worth taking. The ISC discussed the threat with the Prime Minister, who recognised the danger that attacking Iraq would provoke what he called

"the very thing you were trying to avoid".

However, his judgment was that the threat posed by the potential combination of terrorism and Iraqi weapons of mass destruction could not be ignored. He told us that concern that military action might bring about an increased threat from al-Qaeda must not lead us to allow

"a nexus to develop between terrorism and WMD in an event".

It is still too soon to gauge the medium or long-term effect of the war in Iraq on international terrorism. In the shorter term, in Iraq itself we have seen a terrible series of acts of violence. As the Foreign Affairs Committee noted in its report entitled "Foreign Policy Aspects of the War against Terrorism", which was published at the beginning of the year,

"a dangerous alliance of foreign fighters with terrorist allegiances and elements of the former Iraqi regime has been forming inside Iraq".

According to the US State Department's revised global terrorism report of 2003, there had been a slight rise in terrorist attacks in 2003 compared with the previous year, and the number of attacks and casualties in the middle east had doubled. Closer to home, the Foreign Affairs Committee concluded that the war in Iraq could indeed have made terrorist attacks against British nationals and British interests more likely in the short term.

But what is the risk to the UK from al-Qaeda? The al-Qaeda threat is certainly at a higher level now, and we should assume that terrorists intend to carry out an attack in the UK. We have been spared, so far, the horror that was visited upon New York, Bali and Madrid, to name just three. It is not clear why that is so. For example, it is not clear to what extent that is due to effective action by the various agencies. The House will remember the widely publicised arrests following the discovery of half a tonne of ammonium nitrate fertiliser in a west London warehouse in March. No one present believes that the ammonium nitrate was intended for agricultural purposes.

There is the related question of accessibility. Did the terrorists attack Madrid, rather than London, because Madrid was perceived as a softer target, or because they happened to have the capability on the ground to mount the attack in Madrid? Do the terrorists not have the resources here—yet—to bring a planned attack on the UK to its conclusion? The fact that there has been no attack in the UK to date provides little comfort. The director general of the Security Service told the ISC that

"the absence of an attack on the UK may lead some to conclude that the threat has been reduced or been confined to parts of the world that have little impact on the UK. This is not so."

The House will be aware that the Security Service stated publicly that

"al-Qaeda cells and supporters of affiliated groups are known to be active in the UK",

and that

"a terrorist threat to the UK may also come from overseas."

We know about the long lead-in time for planning an attack. The National Commission on Terrorist Attacks Upon the United States concluded that the idea of launching the 11 September attacks was first put to Osama bin Laden in 1996 and that an initial list of targets was drawn up as long ago as spring 1999.

As I said, although we cannot be sure why there has not been an attack on the UK to date, we can certainly be confident that al-Qaeda-linked groups would like to carry out such an attack. It is imperative that our counter-terrorism efforts are comprehensive and robust and that we take all practical steps to ensure that we can deal with an attack. On that latter point, the Civil Contingencies Bill is designed to strengthen the Government's emergency powers and update the framework for civil protection work. Significant additional funds have been made available for counter-terrorism.

In discussing that issue, there is an understandable tendency to focus on secret intelligence, but much of the information used in counter-terrorism is in the public domain—in the broadcast and printed media. BBC Monitoring is the organisation that scrutinises such open-source information. It is part of the BBC World Service and it tracks more than 3,000 sources in 100 languages covering about 150 countries. BBC Monitoring receives, translates, analyses and conveys the information to counter-terrorist staff. Such open-source information provides a context within which secret intelligence data can be placed. Among the customers of BBC Monitoring are defence intelligence staff, the assessment staff, intelligence agencies and the National Criminal Intelligence Service.

The ISC found that BBC Monitoring provides a valuable service both to Government Departments and to the agencies, and that it adapted well to the need to report on the growing number of terrorist-related media sources. However, the funding from its stakeholders declined over the last decade, most steeply in 1996, and has been frozen since 2002, despite the extra demands upon it.

The ISC also learned that the Foreign and Commonwealth Office was reviewing its allocation to BBC Monitoring with a view to making significant cuts. The Committee made representations to the Foreign Secretary and the Prime Minister and I was fortunate to secure an Adjournment debate on the matter earlier this year. Subsequent to our interventions, the Government have agreed to maintain funding for BBC Monitoring at its current level until the end of 2005–06, during which time a strategic review is to be carried out. The ISC welcomes the decision not to cut the funding provided to BBC Monitoring, as we believe that it would be a great mistake to reduce the money available to that valuable resource.

Alan Howarth: Does my right hon. Friend share some of my concern in reading the Government's response on that point? The Government say that they anticipate that

"the review will ensure that the overall level of funding should reflect the value of BBC Monitoring to each stakeholder."

Is it not important that the overall level of funding should reflect the value of BBC Monitoring to the Government as a whole? Is it acceptable for individual stakeholders to make their own judgments about the extent to which they should opt in or out of that commitment?

Dr. Strang: I am grateful to my right hon. Friend, who expresses the point precisely. We must be alert to that. He is absolutely right that we should view the matter across the board. We can appreciate that there will be arguments among the different bodies that fund the organisation and that Departments are under pressure over spending. However, isolated assessments of the contribution that BBC Monitoring makes may understate what is required. My right hon. Friend will know about the significant co-operation between BBC Monitoring and the Foreign Broadcast Information Service of the US. We get a good deal from that. If we are serious about the need to strengthen our guard against international terrorism—I think that we all are in this House—there is no case for cutting the resources of BBC Monitoring.

In conclusion, the whole House recognises that the threat to the British people from international terrorism is much higher than it has been in recent years. More resources are being devoted to the intelligence necessary to increase the protection of our people, and I congratulate the Government on that. However, there are certainly no grounds for complacency. We need to be ever more vigilant and do all that we can to reduce the risks.

3.44 pm

Mr. James Arbuthnot (North-East Hampshire) (Con): Apart from the issue of counter-terrorism, the main work of the Intelligence and Security Committee during the year—and the main intelligence interest for the country—has been on the war in Iraq. We did a separate report on that, which came out in September last year. Inevitably, this year's annual report contains an element of mopping up. Nevertheless, the Committee's work has been quite hard and very varied.

I want to pay tribute to the Committee's Chairman and Clerk, and to its staff and investigator who have worked extremely hard to help us all. It is a great pleasure to follow the right hon. Member for Edinburgh, East and Musselburgh (Dr. Strang). I do not think that it breaks the official secrets legislation to say that he brings a certain laconic wisdom to the Committee, and to everything that he does. Above all, I pay tribute to the intelligence and security services. As many have said, they do an enormous amount to protect this country and its interests.

I shall be very brief, as there is no need to repeat what the report says. I shall deal with only three points. The first is the funding of GCHQ, to which my right hon. Friend the Member for Haltemprice and Howden (David Davis), the shadow Home Secretary, referred.

Paragraph 52 of the report deals with the huge cost increases examined by the Committee's report for 1999–2000. We note that resource accounting for GCHQ has always been a bit of a problem but, for the first year in three years, GCHQ has produced unqualified accounts. Most private companies would consider that to be of little moment, but I think that we

[Mr. James Arbuthnot]

should welcome it with open arms. It is very good news, but it is difficult to get the bean counting right and the Committee will continue to keep an eye on the matter.

The report deals with the eventual vacation of the Oakley site. We express concern that resourcing had not been provided for that. In their response, the Government say that the site will be vacated by 2012, at the latest. There is always a dilemma in such matters: do we have two sites, and therefore an element of planned redundancy, or do we have one site in the interest of efficiency and cost-saving, but lose the element of redundancy that is sometimes needed? The pendulum swings from decade to decade on that dilemma.

My second point has to do with detainees. I refer the House to page 23 of the report, in which the Prime Minister's rather disturbing although deadpan letter is reported. It states that interviews have

"with the following exception . . . been conducted in a manner consistent with the principles laid down in the Geneva Convention."

The report does not actually say that we are dealing with Guantanamo bay. However, having raised that subject, I think that it is right to draw attention to the fact that the US still does not accept that the Geneva convention applies to the people held there. The effect of that is that they are not entitled to legal representation. The failure to apply the Geneva conventions to those people and to give them access to lawyers is precisely what has given rise to the sort of behaviour that the report describes.

I welcome the Supreme Court's recent decision that the Guantanomo detainees should be subject to the rule of law. Frankly, that should come as little surprise to anyone with an interest in justice or fairness, but the failure of the US willingly to give those detainees access to lawyers and to the rule of law has fuelled deep resentment across the world about the US—and therefore about Britain's behaviour in allying itself with the US. That has fuelled resentment in the United Kingdom against the US. It is a divisive approach, and it should stop. The letter from the Prime Minister states:

"The detainee showed no signs of distress and made no complaint of being hooded or otherwise during the interview."

Well, he was shackled. It is not clear from the letter how the detainee would make signs of distress apparent—

Mr. Mates: Perhaps he rattled his chains.

Mr. Arbuthnot: Indeed. As we say in the report, we intend to take evidence on all those matters and there is much for us to consider.

My final point concerns counter-espionage and the reduction in the proportion of the espionage budget spent on it. That is a particular worry in relation to the espionage against economic targets in this country. Our companies' secrets—our intellectual property, which, in a highly developed country such as ours, is the keystone of our prosperity—are being stolen and we are not doing enough to protect them. When we went to the US, we discovered that it treated intellectual property and commercial secrets as part of the critical national infrastructure. As the right hon. Member for Newport, East (Alan Howarth) said, our intellectual property should be regarded as part of our national infrastructure, and I welcome the interest that the Chief Secretary to the Treasury showed in that point when he appeared before us. If we connect the vulnerability of our computer systems to our economic vulnerability, it is plain that we have much to do to catch up.

3.52 pm

Mr. Andrew Tyrie (Chichester) (Con): I pay tribute to the work of all those who seek to protect us and whose work largely goes unsung. The brevity of that remark should not be interpreted as an indication of the strength of my feelings, and I echo the sentiments that have been expressed time and again this afternoon.

The Intelligence and Security Committee might have been an interesting parliamentary backwater, but the war has tested it to the full. That is because, first, the country was taken to war almost entirely on the basis of intelligence information provided by several institutions that the Committee has the responsibility of overseeing. The second reason the Committee is now centre stage is that the war was undoubtedly the most divisive event in British politics since Suez. I was, and remain, deeply sceptical about the need for military action—certainly at that time. Many people sense that we became involved in the invasion without sufficient clarity about our objectives and real purpose. It is vital that we now do our job to express the electorate's questions and articulate their concerns.

The third reason why the Committee is now centre stage is that it has become increasingly clear that the Government have no intention of co-operating fully with the efforts of many parliamentarians in finding out what really happened in the run-up to the Iraq war. I hope that those on the Treasury Bench will not challenge that remark. The Committee described the Government's response to its report on weapons of mass destruction as "extremely unsatisfactory". The Foreign Affairs Committee has documented the extensive obstructionism that it has encountered in several reports. I shall not go into those in detail unless challenged. As a result, the minimum level of required democratic scrutiny after a war has not yet been achieved by this Parliament.

We still do not have adequate information to answer some basic questions, which I shall list. Did Saddam Hussein really present a threat when we went to war? Was the Prime Minister being clearly told about that threat at the time? Was the threat imminent enough to require action? We have had some information that helps us to provide answers to those questions, but not enough.

Much less information is in the public domain about several other crucial questions on assessing the Government's action. What assessment did the Government make before the war about the consequences of the invasion of Iraq for the middle east and about the likely effect of invasion on moderate Muslim opinion in the middle east and elsewhere? What assessment was made before the war of the task of post-war reconstruction in Iraq? What assessment was made of the prospect of holding the country together and moving it to democracy? What assessment was made of the effect of invasion on other rogue states and their likely behaviour? What conclusions did Ministers, especially the Prime

Minister, draw from those assessments?Above all, what assessment was made before the war of its likely impact on the western alliance as a whole, and on the strength of the collegiality of interest in the west that is the bedrock of our security?

The plain fact is that for the most part Parliament has been thwarted in its efforts to find answers to those and similar questions. Much the same obstructionism is evident in Washington. The Executives of the world's two greatest democracies have exhibited an unremitting determination to deny parliamentary or congressional access to information about the decision to go to war. They have been equally careful to ensure that the remit of the independent inquiries they were forced to set up was as narrow as possible. The damage arising from that has been colossal.

First, the Executive's lack of candour has accelerated the decline of public confidence in politicians. It has extended the electorate's cynicism about domestic politics to the foreign arena. In fact, the Prime Minister's determination to thwart a full examination of the issues has damaged his Government's credibility far more than anything that was likely to have been revealed had there been more candour from the start.

Secondly, our failure to get to the truth has eroded the public's respect for democratic institutions, and especially for Parliament, which is obviously of concern to us. It should be our role to force candour, but we have not, so far, succeeded.

Mr. Barron: The hon. Gentleman will know that in our report on Iraq and WMD we did not set out to judge whether the decision to invade Iraq was correct. The purpose of the report was to examine whether the available intelligence that informed the decision to invade Iraq was adequate and properly assessed and whether it was accurately reflected in Government publications. We were not denied access to any information in drawing up the report, and the hon. Gentleman may be misleading the House if he is suggesting that we were denied information on some of the points that he mentioned.

Mr. Tyrie: When the Committee decides to try to make the kind of assessment that I am suggesting and decides to make public that assessment, the public will feel much more reassured about the extent to which information has been made available to the Committee. Can the right hon. Gentleman tell the House whether the information required to answer the second series of questions to which I alluded was also made available to the Committee?

Mr. Barron: Whether to invade Iraq was an issue for policymakers. It was also an issue for the House, in a debate and in a vote. For the Committee, the important thing was whether policymakers—one of whom has just entered the Chamber—were given the right information prior to those decisions being taken.

Mr. Tyrie: I do not want to detract from the work of the Committee in any way, as it has done an outstanding job, as I was about to point out—I notice that the right hon. Gentleman is now smiling and seems much happier than he was a moment ago. What Parliament needs to do is to get to grips with those fundamental policy issues; we need the evidence in our hands to enable us to form judgments. We do not have that evidence. Perhaps the right hon. Gentleman has seen all the evidence. Perhaps he has seen the Foreign Office assessment of the extent to which the war might have destabilised the middle east. Perhaps he has seen an assessment of the likelihood or otherwise of creating a democracy in Iraq. I do not know. Perhaps he can tell me in general terms whether he has seen such assessments.

Mr. Barron: If the hon. Gentleman reads our report on Iraq, he will see that we saw some assessments of the likely effect. Indeed, one of them received a lot of public comment: people asked what would happen if Iraq were invaded and WMD got into people's hands for use by terrorists throughout the world. So we saw some of the evidence, but clearly not all of it. I do not know whether it exists in the form that he suggests.

Mr. Tyrie: The right hon. Gentleman has made my point: he says that he has seen some but not all of the evidence.

Mr. Barron: If it is not there, I cannot see it.

Mr. Tyrie: The right hon. Gentleman cannot even be sure whether the evidence is there. I should like to move on. I have given him ample opportunity to comment on my remarks.

The third reason why we should be so concerned about what has gone on is that our failure to get to the truth, and the public's perception that we have failed to do so, have made us less secure as a country. That may be true of America, too. Both President Bush and the Prime Minister asked us to take the Iraqi expedition on trust. Next time there is a security threat, when we have to rely on their judgment, that trust will be much less willingly bestowed. Just as bad, potential opponents in other parts of the world will be able to see that weakness and exploit it. That is why the shortcomings of parliamentary scrutiny have not just weakened our democracy, but are making this country a less safe place.

The Guantanamo bay and Abu Ghraib scandals, to which my right hon. Friend the Member for North-East Hampshire (Mr. Arbuthnot) referred, illustrate how much better off we would be if we had more effective parliamentary scrutiny. I am pleased that the Committee will investigate that and take evidence.

For over a year, I have pressed the Government to tell me what steps the UK has been taking to discover whether people were being tortured at Guantanamo bay. What triggered my concern was information that an acquaintance of mine gave to me a long time ago. He found out that people were being deported from Guantanamo to Egypt to be tortured more comprehensively there. He asked me to raise that issue, which I did. I was shocked by that information, and I have been trying ever since to bring pressure to bear on the British Government to raise it with the Americans. I have had a long exchange of correspondence with the Foreign Secretary about that.

Of course, the efforts of one Opposition MP are only a pinprick. None the less, it is possible that if a parliamentary Select Committee or the Intelligence and

[Mr. Tyrie]

Security Committee had taken up those issues earlier and pursued them remorselessly, some of the abuses might never have taken place and much less damage would have been done.

Those abuses have undermined the very values that the west is seeking to export. They have done incalculable damage. Our apparent double standards will resonate for years.

This is not just a moral issue for the UK; it is, of course, a legal one, as my right hon. Friend the Member for North-East Hampshire said a moment ago. We have a duty of care under international law to uphold the welfare of all prisoners who we may have handed over to the Americans. I am told that we have handed over 341 prisoners to the Americans in Iraq, some of whom may be in Abu Ghraib. I should be grateful to the Foreign Secretary if he said whether that was the case. I have tabled several questions to the Secretary of State for Defence today to ask him about that very question. What happened to those 300 or so detainees and what steps have the Government taken to monitor their welfare? I will write to the Foreign Secretary about that again.

The experience of the past 18 months shows that our democracy needs much better scrutiny after wars than has taken place on this occasion. We need to try to restore the electorate's trust in politicians and Parliament. That is a big challenge, and I shall mention only a few things that could be done, some of which are alluded to in the report. First, it would help if the Prime Minister would trust Parliament a little more. He should realise by now that his obstructionism over scrutiny on Iraq has cost more in lost credibility than any embarrassment that he has been spared. The Prime Minister and the Foreign Secretary may have thought they had done well in refusing many of the Foreign Affairs Committee's requests for papers and people and by relying instead on Lord Hutton after David Kelly's death. In fact, far from letting the Government off the hook, it has only reinforced public cynicism.

The same is true of the Government's response to David Kay's evidence to a Washington committee—the creation of the Butler investigation. It may well turn out that the Government would have done much better to use the Intelligence and Security Committee to do that job of investigation rather than hoping that Lord Butler's narrow terms of reference would keep him away from the most sensitive spots. The Prime Minister should have shown much more candour from the start.

It is our job in Parliament to do more. We need to show that we can be trusted with confidential material. That is where the Committee has done so well in demonstrating that parliamentarians could be trusted over the past decade. We can also learn something from American experience. Much nonsense is talked about how much more effective congressional committees are than our own. The truth is that they are often stymied by even more partisanship than many of ours, and more obstructionism by the Executive. None the less, they have one advantage: they really can see whom they want to see and, if they are persistent enough, they can get hold of a lot more documentation. Things are often negotiated on the basis of protocols, with the Executive setting out the rules of engagement for the use of information and access to it. Perhaps we should consider doing the same under the Standing Orders of Parliament.

On an issue as fundamental as going to war, there is also a case for much closer collaboration between the Foreign Affairs Committee and the Intelligence and Security Committee, possibly also involving the Liaison Committee. Today is pretty much the 10th anniversary of the ISC. I strongly welcome its creation and I think it has done a great job. My right hon. Friend the Member for East Hampshire (Mr. Mates) said that there must be trust in the intelligence world. That trust has taken a severe knock over the past 18 months. We have a very big repair job to do.

4.7 pm

Mr. Elfyn Llwyd (Meirionnydd Nant Conwy) (PC): I add my congratulations to the Committee and its members for their endeavours and the hard work that they have evidently done over the past few months. Undoubtedly, this is an important debate, despite its being held on a Thursday. At paragraph 145, the report refers to its own report of September 2003, "Iraqi Weapons of Mass Destruction—Intelligence and Assessments". The Committee then believed that it had seen all the Joint Intelligence Committee assessments relating to Iraq from August 1990 to September 2002. The Committee now has to say, unfortunately, that that statement proved erroneous: in May this year a further eight JIC papers were handed over relating to WMD in Iraq and United Nations inspections. A subsequent check revealed that those papers were not given to the Committee at the time, which, understandably, caused it "considerable concern".

The report states:

"We have read the recently provided papers. We are satisfied that knowledge of them would not have led us to change the conclusions, including those that were critical, in our Report. However, we might well have included further material from these papers . . . We have received an apology and we accept that there was no deliberate attempt to withhold information from us. However, we are concerned that some internal systems and record-keeping within the Cabinet Office Intelligence and Security Secretariat are defective and we will return to this issue."

The Government response to the Iraqi weapons report was delayed until February 2004. The Committee noted that it was not satisfied with the response, emphasising that there were only four key conclusions, while either rejecting or failing to address fully many of the Committee's conclusions and recommendations. It said:

"We regard this as extremely unsatisfactory and we recommend that the government explicitly address each of our recommendations and conclusions in future responses. Our dissatisfaction was increased by the government's decision to allow such little parliamentary debate on two such significant reports."

The report highlighted the limitations of intelligence, saying:

"Failing to highlight the uncertainties, and gaps associated with the limited amounts of intelligence collected, could mean too firm an assessment was made, which in turn would influence policy-makers disproportionately."

I am quoting the report extensively because I believe that the Committee has taken a robust approach and is doing a good job. I hope that everything necessary to

enable the Committee to draw the proper conclusions is made available to it the first time of asking, and that its members do not have to burrow for information, as Back Benchers often have to. That is a matter of concern to the House generally. Weapons of mass destruction are not a side issue, but a core issue at the very heart of the Government's decision to invade Iraq. That there were shortcomings in the provision of information on that, of all subjects, is a cause of great concern.

I wholeheartedly endorse the comments of the right hon. Member for East Hampshire (Mr. Mates) about the detainees at Guantanamo bay. The Prime Minister responded on the important matter of the treatment of prisoners, and the Committee, to its credit, has referred to what he said.

"The Prime Minister has informed us that, with one exception, all interviews conducted or observed by UK intelligence personnel have been conducted in a manner consistent with the principles laid down in the Geneva Convention".

He added that

"some detainees questioned by them have complained about their treatment while in detention",

but

"the UK intelligence personnel never witnessed any evidence of detainee abuse of the type that the US authorities have acknowledged has occurred".

Unfortunately, what the Prime Minister said does not square with what the Minister of State at the Ministry of Defence has been saying in response to detailed questioning from my hon. Friend the Member for East Carmarthen and Dinefwr (Adam Price) and others. My hon. Friend has consistently raised the issue in debate, questions, interventions and correspondence. In a written question to the Minister of State, my hon. Friend asked

"when in September 2003 the practice of hooding detainees in Iraq was stopped."

The answer was:

"An amended Standard Operating Instruction was issued on 30 September 2003 detailing that the use of hoods on apprehended persons was to cease. This had been preceded by a verbal instruction several days earlier."—[*Official Report*, 30 June 2004; Vol. 423, c. 358W.]

Paragraph 23 of the report details the whole issue, and I am mindful of the fact that the Committee states at paragraph 79 that it will take evidence on it. I welcome the fact that there will be further inquiry.

On 28 June, in his response to a question from the hon. Member for Hull, North (Mr. McNamara), the Minister of State stated:

"We are not aware of any incidents in which United Kingdom interrogators are alleged to have used hooding as an interrogation technique." —[*Official Report*, 28 June 2004; Vol. 423, c. 142W.]

That is far from satisfactory, bearing in mind the fact that at the same time the Minister was telling my hon. Friend the Member for East Carmarthen and Dinefwr that the technique was being banned. The problem is compounded by the fact that on 10 September 2003, Combined Joint Task Force 7 produced a document entitled "Interrogation and Counter-Resistance Policy"; the UK input to that document was from the deputy commander of the UK military forces. The document is the authority for the use of hooding, sleep deprivation, stress techniques and white noise; it came to light during recent US congressional hearings.

I do not expect answers today, but I want to put on the record several questions. Was the Intelligence and Security Committee given a copy of the document, and if not, why not? Was the United Kingdom's role in the preparation of the document limited to the military commander, or was further authority given higher up the chain or in Cabinet? Who authorised the commander to sign up to the document? It is difficult to believe that the Government did not know of the document—one condoning a practice banned ever since a Northern Ireland case against the United Kingdom more than 15 years ago. It was inconsistent to condone the use of the technique until September 2003 while, at the same time, the Minister of State denied that it was used and, to contradict himself, said that it was banned from 30 September, the very month in which the UK military signed up to the document.

I am raising those serious issues because the Committee will take further evidence, and will undoubtedly scrutinise the position carefully. Was the reference to information from the Secret Intelligence Service at paragraph c on page 23 a reference to the coalition document? If not, why not? I suspect that reference was not made to the document and, with hindsight, I can understand why, but I hope that the Committee will continue its detailed and earnest investigation into the issue to unravel the truth of what happened.

More generally, with reference to page 23, what redress, if any, is there for detainees who suffered assaults and battery as a result of the illegal interrogation techniques? Is a criminal investigation under way? On the issue of Abu Ghraib, the Prime Minister has clearly stated on several occasions that he did not know of the inhuman practices at the camp until this year. I do not take issue with that, but apparently the United States Government knew about a year before. We have been told that the Prime Minister and the Government did not know anything of the Red Cross report until this year, but if that is the case—I will accept that it is to avoid further argument—what steps are being taken to question the officials who either failed or declined to pass that information on to the Government? The stock answer is that information is received and passed on day in, day out. However, on a matter as important as the conduct at Abu Ghraib, someone should have passed the information on, so the stock answer will not wash.

In conclusion, I hope that the Committee will continue its important deliberations, and can do so without being hindered by the withholding, whether wilful or not, of important information germane to its inquiries.

4.17 pm

Dr. Julian Lewis (New Forest, East) (Con): Recently, a senior figure in the anti-terrorist world addressed a conference on security issues, and pointed out that the United Kingdom and other target countries face a terrorist threat that aims to cause destruction, not in single streets, as the IRA did, but in entire neighbourhoods and, if possible, entire cities. He predicted that the threat would persist for the next 10, 15 or even 20 years, but on a note of grim optimism he

[Dr. Julian Lewis]

predicted that life would go on and a new sort of normality would be established after hard, remorseless effort by society as a whole and anti-terrorist services in particular. I am sure that his prediction is right, and history bears it out. In the period between the first and second world wars, it was widely believed that society could not stand up to the pressure of aerial bombardment. In fact, society stood up to it throughout the blitz in the United Kingdom and, more surprisingly, throughout the much heavier attacks in the latter days of the Third Reich, when German cities were utterly devastated.

There is a tendency, because we live in peaceful times, to underestimate what society can cope with in war. No free society can have absolute security against a small group of determined saboteurs—that was one of the Home Secretary's messages in his thoughtful opening remarks. To those remarks one could add that no repressive society or dictatorship could have absolute security against such a threat, either. Again, one casts one's mind back to the occupied countries of Europe and to the French Resistance in particular who, despite enormous totalitarian forces of repression ranged against them, were still able to mount effective sabotage—or terrorist attacks, as the German occupiers would have called them.

What one can do is try to focus on the known possessors of weapons systems which, if they got into the hands of would-be saboteurs or terrorists, would enable them to wage the sort of campaign that that senior anti-terrorist figure was predicting they would try to wage, to devastate whole neighbourhoods or even whole cities.

In that connection, the most interesting paragraph of the report for me was paragraph 91 in the section dealing with Libya. It states:

> The detailed intelligence on Libya . . . collected by the UK and the USA from all sources over a significant period of time, enabled the UK and USA to demonstrate to the Libyan authorities that they knew about their WMD programmes."

It then adds the curious comment:

> "Consequently, when the inspectors went to Libya the Libyan authorities, while they tried, were not able to hide their programmes and full disclosure was eventually achieved. This was a major intelligence success."

Yes, it certainly was, but that was the first indication that I had had that there had been an attempt by the Libyan authorities to go on with a policy of concealment, even after they had come forward and said, "We want to get rid of our weapons of mass destruction. Come in and help us do it." I should be very interested to know more of the story behind that interesting comment, and I congratulate the Committee on having teased out that titbit of information.

It must be said that the terrorist movements with which we are concerned are extremely patient. I think I am right in saying that there was a period of about eight years between the two attacks on the World Trade Centre, the second ultimately being the successful one. It is all too easy for us to go into one of those periods between attacks and begin to become a bit complacent. Indeed, that senior anti-terrorist figure said that his principal concerns were complacency in society, which he described as a very great problem, and the importance of creating greater public understanding of the wide range of dangers and the long-term nature of the overall threat.

What the Libyan business illustrated in the wider context is that something sinister was going on under the surface. A report on BBC News Online on 23 May retails how North Korea had been involved in sending uranium to Libya. It states that the International Atomic Energy Agency

> "had found evidence that Pyongyang provided Libya with nearly two tons of uranium in early 2001."

A spokesman for the IAEA, Mark Gwozdecky, told BBC News Online that the investigation

> "'spans three continents and involves entities or individuals in at least eight countries.'"

That was all linked to the plot by A. Q. Khan, the father of the Pakistani bomb, to sell nuclear secrets to Libya, Iran and North Korea.

Another report on the BBC on 28 May is headed "UN continues Libya nuclear probe" and states that the IAEA has said that

> "questions remain about Libya's nuclear weapons programme, despite the promise last December to scrap it."

A report from Associated Press back in February commented on a firm in a place called Shah Alam in Malaysia. The firm, ironically enough, is called SCOPE—nothing to do with the new system that was described earlier in the debate for intelligence collation in this country. It is a precision engineering firm that was part of the network and was involved in machining the parts of the centrifuges that the rogue regimes, in particular Libya, planned to use to construct their bombs. Worryingly, at the end of the report the company's spokesman said that if it received an order similar to the Libya shipment, it would have no reason to turn it down. The spokesman commented:

> "Milling and cutting is the same today as it was before".

It is not good enough for the Government, or even for the Committee, periodically to state that successes have been achieved, that terrorists have been disrupted and that we have been saved by the good efforts of the security and intelligence services. Something more than that is required. If we are to obtain the greater public awareness, concern and realisation of the long-term threat, which senior counter-terrorist figures feel to be necessary, we must have authoritative accounts of what has been going on as soon as the information can be revealed. We should not have to depend upon putting together a jigsaw from individual, isolated press reports, such as I have been quoting. We should have a system whereby the Government publish from time to time, perhaps in the form of an annual report, an account of what can be revealed about those operations that have been frustrated or exposed.

In the brief period remaining, I want to address some of the remarks about Iraq. When I congratulated my hon. Friend the Member for Chichester (Mr. Tyrie) on his thoughtful speech, he said, "I am sure that you do not agree with half of it." I said, "You are right, but there is one thing that I do agree with in particular, and it is the most important thing—the British people must always be told the truth." If a democratic Government do not tell the British people the truth, even in a good

cause or because they think that they have a good reason not to do so, they will destroy the trust on which their support depends.

I have said this before and I will say it again: I wish that the Government had not fought shy of telling the British people the real reason why war against Saddam was essential. It was not because Saddam was about to attack anybody; it was not because he had attacked anybody; and it was not even because of his humanitarian record of atrocities. Those are the traditional justifications under international law, as it currently stands, for intervention.

War against Saddam was essential because the events of 9/11 showed that the world now contains groups that would unhesitatingly use WMDs, if they could get them, and thus cannot be deterred. This has lowered the threshold for intervention against rogue regimes that have a track record of trying to obtain WMDs. That probably does not conform with international law, as it was explained to the Government at the time that they took the decision, and they therefore felt that they had to massage the facts.

International law is not static; it evolves, and Governments must help it to evolve. It would have been better if our Government had helped international law to evolve by saying clearly to the British people that we did not know what Saddam did or did not have, but after 9/11 we could no longer take the chance.

4.29 pm

Patrick Mercer (Newark) (Con): I apologise to the House in advance for perhaps having to leave a little early.

It is a pleasure to follow my hon. Friend the Member for New Forest, East (Dr. Lewis), many of whose points I will endeavour to discuss, although I do not expect to do so as lucidly as he did.

About six weeks ago, 1,500 lb of fertiliser was found in west London. I gather from open sources that it would have been most likely to be turned into home-made explosive and used in a number of car bombs, probably around west London, or possibly in north London. The discovery of that potential explosive represents a very considerable success for the security agencies that picked up those of our enemies who were involved. On the back of the discovery there came a series of arrests, mainly of Pakistanis, some domiciled in this country and others from abroad.

About two weeks ago, I had the enormous privilege of being briefed by the high commissioner and his staff in Islamabad. They hinted that the operation was much more complex than anything that the open sources in this country had been able to tell us. They told me, or rather hinted, that there had been a very successful operation by British agencies in combination with local agencies in Pakistan. They also said that a much worse event, the details of which I was not told, had been planned, which, if it had gone ahead, would have devastated large parts of this country. I can only pay tribute to the agencies that are prepared to carry out such operations with such courage. The high commissioner told me, "If you are talking about prevention versus cure, homeland security starts here in Islamabad, in Kabul or wherever—that is where the real operations are carried out."

I want to try to tease out one or two points about the balance between prevention and cure. If an operation can be prevented, so much the better, but the fact remains that the head of the Security Service and the commissioner of the Metropolitan police tell us that an attack on this country is all but inevitable. To use a wartime phrase, the bomber will always get through. Then, it referred to the Luftwaffe, but the analogy is not lost today. I will not use the old saw about always being lucky, but there is no doubt that we have been extraordinarily lucky so far. It needs only one terrorist to get through for the whole complexion of our security structure to be changed.

The Committee's report says that the Security Service's website includes information about

"the threat from terrorism and details of protective security measures available".

Like my hon. Friend the Member for New Forest, East, I wonder why the details on that website are not made far more widely available to the public. Why are we not told as much as we possibly can be told? Why are we not told, for instance, what is the national state of alert?

The counter-argument, of course, is that to do so would scare the pants off people. However, it has been done in the past. MI5 and the Metropolitan police carried out a very successful public information campaign against the Irish Republican Army in the 1990s. That gave the public detailed indications of what they were to look for and how they could help the security agencies and services to thwart terrorism. Why are the offices of the national security advice centre not more accessible to the public? Why do not the Government choose to follow the example that is being set by the Metropolitan police and British Transport police in relation to the current poster campaign? Why do not the Government choose to enrol every responsible member of the public as another pair of eyes and ears for the wider police family?

The report states:

"We recommend that the threat to the United Kingdom's critical national infrastructure and vulnerability to electronic and other attacks should be examined by the JIC and considered by Ministers."

If we continue to be vulnerable in that way, should we not consider streamlining the intelligence that we have to handle? Doubtless, the Butler report will make many good points about that.

How much time do our security agencies spend dealing with people who should not be here? Should we have a proper immigration policy, which would save so much of the time of those important men and women? The United States deals with that through a Department of Homeland Security. It has pulled together its Government agencies. In this country, the Home Office, the Cabinet Office, the Department for Transport, the Northern Ireland Office, the Ministry of Defence and a host of others might deal with the sort of problem that I have outlined. They would have to refer to the head of the Security Service, the head of the Secret Intelligence

[Patrick Mercer]

Service, the head of GCHQ, the head of Defence Intelligence Staff and the head of assessment staff. We are told that a security and intelligence co-ordinator is now pulling all that together, backed up by only a small civil contingency secretariat to deal with curing part of the problem.

Where does the responsibility of one agency start and another one stop? Where does one Department's responsibilities begin and another's end? Is it any wonder that intelligence has been, to put it charitably, over-analysed, and that the wrong conclusions have been drawn? We need one central figure and one central Ministry to deal with the matter. The problem will not get easier and the money that we need to spend on it will increase every year.

Let me make some small, sub-tactical points. It is interesting that an officer who is posted from one part of the intelligence community to deal with Islamic fundamentalism receives no training in the nuances of the Muslim faith and creed, the problems that surround Islamic fundamentalism, the history behind it and the outlook. He or she is expected to pick up the whole discipline on the job. That is most odd when the humblest private soldier receives extensive training in dealing with the problems that he faces before deploying to, for example, Northern Ireland, Iraq or Bosnia.

The report provides some detail about the intelligence cycle, which is interesting and reminds me of parts of my basic training years ago. We are told that the collection plan is set centrally for the agencies, but the report does not make clear where the audit trail for the collection plan lies. Each agency is responsible for auditing its success. That cannot be objective; it must be subjective. Surely there is a better system for assessing success *v.* failure.

In the report, C mentions collection gaps. He says that the SIS is now "behind the curve". We have heard today that funding for MI5 will be increased considerably. What about the other agencies? The Chancellor said yesterday that it was the Government's "first duty" to defend the people of Britain. He continued:

> "I will make available the resources needed to strengthen security at home and take action to counter the terrorist threat at home and abroad . . . Those who wish to cut in real terms the budget even for security will need to answer the British people . . . We will spend what it takes on security to safeguard the British people."

Those are fine words, but what about the civil defence grant to our local authorities? What about the anomalies in the equipment that fire, police and ambulance services hold? What about the fact that our firemen who back up the immediate response units have received no training in chemical, biological, radiological and nuclear attacks? What about the fact that the civil contingencies reaction force—the only addition to manpower to deal with the curing rather than the prevention part of the problem—have been seen manifestly to fail in the face of the overstretch of the regular forces? And what about the fact that our armed forces are to be cut yet again? Fine words indeed.

I shall end by quoting from paragraph 8 of the report, which states:

> "Terrorism is currently the biggest threat to the national security of the UK and its interests and the Agencies are operating in an extremely difficult and hostile environment. The Prime Minister stated in a speech on 5 March 2004:
>
> 'the [security] threat we face is not conventional. It is a challenge of a different nature from anything the world has faced before.'"

We are blessed with outstanding intelligence agencies, and this report has been enormously helpful, but I do not see a Government who are ready to rise to this challenge, or who are willing to face

> "a challenge of a different nature from anything the world has faced before."

I see a Government who are mired in complacency.

4.40 pm

Joyce Quin (Gateshead, East and Washington, West) (Lab): It is a pleasure to follow the two previous speakers, the hon. Members for New Forest, East (Dr. Lewis) and for Newark (Patrick Mercer) because, although they are not members of the Intelligence and Security Committee, they have always taken a keen interest in its work and that of the intelligence agencies.

I had not intended to speak in this debate, partly because I am a member of the Intelligence and Security Committee and it is good to hear contributions from other Members. Also, given the time limit on Back-Bench speeches, I was conscious of the fact that there might have been too great a demand by other hon. Members to speak. However, I note that that has not been the case, so I shall take this opportunity to add a few comments to those that have been so well made by my fellow members of the Committee. I want to endorse strongly the words spoken by my right hon. Friend the Member for Rother Valley (Mr. Barron) when he introduced the report on behalf of the Committee, and to pay tribute to the work of our Chairman, my right hon. Friend the Member for Dewsbury (Ann Taylor).

The report rightly highlights a number of areas. It flags up circumstances in which the agencies have experienced success, and it is good that several hon. Members, including the hon. Member for New Forest, East, referred to what has happened in Libya, which the report flags up dramatically as a great success. It was a great success for the intelligence agencies, and for the Government and the Foreign Office, following the negotiations in which they took part, and I am very pleased with the way in which they turned out. As far as the intelligence agencies are concerned, that is a rare of example of our being able to give public credit, and for that reason, it is important to highlight it in this debate.

The Committee believes that the agencies need to be properly resourced, and we welcome the increase in funds that has been made available to them in recent years. I want to pick up on a point made by the hon. Member for Winchester (Mr. Oaten), which was that it is important for the agencies to use the best of this country's talents by recruiting as widely as possible. Indeed, several of those issues are highlighted in our report. We refer to the need to bring in talented people from a variety of backgrounds, and we encourage the agencies to consider—without compromising security—issues such as the nationality rules, which have been in

operation for a long time. Those rules have a certain rationale but, in a multicultural, multi-ethnic Britain, we would not want the agencies to lose out on being able to recruit people who perhaps do not rigorously fulfil the traditional nationality requirements.

In that sense, we were all pleased when GCHQ, for example, showed some flexibility in its recruitment so as to attract people who could play a useful role in that organisation, even if they did not comply with all the security requirements to the highest level. It will be useful for the other agencies to look at that kind of flexibility in recruitment.

One area that has not been touched on extensively in this debate is that of international co-operation and the work that our intelligence agencies carry out in co-operation with agencies in various different countries, and I hope that my right hon. Friend the Foreign Secretary will be able to address that point when he responds to this debate.

It is very clear from our work, and it is well known in the House, that the allies with whom we work closely in intelligence are ones with which we have had very close co-operation for a very long time: the United States, Canada, Australia, New Zealand and so forth. Without doubt, those links are tremendously important in the modern world. But it is also right that the agencies, and the Government, who are ultimately responsible for the work of those agencies, consider extending our range of allies as widely as possible, while not compromising sources or security.

Certainly, in the European Union, there is a good deal of co-operation, particularly with those countries that have long-established intelligence agencies, with which we have worked over a number of years. Recently, within the European Union, there has been increased interest in intelligence, because of some of the tragic events that have occurred: most recently, in Madrid. I welcome the appointment of the co-ordinator, Gijs de Vries, whom I know from my days in the European Parliament as an energetic and capable person.

While EU collaboration is very useful, I would not want to see it adopt an unwieldy, bureaucratic form or in any way disrupt the existing partnerships and arrangements. At such a difficult time for security in the world, we do not want disruption; we want the existing networks to work even better and even more smoothly. We should take that very much to heart.

Alan Howarth: Is my right hon. Friend content that the provisions in the proposed European Union constitution covering these matters will be satisfactory to us in terms of our national security?

Joyce Quin: Indeed, I think that our Government have very satisfactorily negotiated the European constitution and I find quite puzzling some of the criticisms levelled against them in that respect.

Within the new European Union, we have some important allies. A number of countries that have recently joined the European Union have been particularly helpful in intelligence matters, and have worked closely with this country, even before they became part of the European Union. For that reason, I hope that my right hon. Friend the Foreign Secretary will be able to assure us that relations with those new countries, which have recently joined the European Union, will be beneficial to intelligence as well as to other matters.

In the situation in which we find ourselves, however, we need to consider and build up alliances sometimes even in unlikely quarters. I hope that the Government will also be able to reassure us on that point. We all remember how much responsibility was put on the Indonesian services at the time of the Bali bombings. They are dealing with a very difficult situation, given the scattered territory of Indonesia, and the existence of some extremist groups there, some of which are prepared to adopt fanatical means and terrorist ways of operating to try to achieve their goals. It makes sense for us to try to build up co-operation with a country such as Indonesia, perhaps using some of our expertise to help to train and develop the intelligence services in such a country. Obviously, Australia is geographically much closer to Indonesia, and has very good links with it. It makes sense, however, given the challenges that that country faces, for a number of other countries, including the UK, to seek to be as helpful as possible.

Clearly, if international co-ordination and co-operation is important, so is having the best co-ordination within our domestic system. I agree with what a number of my colleagues have said in terms of the very positive establishment of the joint terrorism analysis centre, the work that it does, and the way in which our agencies have been particularly successful in working together and sharing information to the best possible effect. I also agree with those who said that it was important for Ministers to meet occasionally to discuss these issues on a cross-departmental basis. I became convinced of that during events in Afghanistan, when I observed links between Foreign Office concern about terrorism and Home Office concern about drugs. My right hon. Friend the Member for Newport, East (Alan Howarth) referred not just to terrorism but to the drugs trade, and spoke of the importance of co-ordination in the tackling of drugs problems in the Caribbean. I think that if Departments—including the Department for International Development, the Home Office and the Foreign Office—worked together more effectively and provided even a modest increase in resources, that could help a great deal in the Caribbean.

Intelligence has been centre stage ever since 9/11. I believe that the Committee's report and its recommendations recognise the crucial role played by the intelligence agencies. We are counting on the Government to go on responding positively to their needs, thus ensuring that we can all enjoy a safer future.

4.51 pm

Mr. Michael Ancram (Devizes) (Con): I apologise on behalf of my right hon. Friend the shadow Home Secretary, who cannot be here for the winding-up speeches. He notified the Foreign Secretary that he would be unable to do so, for specific reasons.

I congratulate the Intelligence and Security Committee on its work, and on the effort that it has put into the production of this and other reports during the year. It has undoubtedly been a busy year for the intelligence community, and hence for the Committee. The Committee fulfils a vital role in ensuring that there is democratic oversight of our security and intelligence

[Mr. Michael Ancram]

services—a role that is not always recognised as widely as I think it should be. Debates such as this are important in that respect. I also pay tribute to the work undertaken by members of the security and intelligence services—often at great personal risk, as I know, and often inevitably unknown to many people—in protecting us as we go about our daily lives.

We have had a fine debate. I congratulate the right hon. Member for Rother Valley (Mr. Barron) on being a more than competent substitute for the Committee's Chairman, the right hon. Member for Dewsbury (Ann Taylor). I entirely understand why she could not be here today. The right hon. Gentleman presented not just a good report but an impressive future work load. It is clear that the Committee will not be looking for things to do over the coming months. He made a particularly important point in connecting the risks to our intelligence with gaps in collection, and called for further resources for the security and intelligence services. That was also mentioned by my hon. Friend the Member for Newark (Patrick Mercer).

The hon. Member for Winchester (Mr. Oaten) made a number of important points, but one of the most important—and I think that both of us Opposition Members agree on it—was his observation that it is the duty of Opposition parties to probe and ask questions, and that they should not be accused of disloyalty for so doing. If we appear unhelpful sometimes, it is because that constitutional role is incumbent on us, and we would be remiss if we did not fulfil it. *[Interruption.]* The Foreign Secretary will have a long time in which to wind up the debate. I am sure that he will be able to make all the comments he wishes to make from a standing rather than a sedentary position.

The right hon. Member for Newport, East (Alan Howarth) was critical of the weakening of counter-espionage. I think that that is a lesson we have learned since the end of the cold war. I hope that the increased support for the intelligence services that has been announced will go some way towards putting things right.

The right hon. Member for Newport, East talked about the world being small for terrorists and large for intelligence services—a point that was also made by my right hon. Friend the Member for East Hampshire (Mr. Mates), who discussed the limitations of the intelligence services.

My hon. Friend the Member for New Forest, East (Dr. Lewis) talked about what the terrorist is seeking to achieve. I know that this subject is something of a sore, but the chilling statement made by a member of the IRA—he said, "You have to be lucky all the time. We only have to be lucky once"—is absolutely true. With due respect to my hon. Friend the Member for Newark, the situation is not quite like the bombers getting through; they got through because there was a very large number of them. In this case, we are talking about specific, targeted exercises which we have to spot and deal with individually. If we fail, we will see a terrorist incident. That is the background to so much of what we are discussing today.

My right hon. Friend the Member for East Hampshire surprised me when he spoke of someone failing to recognise which party he belonged to. Perhaps he will vouchsafe to me in privacy to which party they thought he did belong; that question has been puzzling me ever since he mentioned the incident. He also talked about the limitations of intelligence, and it is indeed the duty of the Government to ensure that those limitations are minimised as far as possible.

The right hon. Member for Edinburgh, East and Musselburgh (Dr. Strang) provided an important and valuable analysis of al-Qaeda's decentralisation and the increasing threat posed by it. That was a good reminder that the threat continues. Although we hear of successes in the campaign against international terror, such terrorism is still there and we certainly cannot afford to become complacent.

My right hon. Friend the Member for North-East Hampshire (Mr. Arbuthnot), in one of his usual succinct contributions, talked about the funding of GCHQ and pointed out that this year, it produced unqualified accounts. I welcome that good discipline, which also helps the morale of the service. He also talked about the Prime Minister's letter concerning the detainees, which is printed on page 23 of the report. I have been pursuing this issue through written questions and I am delighted that the Committee is going to follow it up. Important questions remain, and they need to be answered urgently.

My hon. Friend the Member for Chichester (Mr. Tyrie) underlined the feeling that the various processes are not achieving what we need to achieve if we are to recreate public confidence. We need to feel that we have not just the truth, but the whole truth and nothing but the truth. We need to wait and see what next week's Butler report comes up with, but we must insist that until we have the truth, public confidence will not be restored. We will go on working to get that truth, however long it takes.

The hon. Member for Meirionnydd Nant Conwy (Mr. Llwyd) talked about the missing eight Joint Intelligence Committee papers that were later handed to the Intelligence and Security Committee, and which are referred to at recommendation DD. I accept that there was no deliberate attempt to withhold information, and that what happened did not alter the conclusions. However, if the Committee is to feel confident in its dealings with the intelligence services and the JIC in particular, and if the public are to have confidence in the Committee's findings, it is important that this failure to provide all the information be rectified. If that failure was a systematic one, it is incumbent on the Government to ensure that it does not occur again.

My hon. Friend the Member for New Forest, East raised a very important set of questions about the political scale of terrorist operations. We sometimes think of terrorist operations in terms of what we experience from, and in, Northern Ireland; but as we learned on 11 September 2001, we are now talking about terrorism of a very different scale. He rightly pointed to some of the failures in respect of being ready to deal with such a disaster, should it occur.

How will society cope? That question was raised by my hon. Friend the Member for Newark, and a balance must always be struck between giving the public sufficient information to allow them to help in the fight against terrorism, and not frightening them. If the public are frightened, to an extent the terrorist has

succeeded. I agree with him and my hon. Friend the Member for New Forest, East that we have yet to strike the right balance in that respect. I hope that we continue to consider how much more information we can give in order to recruit the public in the fight against terrorism.

My hon. Friend the Member for Newark also talked about homeland security, a subject on which he is our spokesman. He rightly pointed out that there is a strong case for having one Minister devoted to that area, with proper back-up. We believe that that would provide a better answer to some of the problems that he identified.

The right hon. Member for Gateshead, East and Washington, West (Joyce Quin) pointed out that we had a great success with Libya. As she knows, I had my doubts about the speed with which we were dealing with that country and I had some suspicions about the ship that was arrested last September after the negotiations were in process, which showed that at that date there were still ongoing intentions relating to the construction of nuclear weapons. Equally, I agree that it was an intelligence success—and at a time when the intelligence services are feeling pretty demoralised about some of the things that have happened recently. It was an important success and we should all welcome it and pay tribute to the intelligence community for the work that was done.

The remainder of my remarks will be directed towards the work of the Secret Intelligence Service and the collection, subsequent analysis and use made of intelligence material. My right hon. Friend the shadow Home Secretary dealt with the other issues fully and I do not wish to repeat what he said.

Iraq and the search for weapons of mass destruction, coupled with public confidence in intelligence and its use in the lead-up to conflict, remain of crucial importance to the conduct of—and, indeed, confidence in—the United Kingdom's foreign policy. Paragraph 3 of the ISC report notes that military commanders reported that they had been

"well served by the intelligence community during military action."

That is an important finding, which I welcome, because it is a testimony to the good tactical intelligence that we possessed. However, significant questions remain over the gathering and analysis of intelligence at a strategic level, particularly over weapons of mass destruction.

I have to say that doubts about the intelligence on WMD have been exacerbated by the shifting position of the Prime Minister over the past 22 months, which the ISC has, quite rightly, pursued. I need to remind the House of those different positions because we still need to ask what they were based on. On 24 September 2002, the Prime Minister told the House that the SIS

"concludes that Iraq had chemical and biological weapons, that Saddam has continued to produce them, that he has existing and active military plans for the use of chemical and biological weapons, which"

as we all know,

"could be activated within 45 minutes . . . and that he is actively trying to acquire nuclear weapons capability."—[*Official Report*, 24 September 2002; Vol. 390, c.3.]

On 18 March, speaking in the House, he said:

"We are asked now seriously to accept that in the last few years . . . Saddam decided unilaterally to destroy those weapons. I say that such a claim is palpably absurd".—[*Official Report*, 18 March 2003; Vol. 401, c. 762.]

Those were the words that he used—"palpably absurd". On 8 July 2003, in front of the Liaison Committee, he said:

"I don't concede it at all that the intelligence at the time was wrong . . . I have absolutely no doubt at all that we will find evidence of weapons of mass destruction programmes".

That was a change in emphasis rather than a change in nuance. Then, before that same Committee this year, he said, earlier this week:

"I have to accept that we have not found them and that we may not find them."

I think that we must ask about the basis on which those different statements were made. Either they were misinterpretations of the intelligence or the intelligence was changing. If we are to have confidence in the intelligence, we need to know the answer to that question.

On "Frost on Sunday" last weekend, Sir Jeremy Greenstock went further when he said:

"There's no doubt that the stockpiles we feared might be there are not there."

He went on to say:

"It's only again with hindsight . . . that the evidence is just not there. We were wrong on the stockpiles, we were right about the intention."

I am not questioning the sincerity of any of those particular statements, but I am asking what it was that allowed them to change so dramatically. Those are not differences of nuance, but inconsistencies of fact. Such unexplained changes of belief at the heart of the Government on this most crucial issue of WMD cast doubt on the accuracy of our intelligence—and, more particularly, on how that intelligence was used.

In paragraph P of its conclusions, the ISC expressed concern that in their response to its report, "Iraqi Weapons of Mass Destruction: Intelligence and Assessments", the Government emphasised only four key conclusions and effectively provided an inadequate response. I hope that the Government will not merely apologise and say that they will not do it again, as they did in their response to the report. I hope that they will respond to the original questions point by point. Until they do, the doubts to which I have referred will continue to exist.

One of the basic weaknesses of intelligence gathering in general in the post-cold war world, and certainly in operations in the middle east, appears to have been the over-reliance on electronic intelligence, and in some cases on individual and uncorroborated sources, rather than on sustained human intelligence—that is, men on the ground who understand the region and speak the language fluently. That is one area in which weaknesses have been identified.

We have heard much today about intelligence requirements in the current circumstances, and the need to resource them financially and in terms of manpower. Although increased resources have been available since 9/11, there is no doubt that the shift of focus from

[Mr. Michael Ancram]

international terrorism and al-Qaeda to Iraq caused great strains on that manpower. In particular, does it not appear that the greatest shortfall was in Arabic speakers?

The recently declassified Congressional report states that there were only 20 linguists at the National Security Agency and GCHQ who were extremely skilled in Arabic. Does the Foreign Secretary agree? At a time when so much of the threat is coming from that part of the world, as many speakers today have said, that seems to be a deficiency.

Do the Government have plans to reopen the internationally respected Arabic language school at Shemlan near Beirut? It provided exceptional language training to British intelligence officers and diplomats, as well as important background studies, until its closure in the late 1970s. If not, is there some plan to recreate something similar that will provide that resource in the future? I think that that will be necessary.

Is the Australian Parliamentary Committee right to assert that intelligence reports on Iraq from the US and the UK in the six months before the war increased tenfold compared with the eight months previously? That would indicate a genuine shift of intelligence focus away from al-Qaeda that could have serious implications for the international fight against terrorism. In light of the genuine and current threat from terrorism about which we have heard today, we need real assurances that those deficits will be urgently rectified.

Given those shortages, is it not time that we looked for support from our allies, as the right hon. Member for Gateshead, East and Washington, West suggested? What are our current relations with French security services? Is it true that, in the past 12 months, the French have offered to collaborate with the SIS on human intelligence and Arabic speakers? If so, what has been our response?

Is it true that the offer was turned down, with the knowledge and approval of the Prime Minister, and that the Americans are now benefiting from that help by the French? If so, what were the reasons for declining the offer? What effect has that had on the relationship between our intelligence services? I hope that the Foreign Secretary will be able to respond to that.

It is clear that errors of interpretation may have occurred between the raw intelligence—such as it was—being fed into the analytical processes of the SIS and DIS, and then the JIC. The decisions that were made were not made in a vacuum, free of expectations at a political level.

Paragraph 68 of the report states that the Committee was content with the process by which Mr. John Scarlett was appointed as chief of the SIS. However, the report does not say whether the Committee was content with the appointment itself, or with its timing. I was sorry that the right hon. Member for Rother Valley was caught by the clock and was not able to finish his explanation of that matter. I do not want to point the finger at any specific person, but it is an important question that we need to consider.

Press speculation over the past week about the forthcoming Butler report tends to support my view at the time that it was inappropriate to make the announcement in advance of the report. In that context, Dr. David Kay, the former head of the Iraq survey group, appeared on yesterday's "Newsnight" programme. He has been quoted by the Government with great approval on many occasions in the past, but he made the following rather surprising comment about George Tenet:

"He took the honourable step, as well as the pre-emptive step, of resigning rather than waiting to be replaced. Obviously, in your system you draw a different conclusion"

and

"decide to promote the individual".

Does the Foreign Secretary have any response to Dr Kay's comments?

In conclusion V, the Committee says that it

"believes that candidates for the position of JIC Chairman should be drawn from as wide a field as possible."

The Government say that they agree. I go a little further. The position is a most sensitive one, the independence of the person holding it must be above question, and there can be no inference of politicisation. It is and should be a position of assessment and counselling between those who provide the intelligence and those who must decide how to use it. There will always be pressure on whoever holds that office to lean towards one or the other. That can best be avoided by appointing someone who has come to the effective end of their civil service career and cannot be accused of seeking to secure future preferment. I look to ex-ambassadors and senior civil servants who carried out that role in the past very well.

Alan Howarth: The right hon. and learned Gentleman has just quoted Dr. Kay. Will he acknowledge that David Kay insisted that analysts were not pressurised by their political masters? In Dr. Kay's analysis of what may or may not have gone wrong, he rules that out as any kind of explanation.

Mr. Ancram: Dr. Kay has talked about the environment in which the analysts were working. I am not making a political point, but there are times when political expectations can be raised by the statements made by senior politicians that put pressure on those who are making the assessments to try to find intelligence that will be helpful and coincide with those statements. It is that type of pressure that whoever becomes Chairman of the JIC will have to be capable of avoiding. Senior civil servants or ex-diplomats, such as those who have held the post in the past, are able to do that more effectively than those in the course of their careers.

Mr. Barron: I was interrupted earlier when I was about to say that it was the Committee's belief that the next Chairman of JIC should be appointed from as broad a background as possible, not restricted as the right hon. and learned Gentleman suggests. Indeed, the former Chairman who will take over at SIS was not from the background that the right hon. and learned Gentleman describes.

Mr. Ancram: The right hon. Gentleman has got my drift. I am not keen on the idea of opening the position to anybody. This is a specific job that has to be done by someone with enormous experience, not least of

considering issues objectively, and remaining unswayed by influences from either side, because influences will always come from both sides. The person appointed must also be unaffected by considerations of their future career.

Mr. Barron: I agree about the width of experience needed. The appointment should not be made on the basis of what job an individual has done or is doing. That should not be a restriction on who is appointed as Chairman of JIC and that is the Committee's point.

Mr. Ancram: I hope that we would agree on that. The key is public confidence in the person who is appointed. That confidence would be better achieved if the public could see that the appointee did not have connections with one side or the other and had the experience to avoid such connections while holding the job. That should be seriously considered, because the appointment of John Scarlett was the first time that an active member of the intelligence service was put in that position.

In conclusion, it is vital to our national interest that public confidence in our intelligence services, in the intelligence they produce and in the use made of it by Government is restored as soon as possible. We all know that confidence in all three areas has been damaged. We need confidence in the way that intelligence is gathered and corroborated, confidence in the assessment process and the qualifications entered into it, and confidence in the political judgments that flow from it. We will have to wait and see whether we learn more about that from the Butler report next week. Given its terms of reference, we may or we may not. I shall not speculate on that today.

I was pleased to hear my right hon. Friend the Member for East Hampshire point out once again that the misuse of intelligence undermines confidence in the security and intelligence agencies. It is important that we restore that confidence by showing that any such misuse will not continue in the future.

Whatever the outcome of the report may be, there are certain givens that cannot be avoided. In the end, the key to intelligence is the use made of it. I learned the value of good intelligence during my time in Northern Ireland. I learned also that what matters most are the strategic judgments made by Ministers on the basis of that intelligence. In the end, the buck stops with Ministers.

In this case, the buck stops with the Prime Minister. He made the statements. He took the decisions. He must accept the responsibility. At the end of the day, he must explain the inconsistencies and why he took the decisions he did. He owes it to our intelligence services and to the British public to do so, and perhaps the Foreign Secretary, who privately, I suspect, shares much of our concern, can start that process now.

5.15 pm

The Secretary of State for Foreign and Commonwealth Affairs (Mr. Jack Straw): I join other Members in paying tribute to the work of the Intelligence and Security Committee. We all understand why my right hon. Friend the Member for Dewsbury (Ann Taylor) was unable to take part in the debate and hope that her son's graduation ceremony was successful. I thank my right hon. Friend the Member for Rother Valley (Mr. Barron) for so effectively standing in for her this afternoon.

At this moment of unconstrained time, may I make a plea, Mr. Deputy Speaker, that when the Chairman or the substitute Chairman of an important parliamentary Committee is making a presentation, physically from the Back Benches but on behalf of Parliament, special consideration be given to whether the standard time limit should apply?

Today's debate has highlighted again the important role that our intelligence and security agencies play in both informing Government policy and protecting British citizens at home and abroad. They help to keep drugs and international criminals off our streets, to protect Britain from terrorism and espionage and to counter threats to our economy and our financial institutions. As we heard from an Opposition Member, they give vital support to the operations of the British military, often in difficult conditions.

For different reasons to those of my right hon. Friend the Member for Dewsbury, but none the less imperative ones, my right hon. Friend the Home Secretary cannot be in the Chamber at present—as his shadow cannot—but he has already pointed out that our intelligence services played a crucial part, alongside our diplomatic efforts, in persuading Libya to renounce weapons of mass destruction—one of the rare examples of public success for their mostly, inevitably and necessarily unsung work. They also help to illuminate threats to and opportunities for British interests around the world.

Like every other Member who has spoken, I pay tribute to the men and women of Britain's intelligence and security services. Despite often intense pressure and the constant need to adapt to the evolving nature of terrorist and other threats, they serve with great distinction and courage—to my certain knowledge—in often difficult and dangerous circumstances.

I particularly pay tribute to Sir Richard Dearlove, whose term as head of the Secret Intelligence Service comes to an end this month. He leaves a modern and flexible service, which is better able to meet today's security challenges. I have had the pleasure of working with Sir Richard during the three years in which I have held this office and I saw a great deal of his work during part of the period when I served as Home Secretary. I pay a personal tribute to him and thank him for all that he has done. His successor, for whose appointment I take responsibility, is John Scarlett. As the Committee records, he was appointed after a rigorous and proper selection process and he has the ability and experience to build on that legacy.

As if on cue, my right hon. Friend the Home Secretary has rejoined us, because I now want to pay tribute—as did he—to the outgoing Commissioner of Police of the Metropolis, Sir John Stevens. It was my privilege to appoint Sir John to his position about five years ago and I am sure that it is the view of the House, across all party boundaries, that he has filled that position with very great distinction at a time of considerable challenge to the police service.

Today's debate has inevitably focused on the issues of the moment raised by the Committee's report, and I shall deal with as many as possible of the detailed points made by hon. Members in a moment. The Committee's

[Mr. Jack Straw]

work involves looking at the intelligence and security services in the round, including the broader question of the direction of the agencies' work in the future.

This is now the eighth year in which I have taken part in this annual debate, and these are among the most mature and considered debates that I take part in or listen to in Parliament. As I listened to the debate, I thought back to the great arguments that took place in the 1980s, which many of us remember, about whether it was proper to allow Members of Parliament to scrutinise the work of the intelligence agencies. That was a question of not only whether that was proper, but whether hon. Members could be trusted to do so.

The argument began in the early 1980s, when under successive Governments the intelligence and security agencies were not averred to at all. They were appointed and run under royal prerogative. It was said that they had a charter, but it had never seen the light of day, and apart from those who had been admitted to the high priesthood—a few senior Ministers and officials—no one was ever allowed near them. Fortunately, that began to change towards the end of the 1980s, with the establishment of the Security Service on a statutory basis. That was reinforced by the Intelligence Services Act 1994, which put GCHQ and the SIS on a statutory basis and established the Intelligence and Security Committee. Far from the world falling in, in my judgment the quality of the agencies' work has increased, alongside and in direct relation to the improvement in the scrutiny of the agencies by Parliament.

What is often missed in the debate about parliamentary scrutiny is that effective parliamentary scrutiny is not in opposition to the work that Ministers must do but assists Ministers in their own scrutiny of what their Departments do. Leaving aside the agencies, how often have I been deeply grateful for the fact that, in late evening, I have had to answer a written parliamentary question and discovered something about my Department that I did not know before and that I ought to have known? In some cases, I have been asking the same question for some months and that fact had perhaps slipped the minds of those whom I had asked, but an answer was given because of the parliamentary question, and a raft of organisational or policy changes were able to follow off the back of that parliamentary scrutiny. In commending the Committee's work, I wish to say that Parliament was right to keep at it on the scrutiny issue in the 1980s, and it has been a greater success even than many of us anticipated at the time.

Let me run through some of the issues that have been raised. The right hon. Member for Haltemprice and Howden (David Davis) asked whether intercept evidence should be used in criminal proceedings. My right hon. Friend the Home Secretary set out the position—and I have nothing to add as I entirely agree with him. I shall paraphrase his words, but in no sense do I undermine what he said. Of course, in principle, we would all like all the available evidence to be adduced in court, so that the guilty can be more easily convicted and the innocent more easily acquitted.

If that were the only issue, that would be the end of the question, but there are very much wider questions about whether the integrity of the intercept system, its efficiency and the ability to collect intercept evidence for intelligence purposes, which can include criminal intelligence as well as intelligence against terrorists and enemies of the state, would be compromised. In the difficult, multi-variable equation that we are now considering, we have to take account of the circumstances of our legal system. It is an issue of where the balance should be struck. As my right hon. Friend the Home Secretary has said, we await an interim report to the Prime Minister shortly. Of course, however, I can give no direct commitment about the timing or content. As soon as possible thereafter that it is appropriate and safe to do so, the results will be made available to the Commons.

Mr. Oaten: Given that other mainland European countries have overcome that problem, is the Foreign Secretary under any pressure from other European Union countries to come to a speedy resolution on this matter so that intercept communications can be used in any evidence throughout mainland Europe?

Mr. Straw: I had no pressure from other European countries when I was Home Secretary and have had none since I have been Foreign Secretary, and my right hon. Friend the Home Secretary says that he has had none either. Each country differs: some barely use intercept at all for any purpose, which is a separate issue and why we are worried about their capability to deal with terrorist threats; other countries use intercept more widely. Many issues require careful consideration before we come to a view. All that lies within the context that if it is possible to arrive at a solution where intercept evidence can be adduced safely without undermining the integrity and capability of everything else being done by way of intercept, that will be fine, but we are certainly not there yet.

The right hon. Member for Haltemprice and Howden asked about redaction, suggesting that it may have been excessive. I can say only that I know to my certain knowledge that the Committee is assiduous in ensuring that redactions are permitted only where they genuinely meet the needs of national security. Speaking from recollection, I think that the law provides that if a redaction is proposed by the Prime Minister and with which the Committee disagrees, the fact of the disagreement, although obviously not the content of the redaction, can be made known to the House. As I pointed out last year, the only time when I intervened on a proposed redaction was to refuse to allow one, rather than the reverse.

The right hon. Gentleman also raised GCHQ and its programme. There were criticisms of the programme for building the very successful new building. Those criticisms have been answered in the response to the National Audit Office report, and most of them were dealt with as soon as they became known, which is why the latter part of the programme was successful.

On the subject of GCHQ, I draw the House's attention to a letter sent by the Attorney-General, Lord Goldsmith, to Lord Morris of Aberavon, in which he sets out the circumstances of the discontinuation of the prosecution of Katharine Gun. In that letter, which has

been placed in the Library, my right hon. and noble Friend draws attention to paragraph 72 of the Intelligence and Security Committee report, which states:

"We agree that the case had to be discontinued for evidential reasons not in any way related to the Attorney General's advice on the lawfulness of invading Iraq."

Alan Howarth: Does my right hon. Friend agree that the Attorney-General came under some rather unfair criticism over that matter and that those who suggested that the reasons for the discontinuation of the prosecution had to do with the content of his advice on the legitimacy of the war against Iraq ought to withdraw what they said and should, indeed, apologise.

Mr. Straw: I agree. The criticism made of the Attorney-General was completely unfounded. Anybody who knows him will know that even the thought that his integrity was in question should never have been aired.

My right hon. Friend the Member for Rother Valley referred to the introduction of what, frankly, happened before, when we responded seriatim to the recommendations made in reports. That was an omission: it should have happened before, and we are sorry that it did not.

The hon. Member for Winchester (Mr. Oaten) gave us an inadvertent admission of Liberal Democrat confusion, with which we are all so familiar. He talked in the round—we are familiar with that, too, when it comes to Liberal Democrat policy—but went on to talk about recognising the constraints of the real world. I welcome him to the club of the real world, and we look forward to the Liberal Democrats straightening up some of their policies in future to take account of the fact that the world has changed. If they wish to present themselves as a serious alternative Government, they have to acknowledge the responsibilities that go with that. If, however, they wish to carry on in permanent opposition, which is fine by me, they can continue in their present comfort zone, but they should not insinuate that they have any right to pass comment on those who are or those who wish to be in Government.

I apologise to the right hon. Member for East Hampshire (Mr. Mates) for not being here to hear his speech. He said that trust is at the heart of intelligence gathering. That is absolutely true, and there has to be trust all round. There has to be trust within the agencies—that is why the ring of secrecy is so important—trust in those who monitor them and trust between those within the agencies and those who are responsible for them, especially senior Ministers and the Prime Minister. I believe that we have done everything we can to maintain that trust.

My right hon. Friend the Member for Edinburgh, East and Musselburgh (Dr. Strang) asked about BBC Monitoring. He will be aware that I informed the Foreign Affairs Committee on 28 June that from 2005–06, the FCO will reduce its funding for BBC Monitoring by £2 million to £5 million per annum, but overall stakeholder funding for BBC Monitoring will remain at its current level, with the difference made up by other stakeholders and the BBC Monitoring reserve. The Cabinet Office has commissioned a strategic review of BBC Monitoring, which will report by the end of this year. Future funding will be determined by the outcome of that review.

Several hon. Members raised the treatment of prisoners at Guantanamo bay and at Abu Ghraib. We take very seriously our responsibilities in respect of Guantánamo bay detainees. From January 2002 to March 2004, seven visits were made by British officials to check on the welfare of the British detainees, and another visit is due to take place shortly. Whenever visits take place, we ensure that families are informed of the outcome.

Mr. Arbuthnot: In view of the fact that the Under-Secretary of State for Foreign and Commonwealth Affairs, the hon. Member for Sunderland, South (Mr. Mullin), has acknowledged that the United States does not accept the applicability of the Geneva conventions, while we think that the conventions should apply to those at Guantanamo bay, does the Foreign Secretary agree with the consequence, namely, that we believe that detainees at Guantanamo bay should have legal advice available to them?

Mr. Straw: Yes. Speaking specifically in respect of our detainees, we have said that the provision of legal advice is a necessary part of any fair trial system—it is almost a sine qua non. The detainees there have not received legal advice, even though one or two of them are in the trial system. That is the background to the recent appeal to the Supreme Court, and it has been one aspect of our disagreements with the United States Government about the fairness of the trial process offered. We have repeatedly said that British detainees should either be tried as soon as possible according to principles that are recognised to be fair, or be returned to the UK. That remains our position and it has been the subject of considerable discussion between ourselves and the United States ever since Guantanamo bay received British detainees.

The hon. Member for Chichester (Mr. Tyrie) asked about prisoners of war who were handed over by UK forces to the United States. Three hundred and forty-one were so handed over in April 2003. The United States subsequently released all but three: two of the three were handed over to the legal custody of the Iraqi authorities on 30 June, although physically they remain in US custody, held on behalf of the Iraqis; and the other is now detained as a security internee in UK custody. I hope that that satisfactorily answers the hon. Gentleman's question.

Mr. Tyrie: Does the Foreign Secretary accept that we have an enduring duty of care towards the detainees who are still in custody, so we have a direct interest in the conditions and abuses in Abu Ghraib?

Mr. Straw: I do not want to go into detail about the nature of our duty of care, but our power to hold detainees, save for security internees held under the letter from Secretary Powell to the Security Council attached to resolution 1546, ceased on 30 June. Of the 341 detainees, 338 were released by the US—so that was the end of that matter—and of the remaining three, as I have explained, one is a security internee under what amounts to an annexe under UN Security Council resolution 1546, and the other two are in the custody of the Iraqi interim Government. Our power ended, because our powers as occupying powers finished on 30 June.

[Mr. Straw]

The hon. Member for Chichester and the hon. Member for Newark (Patrick Mercer) made comparisons with the United States. Scrutiny of the Executive in this country is, in my judgment, at least as high as scrutiny of the United States Executive. We have a very different system because we are members of Parliament, whereas members of the US Executive are, as everyone knows, constitutionally separate from what amounts to the Parliament. In this country, Ministers responsible for intelligence and security agencies—my right hon. Friends the Home Secretary and the Prime Minister and myself—are interrogated weekly, sometimes daily, on these issues, which is in sharp contrast to the position in the United States, where the Head of State never appears before Congress and rarely, if ever, gives an extended press conference. Others undertake those duties, so accountability is infinitely greater here, and takes place day by day, week by week.

Mr. Ancram: And on the "Today" programme.

Mr. Straw: "Today", my right hon. Friend the Home Secretary would agree, is now part of the interrogation of Ministers, because it is rare for us not to appear on the programme. Long may that continue, because it is important that the public should hear us interrogated on the radio as well as in Parliament.

The Intelligence and Security Committee provides ongoing checks on the responsibilities of senior Ministers and the Prime Minister. The questioning is tough and, to some extent, tougher than it would be in public, and its reports are there for all to see. It has been suggested that we were difficult with the Foreign Affairs Committee, but, as I said at the time, a turf war was going on between it and the Intelligence and Security Committee. As far as we were concerned, we did not withhold material from parliamentarians, but it was plainly inappropriate—and had never been suggested before—that the Foreign Affairs Committee should fulfil the role of the ISC. It was agreed in 1994 that the FAC's role should continue unabridged and unamended following the establishment of the ISC, but it was not agreed then, and neither would I agree it in the light of experience, that the FAC is the appropriate body to hold the agencies to account.

Finally, on the parallel with the United States, a couple of Opposition Members suggested that there was a case for establishing a Department for homeland security. That case was accepted by the Government of the day in 1782—it is called the Home Office, and has operated satisfactorily ever since. The United States emulated us, but it is not necessary, in this regard, for us to emulate the US.

Anybody who knows the system of law enforcement in the US knows that in place of three intelligence agencies and 43 police services, which we have in this country, plus the enforcement arm of the Customs and the immigration and nationality directorate, the US has 17,000 law enforcement agencies. It is a rather different situation, and even at a federal level there are many overlapping jurisdictions. One can see it on the streets of New York if one walks between the United Nations and any of the legations during United Nations General Assembly week, as the different layers of federal security personnel are advertised on the back of their jackets.

It was necessary to co-ordinate better what those agencies were doing. There is now the equivalent of a Home Secretary. Even so, the three big agencies—the National Security Agency, the FBI and the CIA—almost exactly parallel the work of GCHQ, the Security Service and SIS. There are no plans, and I would strongly resist them if there were, to merge those three into a single agency.

Mr. Barron: I apologise for going back a little. On detainees, the Government have given us a positive response as regards co-operating fully with our inquiries. In his contribution, the hon. Member for Meirionnydd Nant Conwy (Mr. Llwyd) raised a number of issues and referred to reports and papers that he believed the Government have on the subject. Will my right hon. Friend confirm that the Committee would be able to see any or all of those papers if it considered that necessary?

Mr. Straw: My right hon. Friend is exactly right.

Dr. Lewis: In the unavoidable absence of my hon. Friend the Member for Newark (Patrick Mercer), may I say that the Foreign Secretary has been busily engaged in demolishing an Aunt Sally? It is not the position of the Opposition that there should be a separate Department for homeland security, only that there should be a dedicated Minister for homeland security, unlike the situation that existed when the hapless right hon. Member for Stretford and Urmston (Beverley Hughes) had to combine being Minister with responsibility for homeland security with being Minister with the minor responsibility for immigration.

Mr. Straw: I do not claim to have followed every nuance of the Opposition's consideration of that policy, but I suspect that it is rather like most considerations of their policy: they start off with a label, then try to fill the box, and the product often changes in between. We have a Home Secretary and a Minister with responsibility for the police services. If we had another Cabinet Minister for homeland security, that could lead to a certain duplication of effort and, far from co-ordination, a great many problems.

I shall deal with the points made by the right hon. and learned Member for Devizes (Mr. Ancram), who speaks for the Opposition on foreign affairs. First, there was the issue of collaboration with the French security services. Because that is an intelligence matter, I cannot comment on it in any detail, but I can arrange for the right hon. and learned Gentleman to be briefed on Privy Council terms. I did not recognise the story that he told, but we seek collaboration and liaison with all the intelligence and security services with which it is appropriate to do so.

The right hon. and learned Gentleman spoke about the gathering and analysis of intelligence before the Iraq war. On many of those points, the House will have to await the Butler report. However, I remind the House of two things, which come not from any intelligence report but from what we all know and saw at the time, and which are worth bearing in mind. First, the Iraqi regime had a nuclear weapons programme, a chemical weapons programme and a biological weapons programme, all of

which it concealed. With respect to the chemical weapons programme, the regime not only had one, but used it.

Secondly, on 8 November 2002, all 15 members of the Security Council independently reached the same judgment: that Iraq posed a threat to international peace and security because of its proliferation of weapons of mass destruction, its long-range missile systems and its defiance of the United Nations. Those two sets of facts need to be borne in mind throughout the future consideration of how we dealt with intelligence leading up to the war.

Mr. Ancram: The question concerns the statements and the intelligence. We all accept—at least I certainly do—that Saddam Hussein had WMDs at some stage, but did he have them on 24 September 2002, when the Prime Minister came to the House and said he had WMDs?

Mr. Straw: I know what the right hon. and learned Gentleman is asking, and the analysis of that question is the focus of the Butler inquiry, which will be subject to full parliamentary consideration.

Mr. Tyrie: Will the Foreign Secretary give way?

Mr. Straw: No; I shall make progress to complete the debate.

The right hon. and learned Member for Devizes asked about Arabic linguists and whether the Beirut linguist school has been re-established. That school had to be abandoned because it was blown up by one or other of the fighting groups in Beirut at that time, and there are no plans to re-establish it. Linguistic ability is one of the outstanding merits of the Foreign and Commonwealth Office, the SIS and GCHQ, and our great investment in that area is far larger than that made by many comparable countries. I am personally committed to that investment in linguistic ability being sustained, especially in Arabic, and I am happy to write to the right hon. and learned Gentleman about the matter.

That concludes the response to the debate, and I thank all hon. Members who have attended it. Again, I pay tribute to the agencies, and above all thank all the members of the ISC.

Mr. Jim Murphy (Eastwood) (Lab): I beg to ask leave to withdraw the motion.

Motion, by leave, withdrawn.

Medhurst Row Crossing

Motion made, and Question proposed, That this House do now adjourn.— *[Mr. Jim Murphy.]*

5.47 pm

Sir John Stanley (Tonbridge and Malling) (Con): From the world of intelligence, I turn to the even more crucial issue of rail safety at the Medhurst Row rail level crossing in my constituency, outside Edenbridge. The level crossing is not lightly used, because it crosses a twin-track, cross-country railway line, which is the mainline from Tonbridge to Redhill. The line carries a substantial amount of passenger traffic and is one of the freight routes to the channel tunnel.

Serious safety concerns have been expressed about the level crossing for a number of years, and my constituent, Mr. Roger Kennedy, wrote to me on 4 September last year:

> "I have been given permission five times in the last seven years to cross in front of oncoming trains. Last year after a meeting at this crossing with your chief safety officer at Ashford, we were all told that it would never happen again, within two weeks my neighbour was given permission to cross and was confronted by an oncoming train. Recently a friend, whilst trying to cross, had to tell the signalman twice that he thought he heard a train before the signalman realised there was a train approaching the crossing. Three months ago our gardener gained permission to cross, then crossed the line, rang back to say the gates were closed, only to find a train going through the crossing. This train must have been on his section of line when he crossed. The incident was caught on camera and Mr. Hamneill was told at Ashford, but we doubt if anything was done, because only three weeks ago the same fate befell our postman, he again was given permission to cross in front of an oncoming train."

That letter was addressed to Network Rail, and a copy was sent to me.

I raise the issue today because of a further serious incident on 3 March this year. That involved the eldest son of my constituent, Mr. Roger Kennedy—Mr. Alex Stedall. He, too, was certain that he had been given permission to cross and found himself crossing in front of an oncoming train.

Before I come to the incident on 3 March, it might be helpful to the House and to the Minister if I explained the crossing procedure. Before initiating the debate, I went to the crossing and went through the full crossing procedure personally. Unlike a normal level crossing, the Medhurst Row crossing is a so-called private crossing, of which there are about 5,400 in total. It can be used by any member of the public on foot, because it is a public right of way, but those who wish to use their vehicles can do so only if they are authorised to cross at that particular crossing.

The crossing is not like a conventional rail crossing where the gates are normally closed across the railway line and open to the traffic, shut against the traffic when a train goes past, then reopened to the traffic and closed again across the line. In the case of the Medhurst Row crossing—and, I suspect, many other private crossings—the position is reversed. In normal circumstances, the gates are open at all times to trains going up and down the line, and closed across the road. When a train goes past, the gates remain in the closed position across the road. If someone wants to take their car across, they turn the gates not across the railway line, but back across the road at right angles to the line.

[Sir John Stanley]

That means, in effect, that a train driver will never see the gates closed across his path, even though the gateway may be open to road traffic. That is a significant and dangerous feature of this particular type of crossing.

I shall describe the crossing procedure for somebody who wants to make the crossing by car. They go to the telephone beside the closed gate, pick up the telephone to contact the member of staff in the Ashford signal box, and ask for permission to cross. If permission is granted, they open the gate that is nearest to them, folding it back away from the railway line, cross on foot over the active railway line, go to the far gate, and open it. They cross back over the railway line a second time, on foot. They get into their car. They make a third crossing, in their car, over the active railway line. They get out of their car. They make a fourth crossing back on foot over the railway line, close what is now the far gate, and make a fifth crossing back over the active railway line to close what is now the near gate. They go to the telephone, ring the Ashford signal box, as required, and report that they have made the crossing and closed both gates.

The procedure involves no fewer than five crossings of an active railway line—four on foot and one by car. For those who are used to it, it takes a minimum of two and a half minutes. I imagine that it would take considerably longer for someone who was not familiar with it. It was a challenging experience to make five crossings of an active, twin-track railway line when I did it in broad daylight on a summer day. I would not wish to have to perform that procedure at night or in foggy or misty conditions.

My constituents who live in the specific area that we are considering have no alternative route for reaching the main road system. The only way is to go down the private road and use the Medhurst Row railway crossing. There is no other option when they go to work, take the children to school and so on.

Let us consider the incident that took place on 3 March. This morning in the Palace, with the assistance of Network Rail and the rail safety inspectorate in the Health and Safety Executive, I was able to look at the closed circuit television evidence of what happened. I was also able to listen to the available transcript of the telephone conversation between Mr. Alex Stedall and the Ashford signal box.

At approximately 7.50 am on 3 March, Mr. Alex Stedall, the eldest son of my constituent Mr. Roger Kennedy, drove to the Medhurst Row crossing on his way to work. He lifted the phone and asked whether it was safe to cross. He was given permission to cross and, in the normal way, was told by the Ashford signal box to call back when he had crossed to confirm that he had shut both gates. He opened the near gate, got on the line, mercifully looked and saw the Edenbridge to Tonbridge school train bearing down on him. He got off the line, shut the gate and, a few seconds later, saw the train go past. Clearly, a fatal accident had been averted—just.

The risk of fatality is not merely to those who use the crossing. The Minister well knows the sadly documented fact that when a train hits a vehicle, it can be derailed, with the risk of loss of life or injury to those on the train as well as those on the crossing. For the Kennedy family, there was the potential for an appalling tragedy at that moment on 3 March, because Mr. Kennedy's two younger sons were on the Edenbridge to Tonbridge school train when their elder brother came close to being hit and almost certainly killed by it on the Medhurst Row crossing.

The incident has been the subject of considerable investigation and I have been involved in presenting additional evidence to Network Rail and the Health and Safety Executive. After seeing the CCTV evidence and listening to the tape recordings, I find some worrying aspects to the adequacy of the crucial safety monitoring equipment.

It being Six o'clock, the motion for the Adjournment of the House lapsed, without Question put.

Motion made, and Question proposed, That this House do now adjourn.—*[Jim Fitzpatrick.]*

Sir John Stanley: First, the tape recording is incomplete; there is at least one crucial sentence missing. Secondly, the closed-circuit television evidence is unsatisfactory because the cameras are activated only by vehicle movements, not by pedestrian movements. There is therefore no CCTV evidence of Mr. Stedall walking to the telephone. There is only evidence of him when he comes close to moving his vehicle. So there is a lack of completeness there, too.

The third area of concern is that, on the data that I have seen, there appears to be a material degree of time mis-match between the CCTV material and the timings on the tape-recorded material. This could be a consequence of computer software, but the Minister will understand that if it is not possible to rely on identical timings on the CCTV and the tape recording, it is very difficult to be certain about the time relationship between a particular telephone conversation and the passage of a particular train. Some serious questions have been raised in my mind as to the adequacy of this monitoring equipment, and I think that that will be a matter of concern for the Minister. I hope that it will also be a matter of concern for the Health and Safety Executive.

I turn now to the main parties that have been involved in the investigation so far. My constituent, Mr. Alex Stedall, is in no doubt whatever that he sought permission to cross, using the telephone in the normal way, that he was given that permission, and that when he got on to the line, he faced an oncoming train. I have put all the evidence that my constituents have put to me to the chief executive of Network Rail, Mr. John Armitt, who wrote to me on 27 May as follows:

"Our conclusions, again shared with HMRI, are that the evidence leads us to believe that no technical or operating failure on behalf of Network Rail occurred."

I have also pursued this issue with the director of rail safety at the Health and Safety Executive, Mr. Allan Sefton, who wrote to me in May to say:

"I am advised that there is no reason to doubt the thoroughness of Network Rail's investigation."

I subsequently received a letter on 25 June, contrasting with those two views, from the deputy director general of the Health and Safety Executive, Mr. Justin McCracken, in which he states:

"Network Rail's report does contain a recording of a user of the crossing (who is believed to be Mr Kennedy's son) asking for permission to cross the line and permission being granted."

That would indeed suggest that there was a serious failure; whether it was of a human nature or of equipment I have no means of knowing. However, that is a significant comment by Mr. McCracken.

Having viewed the CCTV evidence this morning, I believe that it is incontrovertible—this was not denied by the Network Rail people who were there, or the HSE people who were there—that it clearly showed Mr. Stedall opening the gate, going on to the line, going back behind the gate, shutting it, and the train going past a few seconds later. Again, that would seem to me to be clear evidence that he was given permission to cross in front of an oncoming train.

It is not surprising that Mr. Roger Kennedy has been concerned as to whether there has been an element of cover-up by Network Rail. He has made that allegation, and he has contacted the British Transport police. I have put his allegations to the chief constable of the British Transport police, Mr. Ian Johnston, who said to me in his letter of 28 June:

"I have asked Acting Detective Chief Superintendent Mark Smith to address the points raised in your correspondence. I have also asked him to review the case to ascertain whether the allegation of a 'cover up' should be the matter of investigation by BTP."

Whatever the outcome of the current investigations that are still continuing, by Network Rail, the Health and Safety Executive and British Transport police, into the incident on 3 March, I am in no doubt that the present situation at the Medhurst Row rail crossing presents an unacceptable degree of risk, both to those crossing and to passengers on the trains involved, should there be a collision with a vehicle. This is a crossing that has no automatic gates, and no automatic warning lights when a train is approaching. Those using the crossing are totally dependent for their safety on there not being human error at the Ashford signal box, and there not being equipment failure. In life, human errors occur, and equipment failures occur. If either of those should happen, those using the crossing have only one protection: what those in the armed forces are inclined to call the mark one eyeball. That is the only protection available, and it probably saved the life of Mr. Alex Stedall on 3 March.

The mark one eyeball has its limitations: it is not much use at night, it is not much use in fog, and it is not much use in mist. My conclusion from all the material that I have seen so far is that, as it stands, the Medhurst Row railway crossing is a fatal accident waiting to happen, possibly involving multiple fatalities. I hope that when the Minister replies, he will tell me what he will do to try to prevent such a tragedy occurring.

6.8 pm

The Minister of State, Department for Transport (Dr. Kim Howells): I congratulate the right hon. Member for Tonbridge and Malling (Sir John Stanley) on securing this debate. He has raised an issue that is clearly of great concern to him and to his constituents, and which should properly be the concern of anyone who wants to see safety enhanced on and around the railways. He described for us with great clarity reports of a serious incident, which have concerned him a great deal. Were I in his place, I would do exactly the same. It has given me the opportunity to try to reassure him that we are determined to ensure that the country's rail network is operated safely, whether at the Medhurst Row crossing in Edenbridge, or in any other part of the country.

There are more than 8,000 level crossings operated by Network Rail. Had the right hon. Gentleman not initiated the debate, I should not have known that. It is an incredible number of level crossings. Just 1,500 are public vehicular crossings, and 5,400 are private vehicular crossings. The remainder are public footpaths.

Public crossings are found where a public right of way crosses the railway, for instance a public road or footpath. The rail operator has a legal responsibility to ensure safe operation, and Network Rail risk assessors look at all level crossings and try to provide appropriate protection, as we would expect them to. Private crossings are provided by Network Rail for authorised users only—typically, occupiers of adjacent land like the right hon. Gentleman's constituents—who need to cross the line to gain access to their property. Network Rail provides briefings for authorised users on the procedures to be followed, and users are responsible for ensuring that crossings are used safely—in particular by following the procedures advised by Network Rail, and obeying the instructions displayed in crossing signs at each location. The right hon. Gentleman helpfully described in some detail what that entails at the Medhurst Row crossing.

Network Rail published a level crossings strategy in 2003, designed to reduce risks associated with level crossings through—among other things—effective operation and maintenance, a programme of risk assessment leading to risk reduction, and communication with users and external stakeholders to promote safe usage. As the right hon. Gentleman said, the Health and Safety Executive investigates serious incidents on both public and private level crossings, and keeps the safety standards under review. It can require action to improve protective arrangements at level crossings, depending on changes in the level or frequency of risk. It works closely with Network Rail, the Rail Safety and Standards Board and the British Transport police to increase road users' awareness of the risk of misuse at level crossings. I am very glad that the right hon. Gentleman had an opportunity to meet Network Rail and HSE representatives to discuss that problem.

The Medhurst Row crossing is a private crossing restricted to authorised users, namely the occupants of four houses and a farm who need to use it to gain access to their properties. As the right hon. Gentleman said, users in vehicles must telephone the signaller at Ashford to confirm that it is safe to cross. I understand that Railtrack, as it was then—it is now Network Rail—wrote to all users in July 2000 to remind them of the procedures, and that Network Rail sent a further reminder in 2003.

[Dr. Kim Howells]

Let me deal specifically with Mr. Kennedy's complaints. These are serious allegations. I want to reassure the right hon. Gentleman that all the complaints made to the HSE have been thoroughly investigated by it or by Railtrack. I understand that Mr. Kennedy first raised the matter with the HSE in November 2000, complaining that the crossing was unsafe and that he and his family had been given permission to cross in front of oncoming trains. That is about as serious an allegation concerning a crossing as it is possible to make.

There were two earlier incidents, in 1994 and 1998. Mr. Kennedy had been given permission to cross when trains had been on that section of line. Both incidents were dealt with internally by Railtrack at the time. In the case of the latter incident, disciplinary action was taken against the signaller.

The HSE investigated Mr. Kennedy's allegations, along with Railtrack representatives, and met him on the site in January 2001. It asked Railtrack to carry out improvements to the crossing, to re-brief signallers on the correct procedures—a very important move—and to carry out spot-checks, all of which were done. The HSE wrote to Mr. Kennedy about that at that time.

Mr. Kennedy subsequently wrote to the HSE on eight further occasions between January and June 2001, making allegations of three further incidents of permission being given to cross in front of trains. In one case, on 27 January 2001, Railtrack found that the signaller had made a mistake, and it took disciplinary action. In the other cases, investigations failed to provide evidence to substantiate the allegations, and Mr. Kennedy was informed accordingly. Nevertheless, the HSE again reviewed the working of the crossing with Railtrack on 1 June 2001. Mr. Kennedy was invited to this meeting, but did not attend. Written correspondence to Mr. Kennedy seeking his version of events was returned by Royal Mail as "being refused". Further improvements were recommended, including the installation of CCTV, which was put in place in 2002.

The right hon. Gentleman said that Mr. Kennedy's son alleged that he was given permission to cross and was confronted by a train. Network Rail held an internal investigation and the report was passed to the HSE. It shows that Network Rail considered various forms of independent evidence available to it to establish what happened. As the right hon. Gentleman told us, that included tape recordings, CCTV and train monitoring systems, as well as speaking to the staff concerned. Network Rail concluded, on the evidence available, that permission to cross the line was given after two trains that had been approaching had passed. The HSE has reviewed Network Rail's report, and I understand that it has no reason to doubt its conclusions. It has informed the right hon. Gentleman and Mr. Kennedy accordingly.

I am very glad to hear that the right hon. Gentleman met representatives of the HSE and Network Rail today to review the evidence relating to the latest incident. He has told us of doubts concerning some of the detail of the recordings that he has seen and heard. I undertake to contact Network Rail and the HSE, and to seek from them specific answers to the questions that he has raised as a result of this morning's meeting.

Sir John Stanley: I am grateful to the Minister for giving that undertaking. I am well aware that Network Rail has taken the view that Mr. Kennedy's son, Mr. Alex Stedall, made the telephone call after the train had passed. There was another train, which had gone past. I myself have seen this morning the closed circuit television videotape. It shows incontrovertible evidence, which was not denied by the Network Rail and HSE representatives present. It shows Mr. Stedall—who was identified by his father and by himself, so there is no doubt about identification—opening the gate, going on to the line, looking, going quickly back and closing the gate, and the train then going past. There is no question whatever but that Mr. Stedall saw the train approaching him. The videotape evidence shows that he went back and closed the gate, and that the train then went past.

Dr. Howells: I thank the right hon. Gentleman for that intervention. I shall certainly communicate his description of what he saw on the CCTV footage, and I will ask for answers that I hope will be useful to him.

Of course, one has always to try to place trust in the experts, and there is no doubt that the rail inspectorate has great experience in such matters. We have one of the very finest safety records in the world. Indeed, I was fortunate enough recently to visit Japan, where level crossings pose the biggest problem in terms of railways incidents. Level crossings pose difficult problems—and I am not talking about only private ones, or ones where special permissions have to be sought and granted, but public level crossings when people do idiotic things.

I want to know exactly what happened at this incident and I will certainly try to find out for the right hon. Gentleman. I want to reassure him that the necessary measures are being taken across the country. It is important that all our colleagues understand that because most of us have level crossings in our constituencies and we need to be aware of the fact that the HSE and Network Rail are concerned to ensure that we have safe level crossings.

I understand that further improvements to this particular level crossing using existing technology are unlikely to be cost-effective in relation to the level of risk in usage. I hate to be so utilitarian in saying that, as I am not insensitive to the risk in the light of what the right hon. Gentleman has told us about what happened to Mr. Kennedy's son.

I take the point, which the right hon. Gentleman has made vividly, that we are not talking about only one or two people on the level crossing who might be injured: if a vehicle is on the crossing, it could endanger the train itself. That is an important point, and we saw a terrible accident recently on the Worcester line, which resulted in deaths. That accident was the consequence

of the misuse of a level crossing. There are thousands of level crossings and one wonders how much it would cost to ensure that every single one of them was protected by much safer mechanical devices and procedures than we have at the moment. We have to look further into that matter.

I understand that the cost of installing miniature warning lights at this particular crossing has been estimated at £800,000. The right hon. Gentleman raises his eyebrows, as I did when I read that. I will certainly try to test that figure and see if it is true, but there are an awful lot of crossings up and down the country just like that one. If the cost of installing that sort of equipment at each of those crossings runs at about £800,000, one wonders how any Government or any rail company—it is a privatised railway these days—could afford to do such a thing. As I said, I will certainly test the figure for him.

Automatic barriers would be even more costly and I fear would probably be regarded by the auditors of this place as being wholly inappropriate, given the relatively small number of households served by the particular level crossing. However, Network Rail and the HSE are aware of the new developments of stand-alone warning-light systems driven by existing track circuiting, which could be cost-effective. We will take a look at that one. Trials are planned and, if successful, it may prove to be a better solution to the problem of level crossings.

I do not want to give the right hon. Gentleman too bleak a picture in responding to the problem. There are certainly some interesting technological developments nowadays. I will examine them and I hope that we may be able to apply such solutions to such crossings. On the other hand, I do not want to give the right hon. Gentleman any false hope about what will be done at this crossing, as I am not even sure that it is appropriate or whether the technology will prove to be successful on British railways.

I am very grateful to the right hon. Gentleman for raising this issue. I want to reassure him that the HSE and Network Rail are committed to ensuring the safe operation of all level crossings, especially the one about which the right hon. Gentleman has expressed considerable concern. I will ask the HSE and Network Rail for their response to the issues that the right hon. Gentleman has raised so that I can satisfy myself that the crossing does not constitute, as he put it, an accident waiting to happen.

Question put and agreed to.

Adjourned accordingly at twenty-five minutes past Six o'clock.

House of Commons

Monday 12 July 2004

The House met at half-past Two o'clock

PRAYERS

[MR. SPEAKER *in the Chair*]

Oral Answers to Questions

HOME DEPARTMENT

The Secretary of State was asked—

Law of Provocation

1. **Vera Baird** (Redcar) (Lab): What steps he is taking to implement the recommendations of the Law Commission on reforming the law of provocation; and if he will make a statement. [183084]

The Parliamentary Under-Secretary of State for the Home Department (Paul Goggins): The Law Commission's provisional proposals would mean a major change from the way the law works at present. We will want to look at the final report and recommendations carefully before we consider taking any action.

Vera Baird: The provisional proposals are not expected to change and they have been greeted with unusual unanimity among the senior judiciary, the academic world and many organisations that deal with domestic violence. Can my hon. Friend undertake that, if the proposals continue to meet with widespread favour, an early legislative vehicle for them will be sought?

Paul Goggins: May I begin by acknowledging my hon. and learned Friend's substantial contribution on this issue and the campaign against domestic violence generally? She was able to share many of her experiences and insights in Committee when the Bill was debated, for which I pay tribute to her. We have debated the issue on a number of occasions recently and I can tell her that we will consider carefully the Law Commission's final report.

It was because we know that this is a difficult area that we asked the Law Commission to carry out its report. Based on the provisional proposals, we know the intended consequences, but we need to consider very carefully whether there might be some unwanted and unintended consequences, such as gangland killers being able to cite provocation in their defence or perhaps problems with honour killings, which we debated in Committee. I beg my hon. and learned Friend to be patient and I give her the assurance that we will consider the issues very carefully indeed.

Immigration Advisers

2. **Mr. Peter Pike** (Burnley) (Lab): What measures he is taking against legal advisers facilitating unfounded claims for *(a)* asylum and *(b)* applications for work permits. [183085]

The Minister for Citizenship and Immigration (Mr. Desmond Browne): An unfounded immigration application is not in itself proof of any wrongdoing on the part of the legal adviser or, indeed, of any adviser involved. However, the provision of immigration advice is a matter of concern to the Government. The Lord Chancellor has taken steps through the Legal Services Commission to improve the quality of advice provided by publicly funded solicitors and the immigration services commissioner is taking steps to raise the quality of legal advice provided by those whom he regulates. It is, of course, a criminal offence to provide immigration advice when unqualified so to do and it is also a criminal offence for anyone, including a legal adviser, to facilitate entry to the United Kingdom in contravention of the immigration rules. Evidence of any such activity will be thoroughly investigated by the immigration and nationality directorate, which will take appropriate action.

Mr. Pike: I would certainly not like to suggest that there were some dodgy solicitors, but there is clear evidence of some solicitors dragging cases along for a long time and misleading those whom they are representing on asylum and work permit cases. How many prosecutions have there been and, if there have been any, what has been the outcome of the action taken?

Mr. Browne: My hon. Friend, with characteristic shrewdness and subtlety, is right to emphasise the importance of confidence in advice in this area of public policy, particularly from the legal profession. As a matter of fact, 12 immigration advisers have been prosecuted by the immigration service in 2003–04 and 11 convictions were secured. In 2003, the office for the supervision of solicitors, the disciplinary arm of the Law Society, took disciplinary action against three solicitors in connection with immigration advice, one of whom was struck off, one given an indefinite suspension and one fined. Furthermore, the Legal Services Commission advises that, in London alone, 96 firms did not have their contract extended in the current financial year.

Mr. Julian Brazier (Canterbury) (Con): How many of those 12 cases referred to work permits? Does the Minister accept that the quadrupling of the number of work permits each year, including for a new category of completely unqualified people in sectors such as the leisure industry, is simply an invitation for such advisers to suggest to those already here that it is a good way of getting round immigration rules?

Mr. Browne: I am not in a position to answer the hon. Gentleman's specific question in relation to numbers. If the figures are available, I will write to him with the information, though I am not sure that that sort of information is collected separately. The main thrust of his attack, of course, is about the increasing number of

people permitted to work in this country through permits in response to a set of circumstances that he may find difficulty in identifying—a growing labour market in which there are difficulties with the availability of skills and labour in some sectors.

I know that, as part of its five-point plan, the hon. Gentleman's party announced that it would put quotas on work permits. Of course, to do that it would have to turn its back on its traditional approach to the labour market, which is to allow the labour market to generate demand. It may well intend to do that. If so, perhaps at some stage it will tell the House and the country how it proposes to put such a control on the work force in the United Kingdom, where 2 million more people are now working who were not in 1997.

Mr. Tony McWalter (Hemel Hempstead) (Lab/Co-op): Does my hon. Friend accept that the thrust of the question is about inefficiency on the part of legal officers rather than criminal activity? Does he also accept that when it comes to evaluating efficiency, the scandal of firms wasting loads of money before finally telling their clients, "Your best bet is to go and see your MP", needs structural correction in the legal profession?

Mr. Browne: As Minister with responsibility for this matter, I am concerned about inefficiency, bad advice and possible illegal advice. That is why, in answering the question asked by my hon. Friend the Member for Burnley (Mr. Pike), I identified a number of criminal prosecutions and went on to speak about the other steps that are being taken.

My hon. Friend the Member for Hemel Hempstead (Mr. McWalter) will know that we intend to use the Asylum and Immigration (Treatment of Claimants, etc.) Bill, which comes before the House later today, to increase the powers of the immigration services commissioner and improve his ability to regulate designated professional bodies. There are also provisions for unqualified advisers working for solicitors to be adequately supervised, which goes to the heart of the issue that my hon. Friend identified. Indeed, there will be a new criminal offence of advertising for an unqualified person to be an immigration adviser and a new power to enter the premises of suspected rogue advisers. It is the Government's view that we will then have an array of powers that will attack both inefficiency and illegality in advice.

Mr. Dominic Grieve (Beaconsfield) (Con): May I first pass on the apologies of my right hon. Friend the Member for Haltemprice and Howden (David Davis) for not being present this afternoon?

I note that the Minister neatly side-stepped the issue of work permits. Does he agree that there is absolutely no reason for legal advisers to be involved in applications for work permits? They certainly were not in the past. Does he also agree that legal advisers are now associated with applications for work permits because of the perception that the misuse of the work permit system can facilitate entry into this country, which was exactly what went on with self-employed people in Bucharest—

Mr. Browne: That was entry clearance.

Mr. Grieve: It was entry clearance for the purpose of working in this country. Would the Minister now like to answer the question with specific reference to work permits?

Mr. Browne: I answered the question asked by the hon. Member for Canterbury (Mr. Brazier) with specific reference to work permits, but I could not give him the specific information that he required. As I have not managed to get that information since I gave that answer, I shall have to write to the hon. Member for Beaconsfield (Mr. Grieve) if he is interested in that information as well.

The point about legal or other advice on whether someone is fit to have a work permit is well made. It is perhaps not necessary for people to take advice because the work permit application system is comparatively straightforward, but of course the question did not relate only to legal advice, but to advice per se. I have no idea why people should be motivated to take legal advice on an application for a work permit. We would have to ask them that. The hon. Gentleman is a member of the legal profession and he will not want to be involved in closing that business down to his colleagues or perhaps to himself, if he still practises.

If people choose to take that advice, it is a matter entirely for them. The Government's responsibility is to ensure that that advice, on immigration matters when it is given, is legal, efficient and, if it involves public money, offers good value. I do not think that the Tory party is suggesting in opposition that, were it in government, it would interfere with people's free choice on who should advise them.

Spanish Passport Holders

3. **Mr. Harry Barnes** (North-East Derbyshire) (Lab): How many Spanish passport holders he estimates are resident in England and Wales. [183086]

The Parliamentary Under-Secretary of State for the Home Department (Fiona Mactaggart): Figures taken from the UK labour force survey show that, for the period December 2003 to February 2004, there were an estimated 44,000 nationals of Spain resident in England and Wales.

Mr. Barnes: Is that not a fair swap with Spain, in that there are an estimated 300,000 UK passport holders in Spain, plus all the holidaymakers? Should not we consider these things in perspective—in terms of how the movement of labour throughout the European Union benefits everyone involved?

Fiona Mactaggart: My hon. Friend is right that the movement of labour throughout the EU has helped the prosperity of all the countries in the Union. It is striking that, since Spain entered the EU, it has become a country of net migration from other EU countries, unlike what was predicted before it entered.

Mr. Humfrey Malins (Woking) (Con): Is the Minister aware of a growing problem: numbers of South American economic migrants who are not entitled to come here can, and readily do, obtain in Madrid or

Barcelona Spanish passports and travel documentation, on which they do a bit of work and then pass relatively easily, although illegally, into this country? Are her immigration officials well aware of that growing practice and receiving extra training to cope with it? Does she believe that last year's official figures for such fraudulent entry attempts tell us the whole truth?

Fiona Mactaggart: The hon. Gentleman will be aware that the UK leads the world in passport detection technology. I am sure that he will be reassured by the fact that, following enlargement of the EU, we are not only improving the training of all our officers but checking every passport offered by an EU citizen when seeking entry to the United Kingdom.

Mr. Malins: What about South America?

Fiona Mactaggart: The hon. Gentleman referred to passports held by those not entitled to EU passports.

Mr. Malins: South America.

Fiona Mactaggart: The hon. Gentleman keeps saying "South America", and I am responding in this way because he made the claim that people are entering on EU passports to which they are not entitled. I am confident that, if his allegations are true, our checking and detection mechanisms and our good relations with the Government of Spain and other EU Governments will mean that we can stop that practice.

Dungavel Detention Centre

4. **Mr. Alistair Carmichael** (Orkney and Shetland) (LD): When he next plans to meet the Children's Commissioner for Scotland to discuss the operation of the Dungavel detention centre. [183087]

12. **Ann McKechin** (Glasgow, Maryhill) (Lab): If he will make a statement on his recent visit to Dungavel detention centre. [183095]

The Secretary of State for the Home Department (Mr. David Blunkett): I visited Dungavel on 2 July and found the conditions and facilities entirely satisfactory. I was impressed, as I know the hon. Gentleman was when he visited the centre in May, by the caring and dedicated staff who work there. The issue of accommodation centres is a reserved matter, but in his usual generous way, my hon. Friend the Minister for Citizenship and Immigration has agreed to meet the Children's Commissioner for Scotland, Professor Kathleen Marshall. I am sure that that will be a suitable occasion for her to express her concerns.

Mr. Carmichael: I thank the Home Secretary for that answer. I confirm that during my visit to the Dungavel detention centre recently I was impressed by the standard of the staff and the care that they exhibited. He may be aware that the Children's Commissioner for Scotland recently described the detention of children in Dungavel as "morally upsetting". She is said to be considering taking legal action to end it. Would it not be better if the Home Secretary accepted that holding families with young children in the same institution as adults—some of whom have just been released from lengthy prison sentences and are awaiting deportation—is wrong and ought to be ended sooner rather than later?

Mr. Blunkett: First, I ought to make it clear, so that there is no doubt in anyone's mind, that the individuals described by the hon. Gentleman are separated from the families, as he will have found on his visit in May. Secondly, of course we accept that in an ideal world it would be appropriate not to have children in removal centres. That matter concerns retaining the unity of the family. I am prepared—my hon. Friend the Minister for Citizenship and Immigration and I have been discussing this—to consider whether we could use tracking and electronic methodology so that we could take families out of such accommodation centres, and whether we could provide more concentrated facilities for those for whom that would not be suitable, such as people who would abscond and use their children as an excuse for not being available for removal. These are difficult issues, but we have to take public policy into account and deal with the often contradictory pressures that come to bear when we are trying to remove people who, because of the very nature of the challenge facing them, are unlikely to co-operate.

Ann McKechin: I, too, have visited Dungavel recently as a member of the Scottish Affairs Committee, and I join my right hon. Friend in commending the staff there on their work and professionalism. To pick up his comments on detention of children, I noticed that, because of the presence of single men and women at the centre, the security regime has to be fairly tight and restrictive. Does he think that there is a convincing argument in favour of detaining families in an entirely separate unit where security arrangements can be much less restrictive, especially given that the risk of families absconding seems to be far less than that of single people doing so?

Mr. Blunkett: One consequence of the investment in substantially increasing the number of removal places is that we can reconfigure where we place single people and families, which will help in future. The Minister for Citizenship and Immigration and I have discussed with the Churches and the Scottish Trades Union Congress the potential for reconfiguring in a way that meets my hon. Friend's understandable concerns. I thank her for her constant interest in the matter. The challenge that we face, as the hon. Member for Orkney and Shetland (Mr. Carmichael) spelled out in his debate last Thursday in Westminster Hall, is that some people who should know better talk a lot of nonsense about Dungavel.

Annabelle Ewing (Perth) (SNP): It seems to me that the Home Secretary is saying, in effect, that he plans to ignore the fundamental concern of the Children's Commissioner for Scotland, the unions, the Churches and civic Scotland, which would be quite contemptible. He specifically mentioned electronic tagging as an alternative to detention. Will he clarify whether he plans to tag children of asylum seekers who have committed no crime whatever?

Mr. Blunkett: When I mentioned comments made by the hon. Member for Orkney and Shetland, I was referring to his descriptions of people calling Dungavel a "hell on earth" and politicians—some of whom have presumably never been to Dungavel—describing the centre in totally unacceptable ways. On cue, the hon. Member for Perth (Annabelle Ewing), representing the Scottish National party, accuses us of ignoring the Churches, when I had just said that the Minister for Citizenship and Immigration and I met representatives of the Churches two months ago; of ignoring the STUC, when I had just said that we had met its representatives as well; and of ignoring the Children's Commissioner for Scotland, whom the Minister of State has just agreed to meet. What sort of nonsense is that? I do not mind those who cannot hear not understanding, but those who can should open their ears and listen.

Mr. Tom Harris (Glasgow, Cathcart) (Lab): Does my right hon. Friend agree that, at least for the time being, detention centres are an unwelcome but necessary part of asylum policy? Does he agree also that those who try to focus the debate on the detention of children are simply trying to erect a smokescreen behind which to campaign for the total removal of detention centres, which is a prerequisite to the introduction of the policy that they support—a completely open asylum policy, which is naive and simplistic?

Mr. Blunkett: My hon. Friend is substantially right. Such people also argue that immigration should be a matter for Scotland, not a reserved matter—

Annabelle Ewing: Hear, hear.

Mr. Blunkett: The hon. Lady supports that, but the consequences of such a policy would be very interesting indeed. The Scottish National party would have to put border controls at Hadrian's wall, which would be bizarre. I think that we have now exposed the SNP's policies for what they are.

It is true that, where the family resists removal, that inevitably ensures that the children have to be held in circumstances—not necessarily only in removal centres—that would be less satisfactory than we would wish. However, it is a choice of the parents. The hon. Member for Perth (Annabelle Ewing) knows that the Government would never contemplate tagging children. To suggest otherwise was a disgrace.

Mr. John Lyons (Strathkelvin and Bearsden) (Lab): I am sure that the meeting with the children's commissioner will be widely welcomed throughout the political parties. I ask my right hon. Friend to consider one point for that meeting, and that is the question of people being held at Dungavel who are awaiting deportation after completing a sentence. Will he consider how we can remove those people from families and their children at Dungavel?

Mr. Blunkett: Fortunately, we are removing such individuals much more quickly than it is possible to remove families. The legislation that will come before the House later today will further assist us in doing that because it will reduce the unwarranted use of judicial review. However, I take the point, and the expanded removal centre facilities will help us better to segregate those of different categories. To pick up a point made by my hon. Friend, the Minister of State will welcome meeting Professor Kathleen Marshall. He has met her on many occasions because he happened to go to university with her.

Prisons

6. **Sir Teddy Taylor** (Rochford and Southend, East) (Con): In how many prisons the population was in excess of the certified normal accommodation on the latest date for which figures are available; and by what percentage the prison population has changed over the past 10 years. [183089]

The Parliamentary Under-Secretary of State for the Home Department (Paul Goggins): There were 81 prisons operating above their certified normal accommodation figure on 30 June 2004. All those prisons are within their operating capacity, which is the total number of prisoners that an establishment can hold, taking into account control, security and the proper operation of the planned regime. The prison population has increased by 54 per cent. since 1994.

Sir Teddy Taylor: The official figures for June, which are published in the weekly review—although the Government have not published figures since 2002–show that 82 of the 141 prisons were above their certified uncrowded capacity, and 11 were operating above their maximum capacity. In Preston and Leicester, overcrowding was classified as 89 per cent. and 83 per cent. Given those facts, is there not a crisis that has to be faced? In particular, will the Minister say why he believes that the number of women prisoners has increased by 173 per cent. in the past 10 years?

Paul Goggins: Eighty-one prisons are above their certified normal accommodation figure, which means that 57 prisons are not above that figure. There is no getting away from the fact that our prisons have been under huge pressure. One of the ways in which we deal with that pressure is by building additional places. That we have continued to do. The operational capacity as of today, is 76,395, which is an increase of more than 500 in recent months.

I share the hon. Gentleman's concern about the 173 per cent. increase in the number of women offenders going to prison over the past 10 years, but they were sent to prison by sentencers, not by the Government and not by Ministers. However, because of the Government's policies, I can tell him that the number of women in prison today is lower than it was this time last year.

Gareth Thomas (Clwyd, West) (Lab): Do the Government have a view of what should be the maximum overall size of the prison population? What signals should the Government be giving the judiciary on the appropriate use of imprisonment?

Paul Goggins: The Government have an idea about that figure. We believe that, if we rebalance our correctional system appropriately so that we ensure that those who need and deserve to be in prison because they have committed the most serious offences are in prison

while those who have not committed such serious offences are on community penalties, we can hold a stable prison population below 80,000.

Mr. Mark Oaten (Winchester) (LD): I welcome the Minister's genuine commitment to trying to get to grips with the scandal of overcrowding, but may I draw his attention to his own overcrowding targets for this year? They state that in publicly run prisons, overcrowding must not exceed 24 per cent. of the prison population, but in privately run prisons, the figure is 34 per cent. Will he tell the House why, on overcrowding, he has one target for public prisons, but an easier target for private prisons?

Paul Goggins: The private prisons tend to have more modern facilities than the older prison stock that the Prison Service has at its disposal, but the hon. Gentleman makes an interesting point. What is most interesting is that, with our commitment to increasing the number of places available, by the end of this year we will have an operational capacity of 77,600, and by the end of next year it will be some 79,400. We are prepared to ensure that we have fit-for-purpose accommodation for those who are sent to prison by sentencers, but we are also building up the alternative, so that sentencers can confidently give people community sentences that are effective.

Mrs. Cheryl Gillan (Chesham and Amersham) (Con): The Minister wants to have it both ways. Will he confirm that in order to rebalance the correctional system, as he puts it, and to save money, the Government are proposing to extend the home detention curfew scheme so that offenders serving seven years for drugs offences or street robbery can be set free early? Does he think that that policy will be popular with law-abiding citizens?

Paul Goggins: Yes, I do want it both ways. I want people who need and deserve to be in prison to be in prison, and I want those whose offences are less serious and are first-time offenders to be on community penalties, putting something back into the communities where they have offended.

I confirm now that this Government have no intention of extending the home detention curfew scheme.

National Crime Squad

8. **Mr. David Heath** (Somerton and Frome) (LD): If he will make a statement on the status of National Crime Squad officers on transfer to the serious organised crime agency; and what surveys his Department has conducted into the views of NCS officers on such transfers in the last year. [183091]

The Parliamentary Under-Secretary of State for the Home Department (Caroline Flint): No decisions have yet been taken with regard to terms and conditions, but we hope to make a statement of approach on this matter shortly. We are undertaking a wide-ranging and inclusive consultation process. I was pleased to visit the NCS office in Wales on 16 June, where I heard the positive views of officers about the creation of the agency. We also discussed some of their concerns about transfer and terms and conditions, and I hope that I offered them some reassurance.

Mr. Heath: I hope so, because this is an important development that the Minister knows we support, although we would perhaps do things slightly differently. Is she aware that, among the Police Federation members in the National Crime Squad, more than 95 per cent. of the 900 officers who responded, out of a total of 1,200, said that they would not be happy to transfer to the NCS full time in the knowledge that it would be absorbed into the new agency; and that, in the first quarter of this year, more than 80 officers have left the NCS? That is very serious, and it means that we are losing highly trained, experienced and able officers from the new agency. Will she now go back to the Police Federation and the individual officers and talk to them about their concerns, so that we can ensure that we start the agency in the best possible way?

Caroline Flint: Of course we want to start the agency in the best possible way. That is why we are not rushing into the situation and why we have a programme team at the Home Office that is working with the NCS and the other component parts of the new agency and is in discussions with the Association of Chief Police Officers. There are also monthly updates and regular bulletins and meetings involving the police officers who currently work with the NCS. As my right hon. Friend the Home Secretary said, the terms and conditions package will be guided by the principle that no one should be disadvantaged by moving into the new organisation. I shall be very happy to facilitate a meeting for the hon. Gentleman with Bill Hughes, director general of the NCS.

Women Prisoner Suicides

11. **Ms Meg Munn** (Sheffield, Heeley) (Lab/Co-op): What steps he is taking to reduce the number of suicides amongst women prisoners. [183094]

The Parliamentary Under-Secretary of State for the Home Department (Paul Goggins): The number of self-inflicted deaths among women prisoners is a very serious concern for the Prison Service and for me. The suicide prevention strategy that I announced on 31 March 2004 applies across all types of prisons and to all prisoners, both male and female. A specifically targeted and separate suicide prevention strategy is being developed for women.

Ms Munn: I thank my hon. Friend for his answer. What steps are being taken to ensure that women are given community sentences wherever possible, not just because they relieve pressure on prisons and the overcrowding that we have been discussing, but because they relieve pressure on families, particularly where there are single mothers and children may be left without their carer?

Paul Goggins: My hon. Friend is right that when a mother goes to prison, her children are affected the most, and therefore a mother should be placed in prison

only when the circumstances warrant it. The Government are developing a range of community alternatives to prison, and I am discussing improvements to court diversion schemes with ministerial colleagues in the Department of Health. We are ensuring that the bail information systems in our prisons are suitable, and I am currently reviewing hostel accommodation to make sure that women who can be accommodated in the community are accommodated in hostels rather than in prisons.

Drug Misuse Treatment (Offenders)

13. **Mr. Ben Chapman** (Wirral, South) (Lab): What steps she is taking to ensure that offenders receive adequate treatment for drug misuse. [183096]

The Parliamentary Under-Secretary of State for the Home Department (Caroline Flint): Drug misusing offenders damage communities, their families and themselves. We are committed to breaking the cycle of offending and drug misuse. We are investing £447 million through the criminal justice interventions programme to get offenders out of crime and into treatment. That includes drug testing on charge for some offences, placing drugs workers in police custody suites, increasing treatment places in prisons and putting in place comprehensive through-care and after-care packages.

Mr. Chapman: Although I agree that weaning offenders off drugs, including methadone, is important in tackling drug-related crime, does my hon. Friend agree that tackling alcohol abuse is equally important? Alcohol causes half of all violent crimes in this country and probably most incidences of antisocial behaviour in Wirral, South. The issue must be tackled, and I hope that the Home Office will take all possible steps to address alcoholism as well as drug addiction among offenders.

Caroline Flint: My hon. Friend makes an important point. This summer, we are targeting enforcement and tackling the underlying drinking problems associated with binge drinking in 70 basic command unit areas. We agree with the alcohol harm reduction strategy that drug action teams should become drug and alcohol action teams, and we are considering how we can support pilots to examine alcohol arrest referral, and are examining two pilot areas. In a recent speech at the Turning Point conference, the Home Secretary announced that we will examine the interventions for those for whom misusing alcohol becomes a criminal problem.

Mr. James Paice (South-East Cambridgeshire) (Con): The restriction on bail project is already under way in some of our cities, and the Government are ever so reluctantly inching towards the policy that we announced two years ago. What are the Government doing to increase the number of places for drug treatment outside prison? Does the Minister agree with the chief executive of DrugScope, Mr. Martin Barnes, who said that unless the initiative is matched by investment in places and in skilled drugs workers, there is

"a risk that already stretched services will be inundated and unable cope."

Caroline Flint: I have crossed swords with the hon. Gentleman before, and it is a bit of a cheek to ask that question. The Government have put more money than ever before into both enforcement and drug treatment. The proof is that 140,900 people were in treatment in 2002–03, which is a 41 per cent. increase from the 100,000 baseline in 1998–99. The number of people starting treatment has increased by 47 per cent. in areas covered by criminal justice interventions programmes, and waiting times are falling across the piece. More needs to be done, but the Government are tackling the problem because we recognise that drug addiction fuels a huge amount of crime in this country. The issue involves growing capacity, which we intend to carry on doing.

Mr. Paice: So the Minister does not agree with the chief executive of DrugScope and believes that the resources are sufficient. *[Interruption.]* Will she explain to the House why only 28 per cent. of drug treatment and testing orders were completed last year, and why recidivism occurred within two years in 80 per cent. of cases in the three pilot areas? That demonstrates that the system is still not right. The Minister may laud the extra resources, but they are inadequate. How many residential places—proper places—are needed to ensure that all young, hard drug abusers receive the same treatment as that provided in the best countries in the world, such as Sweden?

Caroline Flint: I am pleased to inform the hon. Gentleman that drug services have increased to approximately 750—up a third since 1997—and treatment for young people has increased by 69 per cent. In addition, we have pooled the young people's budget to ensure that money can be spent better and more wisely locally.

I have never said that we are doing enough. More needs to be done. However, we have prioritised and ring-fenced the resources and I am pleased to say that, as of last week, residential rehabilitation is being used.

Mr. Paice: As of last week?

Caroline Flint: As of last week, approximately 90 per cent. of beds in residential rehabilitation were being used. However, that is only one part of treating drug users and, as I have told the hon. Gentleman several times, one has to deal with people before they go into residential treatment and when they leave. The only way to achieve that is through a sustained policy, which means putting your money where your mouth is. The Government are doing that.

Mr. John Denham (Southampton, Itchen) (Lab): I welcome the Government's substantial investment in drug treatment. Will my hon. Friend confirm my impression that, in the past year or so, we have probably made more impact on speeding up access to treatment for those who are newly arrested than on improving services for those who come out of prison? Given the importance of ensuring that those who clean up in prison do not go back on drugs, will my hon. Friend make sure that the investment is applied evenly across every part of the criminal justice system?

Caroline Flint: My right hon. Friend makes a good point. As Chair of the Select Committee on Home Affairs, he knows the importance not only of identifying people through drug testing on charge—we are expanding the number of offences to which that will apply—but of getting people into treatment even before they go to court, whatever subsequently happens. Whether they go to prison or have a community-based sentence, they should be supported. That is why I am pleased to be working with my hon. Friend the Under-Secretary responsible for correctional services to ensure through-care and after-care. That is an important aspect of making the policy work and making it sustainable.

Fixed Penalty Notices (Barnet)

14. **Mr. Andrew Dismore** (Hendon) (Lab): If he will make a statement on the use of fixed penalty notices for antisocial behaviour in Barnet. [183097]

The Minister for Crime Reduction, Policing and Community Safety (Ms Hazel Blears): Penalty notices provide the police with a quick and effective tool for dealing with low level, disorderly behaviour and divert those minor cases from the courts. In the past three weeks, police in Barnet have been conducting a successful operation, targeting antisocial behaviour that occurs on Friday nights. Around 40 penalty notices were issued in Barnet between April and June; 20,000 have been issued nationally.

Mr. Dismore: The Barnet police borough commander recently told me that he was highly sceptical about the effectiveness of the notices. However, he subsequently changed his view. He originally used rather unparliamentary language, describing them as something akin to a dog's reproductive anatomy. However, he has authorised me to say to the House that he now considers them to be an effective, precision-guided impact weapon in the fight against antisocial behaviour. He has issued 75 since May and believes that relentless follow-up of the fines is required. Will my hon. Friend consider whether some of the money could come back to Barnet to enable us to continue the campaign against antisocial behaviour?

Ms Blears: I am delighted that the borough commander has changed his view on fixed penalty notices. Perhaps I would prefer him to refer to them as the cat's whiskers rather than his original description. I am pleased that fixed penalty notices have been welcomed throughout the country. It takes approximately half an hour to deal with a case with a fixed penalty, as opposed to two and a half hours to complete the paperwork for a charge. Each fixed penalty notice saves the criminal justice system approximately £100. Police universally welcome the notices as a quick, effective way in which to get the message across. We will use many more as part of our alcohol enforcement campaign.

Home Detention Curfew Scheme

15. **Angela Watkinson** (Upminster) (Con): For what reasons the home detention curfew scheme is being extended to a maximum of 135 days. [183098]

The Parliamentary Under-Secretary of State for the Home Department (Paul Goggins): The maximum curfew period available under the home detention curfew scheme was increased from 90 days to 135 days 12 months ago. That change provides earlier resettlement opportunities for lower risk offenders and helps to manage the prison population. At the same time, we also introduced a presumption against release for prisoners convicted of certain serious offences.

Angela Watkinson: To exactly what category of offences is the scheme to be extended? Will the Under-Secretary give the House an assurance that serious offenders, who serve seven-year sentences for street robbery, and drug offenders will not be included in the scheme? If they are to be included, has a proper risk assessment of public safety been conducted?

Paul Goggins: I am sure that I can reassure the hon. Lady. There is a presumption against people who have committed certain offences—violent offences, sexual offences, cruelty to children and so on—who cannot even be considered under this scheme. It is only available for prisoners serving sentences between three months and four years. Therefore anybody serving seven years would not be eligible. I confirmed earlier that we are not seeking to extend the scheme. Finally, of those who are eligible, only 39 per cent. are granted home detention curfew. Risk assessment is therefore taken very seriously.

Morecambe Bay Cocklers

16. **Geraldine Smith** (Morecambe and Lunesdale) (Lab): What action has been taken to deal with foreign nationals working illegally in the Morecambe Bay cockle beds. [183099]

The Minister for Citizenship and Immigration (Mr. Desmond Browne): The immigration service is working closely with both Cumbria and Lancashire police forces to tackle immigration offences arising from the presence of foreign national cockle pickers in the region. That work includes sharing intelligence, planning disruption strategy and responding to calls for assistance. The immigration service participates in Department for Work and Pensions-led multi-agency enforcement work, and is co-operating in the establishment of a joint enforcement group proposed by the north-west sea fisheries committee. I know that my hon. Friend is aware of 13 visits in the 50-day period between 24 March and 12 May to contact or identify illegal workers, disrupt illegal activity and gather intelligence.

Geraldine Smith: I thank the Minister for that response. I am sure that he is aware that there is widespread public concern about the large numbers of Chinese, suspected illegal, immigrants still working in dangerous conditions on Morecambe bay. Does he accept that there is still a public perception that the Government are turning a blind eye to this problem? That is probably because when Chinese people are picked up and identified as illegal immigrants, they are simply documented and released back into community,

where they are once again vulnerable to exploitation. Can he tell me what his Department intends to do to remedy this unsatisfactory situation?

Mr. Browne: I know that my hon. Friend, who has been consistent and persistent in relation to this issue, as she has a particular constituency interest in it, is fully aware of the extent of the work being done not merely by the police but by the immigration service, the DWP and others in this regard. I rely on her to a degree, as she has the ear of her constituents, to provide assurance that the information that she has been given, often confidentially, proves to be correct in terms of activity in her area. She identifies a significant problem—returning illegal immigrants to China is difficult, as those immigrants tend not to co-operate with the Chinese Government's redocumentation procedures. That issue is at the forefront of our ongoing discussions with the Chinese Government on tackling immigration. We have recently signed a memorandum of understanding with China to take forward our co-operation on illegal immigration, which will provide a framework for progress on increasing removals. In the meantime, we stand ready to continue to assist any Chinese nationals who wish to return voluntarily.

Community Support Officers

18. **Helen Jones** (Warrington, North) (Lab): What recent assessment he has made of the contribution of community support officers to reducing crime and antisocial behaviour. [183101]

The Parliamentary Under-Secretary of State for the Home Department (Fiona Mactaggart): At the end of June, there were 3,802 community support officers on patrol, and reports from forces that deploy community support officers indicate that they play a considerable role in reassuring the communities that they serve, that they provide a high-visibility presence, and that they have significant potential for impacting on low-level antisocial behaviour and disorder. A national evaluation is being planned, which will inform the future development of this role.

Helen Jones: I am grateful to my hon. Friend for that answer. From my discussions with CSOs in my constituency, and from the time that I have spent out on the streets with them, may I tell her that they make a considerable contribution, not only to providing reassurance for people but to working with other agencies in the area to reduce crime and antisocial behaviour? Will she tell the House when she thinks the assessment of their effectiveness will be completed? What chance is there of making sure that there are more CSOs out and about on our streets to contribute to making the public feel safer?

Fiona Mactaggart: The evaluation of the current achievements of the CSO force will be completed by the end of the year, but I hope my hon. Friend will find that the conclusions of the Home Office strategic plan accord with her ambitions for the improvement of CSO provision.

Miss Anne McIntosh (Vale of York) (Con): In York and north Yorkshire we do not have too many community support officers, and not too many antisocial behaviour orders have been issued. How can we ensure that more are issued in the area, given that the Government have made them the main tool for controlling antisocial behaviour?

Fiona Mactaggart: The hon. Lady is right to recognise the importance of adequate numbers of officers to deal with antisocial behaviour issues effectively. That is why 11,000 more police officers have been provided throughout the country since this Government came to power. We find them in every community—in Yorkshire, in Leicestershire and in the west midlands. All over the country there are more police officers, and we have given them the set of tools that they require, including antisocial behaviour orders. It is up to local authorities to ensure that they use the ASBO powers we have given them to tackle this nuisance, rather than tolerate it.

Mr. James Plaskitt (Warwick and Leamington) (Lab): We have 40 community support officers in Warwickshire—they are very welcome, and do an excellent job—as well as a record number of serving police officers. Nevertheless, many communities in my constituency would like a still greater police presence on the streets. CSOs are ideally placed to perform that role, and to develop strong relations with the community. Can my hon. Friend assure us that we will continue to expand the available supply of CSOs?

Fiona Mactaggart: For information about national supply, my hon. Friend will have to wait—as I hinted earlier—for the Home Office strategic plan. I hope that he finds it pleasant reading. He should, however, join us in welcoming the fact that not just Home Office expenditure is ensuring that we have CSOs throughout the country. Nearly 1,000 are funded entirely from other sources. Dealing with crime in our communities is such an important job that communities themselves are willing to raise the resources to provide CSOs who will tackle nuisance behaviour, and I welcome that where it has happened.

Stop and Search

20. **Mr. Henry Bellingham** (North-West Norfolk) (Con): When he next expects to meet representatives of police forces to discuss policy on stop and search. [183104]

The Minister for Crime Reduction, Policing and Community Safety (Ms Hazel Blears): I have regular meetings with the Association of Chief Police Officers and other police representatives at which stop-and-search issues are discussed. We have recently launched a stop and search action team to ensure that the police use their powers of stop and search fairly, and as effectively as possible. The team will be working with both community representatives and police organisations, including ACPO, the Police Federation and the Police Superintendents Association. Its work is overseen by Baroness Scotland and me.

Mr. Bellingham: Can the Minister confirm that future stop-and-search policy will be based entirely on operational policing requirements and priorities? Does she agree that at a time when the Government were

stepping up measures against terrorist threats, it was wrong of her and other Ministers to criticise the police for recent stop-and-search statistics?

Ms Blears: I gladly confirm that we consider stop and search to be an extremely useful power to the police when it is used in an intelligence-led and targeted fashion. That is why we are determined to ensure, along with the stop and search action team, that it is used in exactly that way.

We have never blamed the police for the current circumstances. What I said was that I was concerned about the disproportionality in the way in which the powers were being used, and would seek to reduce it. I am absolutely determined that the powers will be used both to prevent and detect crime, and just as importantly, to prevent and disrupt terrorism. When they are used properly, they are an extremely important weapon in the armoury of the police.

Sir Patrick Cormack (South Staffordshire) (Con): Does the Minister agree that there would be a public outcry if some terrorist had not been stopped and searched and had subsequently committed an act of terrorism?

Ms Blears: The hon. Gentleman is correct, and I want to place it on the record that the powers under section 44 can be used only when they are authorised by a senior police officer, and then confirmed by me or the Home Secretary. We take that position extremely seriously.

Antisocial Behaviour

21. **Mr. Clive Betts** (Sheffield, Attercliffe) (Lab): If he will make a statement on his policies to combat antisocial behaviour. [183105]

The Parliamentary Under-Secretary of State for the Home Department (Fiona Mactaggart): The Crime and Disorder Act 1998 introduced antisocial behaviour orders, and the Anti-social Behaviour Act 2003 provides a further range of tools to tackle antisocial behaviour. It reinforces the powers available to deal with antisocial behaviour, and along with the "Together" campaign it aims to make a lasting difference to the lives of people who experience antisocial behaviour day after day, and to change culture in communities where antisocial behaviour is tolerated rather than tackled. *[Interruption.]* We will continue to listen to feedback about the powers available, and we will consider legislating where necessary. *[Interruption.]*

Mr. Speaker: Order. The Minister is addressing the House; it is unfair that so much conversation is going on.

Mr. Betts: I thank the Minister for her reply. Will she commend Sheffield city council's housing department and South Yorkshire police, who are working increasingly closely together in my constituency and using the whole range of measures against antisocial behaviour? Does she also agree with Sergeant Andy Wilson, the local community sergeant, who points out that although some young people are serious antisocial offenders, many simply cause nuisance and annoyance to elderly people by hanging around in large groups? Would it not be better to find extra resources to target youth facilities and other local facilities in our communities, and to ensure that the police are not wasting their time and resources by moving on groups of young people from one estate to another? For all the good work that the Government are doing in this respect—

Mr. Speaker: Order. Perhaps the hon. Gentleman can save that for an Adjournment debate.

Fiona Mactaggart: I am happy to join my hon. Friend in congratulating the Sheffield trailblazer on its work in tackling antisocial behaviour. He is right to point out that the most effective work against antisocial behaviour operates in a two-pronged way. It provides positive activities for young people, in which this Government are investing at an unprecedented level, and the tools that the police and local authorities need to crack down on antisocial behaviour. That is why we have provided the new legislative powers that have been used in Sheffield.

Mr. David Trimble (Upper Bann) (UUP): I am sure that the Minister will agree that the initial legislation, introduced half a dozen years ago, was merely a first step, and that all the subsequent actions that the Government have taken through recent legislation and the Home Office's broad antisocial behaviour strategy have been very important additions to that first step. Will she therefore point out to the Secretary of State for Northern Ireland that it really is time he caught up with all that?

Fiona Mactaggart: I thank the right hon. Gentleman for his welcome for the work that we have done. The Minister for Crime Reduction, Policing and Community Safety will of course continue to have conversations with her colleagues in Northern Ireland to ensure that best practice is spread throughout the country.

Mrs. Louise Ellman (Liverpool, Riverside) (Lab/Co-op): How does the Minister envisage that Liverpool's proposed community justice centre will be able to develop policies to deal with antisocial behaviour?

Fiona Mactaggart: The key to the proposed community justice centre is that it involves local people in delivering justice. Until now, the conviction and prosecution process has seemed very detached from the communities in which antisocial behaviour occurs. The community justice centre can bring that process back into the hands of the community, and make sure that justice is delivered by the people who are most affected by antisocial behaviour.

Neighbourhood Watch

22. **Mr. John Baron** (Billericay) (Con): If he will make a statement on his relations with the National Neighbourhood Watch Association. [183106]

Minister for Crime Reduction, Policing and Community Safety (Ms Hazel Blears): The Home Office has worked in partnership with the National Neighbourhood Watch Association for a number of years. In 2003, the Home Office provided a grant of £350,000 to help the NNWA out with its financial difficulties. It recently came to light, however, that it has without authorisation registered the Neighbourhood Watch name and logos as its own trademarks. Those are Crown copyright and public assets, and we are taking steps to recover them into public ownership.

Mr. Baron: I thank the Minister for that response, but she will be aware of the Home Office's very recent decision not to provide interim funding support for the NNWA, while at the same time blocking its signing of a commercial sponsorship agreement. Given that recen Home Office statistics show that there were 66,00 incidents of antisocial behaviour in one day alone, doe the Minister think this last-minute intervention by th Home Office acceptable—an intervention that th NNWA believes will result in its closure within weeks?

Ms Blears: The hon. Gentleman is absolutely wrong It is not the case that the Home Office has scuppered th sponsorship deal. I want to place that on the record along with the fact that the Home Office has supporte neighbourhood watch every step of the way. We ar determined that our local organisations will continue t involve local people in being the eyes and ears of th police, giving us that excellent community intelligenc and doing the fantastic job that they do throughou the country.

Spending Review

3.30 pm

The Chancellor of the Exchequer (Mr. Gordon Brown): In the Budget, I reported that, with inflation low, Britain is now enjoying the longest period of sustained economic growth on record. In this spending review, I can report that, with debt low, Britain can continue with historically high and rising investment in hospitals, schools and our public services, so combining the longest period of sustained economic growth for a generation with the longest sustained investment in public services for a generation.

This investment has been made possible because since 1997 our monetary policy has met our inflation target, now 2 per cent., with stability achieved; our fiscal policy has reduced the national debt from 44 per cent. of national income to 34 per cent., making our national debt today lower than that of all our main competitors; our discipline has reduced debt interest payments, which consumed in 1997 3.6 per cent. of national income and now cost just 2 per cent., the lowest since 1915; and unemployment, which in 1997 cost 1 per cent. of national income, now costs a third of that, just 0.3 per cent, lower than that of our major European competitors.

It is because unemployment and debt interest payments now consume just 2.3 per cent. of national income—half the 4.6 per cent. of national income of 1997—releasing £26 billion for investment, that we are today able to allocate substantial extra resources to front-line public services.

A decade ago, three quarters of all new spending went to debt and social security costs, and just a quarter of new spending under the last Government could go to health, education, transport, defence, and law and order. In this spending round, three quarters of all new spending is going to these vital front-line public services.

Let me tell the House the detailed figures. Holding strictly each year to the discipline of the total spending envelope, and fully affordable as we meet and will continue to meet all our fiscal rules, departmental spending, which is £279 billion this year, will rise to £301 billion next year, and then to £321 billion in 2006–07, and £340 billion in 2007–08. While overall spending in 2006–08 grows by 2.8 per cent. in real terms, low debt and low unemployment mean that departmental spending—spending on front-line services—will enjoy a real terms rise averaging over the three years of this spending review 4.2 per cent. a year.

By insisting on further reform, we will be able to do even more to get more money to the front line and raise public investment substantially in our priority areas. To ensure that new resources yield the best results, we have already introduced independent audit and inspection; strict three-year budgets; the devolution of funding direct to the front line; and more flexibility and choice in delivery.

Now, following the work that the Prime Minister and I instructed more than a year ago under Sir Peter Gershon—whom I thank—and after a rigorous review of procurement, back-office services and work practices, Departments are today publishing new plans to implement efficiency agreements with the Treasury. *[Interruption.]* Alongside Sir Peter Gershon, I want to put on record my appreciation of the work of our civil servants and their commitment to the ethos of public service. *[Interruption.]* It is precisely because the public sector has invested £6 billion in new technology— *[Interruption.]*

Mr. Speaker: Order. I want the Chancellor to be heard.

Mr. Brown: It is because the public sector has invested £6 billion in new technology, modernising our ability to provide back-office and transactional services, that I can announce, with the detailed plans that Departments are publishing for the years to 2008, a gross reduction in civil service posts of 84,150, in order to release resources from administration to invest in the front line.

With the devolved Administrations in Scotland and Wales and the Northern Ireland Office having also announced that they are engaged in efficiency and evaluation exercises as ambitious as those in England, with reductions also in back office and related areas; and with the 2.5 per cent. efficiency savings applied also to the settlement for local government in England, this allows for—in addition to the 84,150 posts—a reduction of a further 20,000.

Following further detailed work, the merged Inland Revenue and Customs and Excise are announcing today that the gross reduction in their posts, which was provisionally set at 14,000, is now set at 16,000. And because of the scale of the overall reductions, I can tell the House that in each area of the country, public servants who are asked to change jobs will be offered support with retraining, and we are ready to work with the work force and their unions to provide that help.

Today, I am publishing Department-by-Department plans to relocate further civil service jobs out of the south-east, including 5,000 staff posts relocated from the Treasury's departments, 4,000 to be relocated from the Department for Work and Pensions, 3,900 from the Ministry of Defence, and just under 1,000 each from the Department of Health, the Department for Education and Skills, and the Department of Trade and Industry. I can already announce the first sites for location, including 600 jobs from the Office for National Statistics moved to south Wales or Bristol, 250 posts from the Department for Environment, Food and Rural Affairs moved to Yorkshire, and just under 100 from the Department for International Development moved to East Kilbride. I know that for the remainder of posts being relocated, towns and cities across the country will want to make their case for being selected.

I can also announce that for all Departments making future decisions, our policy will be a presumption in favour of location in the regions. And I can tell the House that after Departments make their announcements today, the numbers of posts relocated to the regions will add up to a total of 20,030 civil service jobs.

I turn to further reforms in work practices. Eighty per cent. of sickness absences in the civil service are self certified, and they are not subject to formal medical certification. Because the current arrangements for sickness leave across the civil service and across the public services are open to abuse, I am today publishing

[Mr. Brown]

plans to curtail uncertified absences. The Secretary of State for Work and Pensions will report by the autumn on the future management of public sector sickness absence and on measures to help those signed off for the long term back into attendance at work.

I can now announce, therefore, that by 2008 there will be a real-terms fall in administration costs in the Department for Work and Pensions by 9 per cent., in the Department of Trade and Industry by 15 per cent., and in the administration of the Department of Health by 18 per cent.; that Sir Peter Gershon has laid down plans that will deliver £6 billion in procurement savings by 2008; and that total annual efficiency savings that now exceed 2.5 per cent. a year will boost effective front-line service delivery by a figure higher than the Gershon plan of, by 2008, £20 billion. The savings available for front-line services now amount to £21.5 billion a year. We have also accepted Sir Peter Gershon's recommendation that to go beyond that figure would put the delivery of front-line services at risk.

As a result of this relocation and rationalisation, I can now make a further reform. I will also today set a new objective for the disposal of Government assets for the period from now to 2010. I have asked Sir Michael Lyons to work with each Department to rationalise its use of property and land and, where necessary, to arrange asset sales and disposals. I can tell the House that the objective that I am setting is an overall total of £30 billion of asset sales.

Because the three major drivers of change—the three sources of new resources that I have highlighted: a cut in debt, a cut in unemployment, and now a cut in administrative posts—are releasing substantial resources for front-line services, we can now take the next steps in a decade of rising investment for Britain and fund our priorities, the country's priorities, which are: first, to meet the security and defence needs of our country; secondly, to equip our economy technologically and educationally to meet the global economic challenge; and thirdly, to renew our public services and the public realm for this generation. In each of these services, we have agreed, in return for new investment, further reforms to achieve better results and a better service to the public.

Our first duty is the defence and protection of all citizens of our country.

Since the tragic events of 11 September, the needs of national security at home and action against terrorism abroad have rightly assumed a new and heightened importance. Recent events demand that we strengthen not just our national security—our capacity to prevent terrorist incidents—but our national resilience, our capacity to respond. To bridge the security gap identified after 11 September, we have, with the Home Secretary leading, reviewed our security needs in depth and, for the first time, our spending review brings together all security costs and sets out the responsibilities our national security budgets must discharge.

Before 11 September, overall spending on security at home was £950 million a year. Having now agreed a set of reforms that modernise our border security, and modernise also our counter-terrorism capabilities and our radio communication systems, improve our arrangements in respect of nuclear and chemical decontamination and add 1,000 staff to our intelligence services, overall security spending will rise from £950 million in 2001 and £1.5 billion this year to reach, by 2007–08, £2.1 billion—a 10 per cent. annual average real-terms rise in spending on security.

In place of the old system of civil defence, we are establishing and funding a new framework of civil protection, and there will be a doubling of current provision for local authority emergency planning.

In the last spending review the Ministry of Defence and our armed forces—upon which the defence of our country depends and to which we owe, particularly in this recent period, a debt of gratitude—were awarded the largest spending increase for 20 years. In this spending review I have matched that increase. Indeed in this spending review the increase is higher.

To enable the Ministry of Defence to modernise for the long term, and to increase its efficiency and make the changes that are now necessary to continue to adapt strategically and technologically to the threats posed by international terrorism, the proliferation of weapons and the rapidly changing global environment, I propose to increase the defence modernisation fund so that in the period to 2008 it will be worth £1 billion.

The Secretary of State for Defence will set out the detailed allocations of his full budget for our armed forces. It will rise from £29.7 billion this year to £33.4 billion by 2007–08—£3.7 billion a year higher than now, an annual average real-terms increase of 1.4 per cent. for defence. In addition, I will continue to meet the additional costs of military operations in full from the reserve, and to meet the costs of Iraq and Afghanistan, we have provided, to date, an additional £4.4 billion. To meet other pressures that may arise, aside from operations, in the future, we will provide the Ministry of Defence in 2007–08 with guaranteed access of up to £300 million. Taken together, these rises provide for a faster rate of real-terms growth in this spending round for defence than in the last and ensure the longest sustained real-terms increase in spending for two decades.

Since 11 September, international diplomacy has also assumed greater importance. Because of that and the security risk faced by our Foreign Office and consular staff working in overseas embassies, the Foreign Secretary's budget will rise from £1.5 billion this year to £1.6 billion—a 1.4 per cent. annual average real-terms rise. I can also announce that, despite all our other pressures, we will not cut the budget of the British Council but will increase it from £173 million to £197 million. The budget for the World Service—whose 160 million-a-week audience is now its largest ever—will not be cut but will be increased from £225 million to £252 million by 2007–08.

As the Prime Minister has said, 2005 is the year when the needs of Africa will be the focus of the UK's G7 presidency—a presidency for development. Our country's obligation is not to cut overseas aid, but to increase it. In 1997, Africa received just £450 million of UK bilateral aid. By 2007–08, Africa will receive £1,250 million to fund health, education and anti-poverty programmes—an increase of 300 per cent. To promote treatments and cures for HIV/AIDS across the

developing world, we will allocate in each of the next three years £450 million, £500 million and £550 million—£1.5 billion in total—to tackle this scourge. So to meet all our international obligations, including the recommendations of the Africa Commission that the Prime Minister set up, the Secretary of State for International Development is announcing that he will increase his budget for aid from £3.8 billion this year to £5.3 billion by 2008, an average annual real terms increase of 9.2 per cent.

Total UK aid, which fell in real terms by 23 per cent. in the 1980s and early 1990s, will by 2008 have risen since 1997 by 140 per cent. in real terms. For every £1 of UK aid spent in 1997, we will be spending £3 cash by 2008 and, along with debt relief, raising UK official development assistance from the 0.26 per cent. of national income that we inherited to 0.39 per cent. next year, 0.42 per cent. in 2006–07, and 0.47 per cent. in 2007–08. We wish to maintain those rates of growth in the overseas aid ratio, which on that timetable would rise beyond 0.5 per cent. after 2008 and reach 0.7 per cent. by 2013. I can also tell the House that if Britain's plan, the new finance facility, is agreed internationally, the objective of 0.7 per cent. could be achieved earlier, by 2008–09.

Today, the humanitarian tragedy in Sudan is deeper even than at the time of Live Aid, which started in Sudan 20 years ago. The Secretary of State for International Development is today announcing that he is setting aside now, to be made available immediately a peace agreement is signed, emergency and other relief to address Sudan's crisis—a total over the next three years of at least £150 million more for Sudan.

I thank the Churches, faith groups and non-governmental organisations for their representations. To date this year, for this spending round, the Treasury has received more than 15,000 representations that we should raise spending on aid and not cut it. I have received many other representations, of course, not just on international development, but on defence, national security and law and order, including from the shadow Chancellor, who has called for real-term Budget reductions in all these areas. But I have to tell the House that I have been more impressed by the representations of the shadow Defence Secretary, the shadow Home Secretary and the shadow International Development Secretary, one of whom said that such reductions would be damaging, and another that they would be "outrageous".

Our determination to protect and defend the people of Britain is matched by our determination to equip Britain for the global economy. The future of the British economy depends on the future of British science. The 10-year framework for science that we are publishing today is designed to make Britain the best and most attractive location for science and innovation in the coming years. After rigorous selection of priorities within the industry budget, a reduction of Department of Trade and Industry headquarters posts and further reductions in its agencies, we are able to announce substantial new funding to support science teaching in our schools, improve salaries and stipends for graduate scientists and engineers, and support technology transfer and university-business link-ups, as well as pure research.

Government funding for science will therefore rise from £3.9 billion this year to £5 billion by 2008—£1 billion extra for science, a 5.8 per cent. average annual real terms rise, and in cash terms a doubling of spending on science since 1997. As a result of the investment that we are making, the Wellcome Trust is today announcing a partnership with us to invest in UK research. They will match our commitment, investing over five years at least £1.5 billion more. With these two new investments—an extra £2.5 billion being invested in British science—and now the largest sustained increase in science spending for a generation, our objective for Britain is to raise overall spending on private and public research and development from 1.9 per cent. of national income, which has been among the lowest of our main competitors, to 2.5 per cent. of GDP by 2014, which will be among the best of our competitors, and the best guarantee of a successful economic future for this country.

I can tell the House that, in preparing our spending review, I have consulted not only the scientific community but the Confederation of British Industry, business organisations, trade unions and regional organisations in every part of the United Kingdom, among whom there is remarkable agreement, a shared consensus and determination that it is in the national interest not to cut science, transport, housing or infrastructure investment but to press ahead with continuous and sustained long-term investment.

To finance the detailed reforms in the rail industry and our road programme, the transport budget will rise faster than originally set out in the 10-year transport plan, from £10.4 billion this year to £12.8 billion by 2007–08—an average real terms increase in the transport budget of 4.5 per cent. a year. Total cash spend by the Department over the spending review period will be £2.9 billion more than we set out in the 10-year plan. By 2008, transport spending—even after inflation—will be 60 per cent. higher than in 1997. Full details of the rail reforms and the long-term transport strategy will be announced in statements by the Transport Secretary later this month.

For decades, our country has seriously neglected investment in housing, both in building and in improvement. Forty years ago we built 400,000 houses a year; since the beginning of the 1990s, however, we have built only 200,000 a year. Following consultation over the Barker report and the announcement of 200,000 extra homes for the south-east, the Deputy Prime Minister will tomorrow announce the next stages in increasing the supply and affordability of housing. For England, the housing budget will rise from £5.9 billion this year to £7.2 billion by 2007–08, a 4.1 per cent. average annual real terms increase. That will mean that cash investment in housing has more than doubled since 1997. The Deputy Prime Minister will give details of a new £150 million fund to finance infrastructure around new housing developments. There will be new money to speed up the planning process, a 50 per cent. increase in social housing by 2008—urgently needed in our country—and a trebling of investment in renewal and renovation in low-demand areas in the north and the midlands.

Investment not only in science, transport and housing but in enterprise, skills and economic development hold the key to modern manufacturing strength in our

[Mr. Brown]

country and balanced economic growth in every region. To meet new and additional commitments to improve small business services, to meet adult skills needs, to support inward investment, to promote enterprise in disadvantaged areas—including supporting the Northern Way—and to devolve decision making further out of Whitehall, funding will rise from £1.8 billion this year to £2¼ billion a year by 2007–08, shared between our nine regional development agencies.

To meet our environmental improvement targets for 2010—a 20 per cent. cut in carbon dioxide emissions, a target of 10 per cent. of electricity from renewable sources and a reduced reliance on landfill—the spending review will provide additional funding to sponsor low-carbon technologies to give more support through recycling landfill tax revenues for businesses that are energy efficient to minimise waste, and, with additional private finance initiative credits worth £155 million a year by 2008, to provide support for better waste management by local councils.

To take forward the Haskins report on the rural economy, the budget of the Secretary of State for Environment, Food and Rural Affairs will rise from £3.2 billion this year to £3.5 billion in 2007–08, an annual average real terms rise of 1.2 per cent. a year. To tackle one of the biggest problems of poverty—the problem that many elderly people face in heating and insulating their homes—we have extended the winter fuel allowance, introduced the pension credit and improved the energy efficiency of 600,000 homes over the last three years. A further £140 million will now be set aside to enable pensioners and other families to insulate and heat their homes. The Government's objective is to eliminate fuel poverty among the elderly by 2010, and to eliminate it in its entirety by 2016.

I turn to public services and new public service agreements, which we are publishing today for the period to 2008. They set out the performance targets and reforms expected in our public services. Since 1998, we have offered every Government Department three-year budgets and three-year funding. Today, the Deputy Prime Minister will answer a persistent complaint of local authorities and for the first time they, too, will have three-year budgets allowing local authorities to plan ahead. Public service agreements will also offer high-performing local authorities greater freedom and greater flexibilities.

In the last four years of the last Government, local authorities' grants were cut by 7 per cent. In the most recent four years of this Government, they have been raised by 23 per cent. and later the Deputy Prime Minister will set out the full details of the real-terms rise in the annual grant to local authorities—an average rise of 2.7 per cent a year, substantially above the average settlements received by local authorities in the last three decades.

I can also announce the settlements for the devolved Administrations and Northern Ireland. The last spending round awarded the Welsh Assembly an additional £492 million to ensure funding of objective 1 and European social fund allocations to ensure the economic regeneration of Wales. I can now announce that, over and above the Barnett additions, Wales will receive even more for the coming three years—an additional £550 million. The Welsh Assembly and the Scottish Executive will publish full details of the allocations later. Overall, by 2007–08 there will be an extra £2.5 billion for Wales, raising the Welsh budget from £11.1 billion to £13.6 billion. With objective 1 funding, that amounts to an annual average real-terms rise of 4 per cent. For Scotland, there will be a total of £4.2 billion, raising the Scottish budget from £21.3 billion to £25.5 billion—an annual average real-terms rise of 3.5 per cent. With additional funding for the European Union peace programme, Northern Ireland will receive an additional £1.2 billion a year—an annual average real-terms rise of 3 per cent.

In the Budget in 2001, we made a decision to open national museums free to the public. Since then, museums that have abolished charges have seen their attendances rise by 70 per cent. from 7.7 million to 13.3 million a year. Today, after discussions led by the Chief Secretary and Culture Secretary, I can announce an extension of free access to university museums, too. With increased funding for arts organisations, local creative arts partnerships and the revitalisation of regional museums—and with increased funds nationally and regionally for sports and sports facilities—the budget of the Secretary of State for Culture, Media and Sport will rise from £1.4 billion this year to more than £1.6 billion by 2007–08—a real-terms average annual rise of 2.3 per cent. Looking ahead, and to ensure far better co-ordination of national sports effort and resources, Pat Carter will report on the proposal to involve private and public sectors together in a new national sports foundation.

I am also announcing funding for social services, especially to improve community care for the elderly. The social services budget will increase by just under £2 billion—from £10.6 billion this year to £12.5 billion by 2007–08. That is a real-terms average annual rise of 2.7 per cent. a year. As a result of the spending review, the Secretary of State responsible for social services is also extending, in every area of the country, the provision of care alarm systems for the elderly so that elderly and disabled people can stay in their own homes and yet have access to the support that they need. An additional 160,000 of the very elderly will be able to install these care alarm systems. In total, we expect 1.5 million pensioners to benefit by 2008.

I can confirm that, as announced in the Budget, funds for the national health service will increase from £69 billion this year to £92 billion by 2007–08—an annual average real-terms rise of 7.1 per cent. allocated to health that will go to and be spent through the NHS and by the NHS on patients treated free at the point of need—not spent to subsidise private medicine.

For decades, this country neglected investment not only in hospitals, social services and schools, but in our criminal justice system, in policing, in tackling antisocial behaviour and in improving the quality of life in our neighbourhoods. So the final obligation of this spending review is to make the investments necessary to create in our country stronger and safer communities.

Since 1997, there has been a 25 per cent. reduction in crime, a 40 per cent. reduction in domestic burglary and, for persistent young offenders, we have cut the average

time from arrest to sentence from 142 to 66 days by contrast with a cut in police numbers of 1,100 under the last Conservative Home Secretary, there has been, under this Government, a rise of 11,000 policemen and women. Today, this Government will not take the advice of the Opposition to cut the budget for law and order; we will increase it substantially to tackle crime, to prevent crime and to reduce the fear of crime.

First, there will be new resources to tackle crime to fund the Home Secretary's decisions—to create a new National Offenders Management Service, bringing together prison and probation; to create a reformed charging and sentencing system; and to create a new serious organised crime agency. For those treated, drugs rehabilitation has also succeeded in cutting reoffending by 50 per cent. Together, the Home Secretary and the Health Secretary will also increase the numbers benefiting from drug rehabilitation from just 100,000 six years ago to 200,000 a year by 2008.

Just as our society must make it clear that no crime is acceptable and no criminal act excused, so, too, our society must acknowledge that in past decades we have not done enough to tackle the sources of crime, particularly among young people. We are agreed that we must now provide new resources and that all Departments must play their part in an alliance with voluntary and local organisations to prevent crime.

The Deputy Prime Minister will announce details tomorrow of a new fund to finance community-based measures that, on the one hand, tackle antisocial behaviour and, on the other, build and develop the facilities and public spaces that are the bedrock of successful local communities. It is right to expect responsibility from young people, and every community knows that the answer to young people hanging around street corners is to provide other places for them to go. Later this year, starting from three-year allocations in this spending round, the Education Secretary will publish a Green Paper on the reform of services for young people in this country, and next week the Home Secretary will announce plans, financed by the spending review, to extend the support provided to troubled teenagers at risk of reoffending.

The neighbourhood renewal fund, under the Office of the Deputy Prime Minister, is designed to improve the safety and quality of previously run-down neighbourhoods, to tackle the causes of crime and to address deep-seated inequalities in our country. Results now show that following the agreed four-year programme of sustained investment, neighbourhood renewal areas are seeing faster improvements in job creation and in educational attainment, and there are greater reductions in property crime than in other parts of the country. So the Deputy Prime Minister will not abolish the neighbourhood renewal fund; he will extend it with a budget each year of £525 million until 2008.

With the Home Secretary in the lead, our increased support for the work of community, charitable and voluntary organisations will, in this spending round, also be focused on building stronger, more stable communities and on engaging, most of all, the young as we consider new mentoring, gap year and volunteering initiatives for teenagers and others. A £30 million pound a year fund is being established by the Home Secretary to support the victims of crime, not least those who suffer the crime of domestic violence.

There is one further investment that the Home Secretary believes is essential for stronger and safer communities. There is a clear consensus among the people of this country that to modernise the way in which we tackle crime and the fear of crime we need, on our streets, not just policemen and women but community support officers at the heart of each neighbourhood who can also patrol our streets, build links with local people and prevent antisocial behaviour.

Just as reform in education means that we are strengthening the effectiveness of teachers by matching them with classroom assistants, and reform in the NHS means that we are strengthening the effectiveness of doctors by matching them with nurse practitioners—in a country that is proud of our public servants, investing in our public services—so, too, the Home Secretary proposes that reform in the criminal justice system means strengthening the effectiveness of police by matching the record number of police achieved by this Home Secretary, which is now 138,000 in total, with a new group of community-based officers.

Scotland and Northern Ireland will make their own announcements. Today, the Home Secretary is announcing that he will fund community support officers and neighbourhood wardens—numbers that will rise year on year to 2008. To pay for those and his other responsibilities, the budget of the Home Secretary will rise from £12.7 billion to £14.9 billion by 2007–08—an increase of nearly £2.2 billion, and an average real-terms rise of 2.7 per cent. With the immigration and nationality directorate budget now flat in real terms, the rest of the Home Office budget will see an annual real-terms increase of 4 per cent. Next week, the Home Secretary will announce the detail, with money now available to finance a record level of 138,000 police officers, which is matched by finance available to increase neighbourhood policing—providing for a total of 20,000 community support officers by 2008, as we tackle crime and the fear of crime in our country.

The Budget set out the education settlement. I can confirm the rise in UK spending on education from £63 billion to £77 billion by 2007–08, which has led to the five-year strategy announced last Thursday by the Prime Minister and the Secretary of State for Education and Skills.

So, over the whole 10-year period to 2008, and in addition to policing, overall spending on education will have risen in real terms by an average of 5.2 per cent. a year, on transport by 5 per cent. a year and on health by 6.5 per cent. a year. That is a decade of rising investment which, taken together, is giving us in Britain more teaching staff in our classrooms than ever before, more doctors and nurses in our hospitals than ever before, and more police and support officers in our communities than ever before. Because of low unemployment, low debt and lower administrative costs, we have been able at the same time to fund the best defence settlements for 20 years, and in this spending review to fund a 4 per cent. average real-terms rise in housing, a 5.8 per cent. rise in science and a 10 per cent. rise in security spending. We have a Britain that can succeed because of stability, hard choices and rising investment.

There is one additional reform that has the potential to transform opportunity for every child and to be a force for renewal in every community, and on which the

[Mr. Brown]

Government wish to make progress today. While the 19th century was distinguished by the introduction of primary education for all, and the 20th century by the introduction of secondary education for all, so the early part of the 21st century should be distinguished by the introduction of pre-school provision for the under-fives and child care available to all.

Today I can announce that, having already provided nursery education for three and four-year-olds six months ahead of our plans, we will pilot as an experiment in 500 areas of the country the extension of nursery education to two-year-olds. Because it is our basic belief that every child should have the opportunities available only to some, we will extend the Book Start scheme, and at nine months, 18 months and then at two years old we will provide free books for every child. For 2 million children a year, that will be their first introduction to learning: an investment not just in every child but in the long-term future of our country. I can also inform the House that this spending review will set aside funds so that by 2008 we will have created at least 120,000 more child care places.

The challenge that we are setting today goes beyond this spending round, so we will publish in the pre-Budget report a plan for the years from now to 2015, to make a reality of our vision of choice for parents and high quality provision for all under-fives. As a first step, I can today say that, in order to bring forward the building of new children's centres in our country, I can now allocate from the capital modernisation fund an extra £100 million. From the 260 today, and the 1,700 proposed in the Budget, we can move the number of children's centres we build and open between now and 2008 up to 2,500, as we advance further and faster towards our goal of a children's centre in every community and in every constituency of this country.

All those investments are possible because I have rejected the proposals of those who would cut spending on important services: more investment, not less, now and into the next Parliament. We are rebuilding our communities; there is such a thing as society. Our prudence is for a purpose, and I commend this statement to the House.

Mr. Oliver Letwin (West Dorset) (Con): What we have just heard is a manifesto for fat Government and fake savings. The last time the Chancellor told us that he was going to make tens of thousands of cuts in the civil service was three months ago. Why has he been adding to civil service numbers since then? What the review really means is more bureaucracy, more targets, more initiatives, more taskforces, more centralisation, more regulation, more borrowing and more taxes.

The Chancellor told us about waste—£21.5 billion of waste—yet the entire spending review is about spending more money. Why is the Chancellor the only person in Britain who thinks that the way to waste less is to spend more? *[Interruption.]* People up and down the country will be asking themselves this question: who was it that wasted all that money? Who was in charge when 52,000 civil servants were added to Whitehall? *[Interruption.]*

Mr. Speaker: Order. That is enough of that noise. I will not tolerate it, and someone might well be expelled from the Chamber for making it.

Mr. Letwin: Who was in charge when the number of senior managers in the national health service increased three times faster than the number of nurses? Who was in charge when the Home Office built a new building—for £311 million—that is not even big enough to accommodate all the extra civil servants that have been hired? Who is the mystery man who was in charge of all that waste? The Prime Minister knows the answer: it is the Chancellor of the Exchequer.

The Chancellor told us today that he has wasted £21.5 billion—and not a word of apology. Now, he sets himself up as the great wastefinder-general. Does anyone think that he will succeed? Not the Minister for Energy, E-Commerce and Postal Services, who said:

"we've paid a lot of taxes, but what has really been achieved with all that money?"

Not the Minister for Local and Regional Government: when he said that it would be a miracle if the Government found the savings, the right hon. Gentleman was not only honourable, but right.

Why do the latest figures on public sector employment show that of 88,000 extra jobs in education in the last recorded year, only 14,000 were for teachers and teaching assistants? Now, that is a miracle. The Chancellor first announced massive reductions in the number of Department for Work and Pensions staff two years ago. Why has the number of DWP staff increased by 3,500 since then? That, too, is a miracle. The Chancellor said two years ago that his new smart procurement initiative would save £750 million on defence procurement, so why did the defence procurement budget overrun by £3 billion last year? That is not just smart—that is definitely a miracle.

When will the Chancellor acknowledge that while Ministers have been preaching about obesity, their Departments have been getting fat on taxpayers' money? When will he accept that if government is really going to cut out the flab what is needed is a complete change of lifestyle? The fact is that fat Government is not fit enough to deliver.

Why, after £305 million a year of spending on the new deal for young people, are there still 1 million young people not in work, not in training and not in education? Why, after an increase of £30 billion in NHS spending, are there still 1 million patients on NHS waiting lists? Why, after the Chancellor has doubled spending on the Home Office, are there still 1 million violent crimes a year? Why, after all that spending, can he not even match our commitment to 40,000 extra police officers?

The only thing that the Chancellor's fat Government have delivered is fat taxes. He is planning to spend £1 million a minute of taxpayers' money by 2007. As the Governor of the Bank of England has pointed out, the Chancellor cannot go on borrowing to pay for that big

spending. When will the right hon. Gentleman admit that he is spending beyond his means and that his policies mean third term tax rises under Labour?

I confidently predict that in a moment or two when the Chancellor stands to respond, he will—with huge bravura—proclaim that his vast expenditures of other people's money contrast with so-called Conservative cuts—*[Interruption.]* Yes, Labour Members are already cheering at the thought, so may I tell them about those Tory cuts? We will cut bureaucracy. We will cut inefficiency. We will cut the quangos. We will cut the regulations. We will cut the armies of interferers who do nothing good for the people of this country. We will cut borrowing. We will cut waiting lists. We will cut failure in schools. We will cut crime. We will cut this big, fat Labour Government down to size.

Mr. Brown: The shadow Chancellor does not seem to realise that administrative spending is falling substantially as a result of our proposals. He also does not realise that as a result of his statement, while we are spending more on defence—£33 billion—he will be telling the shadow Defence spokesman that he can only spend £30 billion—a £2.6 billion cut. While we are spending £14.8 billion on law and order—I have the figures and the right hon. Gentleman has announced them—the Conservatives would spend £1.6 billion less. While we are spending £12.8 billion on transport, they would spend £1.8 billion less—£11 billion. While we are spending £5.3 billion on international development, they would spend £4.5 billion. The shadow Chancellor cannot escape the consequences of his statement. He announced that outside health and education there will be real reductions in spending in all other Departments.

The glummest faces in the Chamber are those of the shadow Defence Secretary and the shadow Foreign Secretary, because they know exactly what will happen. I will tell the shadow Chancellor what waste is about. Waste was 3 million unemployed. Waste was the poll tax. Waste was two recessions under the Conservative Government—*[Interruption.]*

Mr. Speaker: Order. I do not like to interrupt, but Members are getting very excited.

Mr. Brown: It was the shadow Defence Secretary who said that the cuts proposed by the shadow Chancellor were unacceptable. Other shadow Cabinet Ministers know that the Tory party of Robert Peel is now about cutting the police. The Tory party of Winston Churchill is proposing to cut defence. The Conservative party will sooner or later have to face the fact that its policies make it weak on defence, weak on law and order and weak on infrastructure investment. As far as health and education are concerned, we know what its policy is—it is to transfer money out of the health service into the private sector and out of the school education sector into the private education sector.

The shadow Chancellor had better go back to his drawing board and think again. Unless he can tell us that his cuts will not be imposed on those Departments, the public will draw the conclusion that we all draw, and Conservatives will have to explain in every constituency how many community support officers, how many police, how many wardens, how many home helps, how many carers, how many NHS nurses and how many teachers will be sacked. That is the problem that the Tories now have.

Dr. Vincent Cable (Twickenham) (LD): May I start by saying that there are elements in the statement with which I agree? I welcome the sustained commitment to more resources for education, health, law and order and foreign aid, in marked contrast to the Conservatives. I also welcome the fact that the Government have taken up our proposal to put the Treasury at the head of Government Departments to be relocated to the provinces. It is a timid programme but the Chancellor has put the Treasury at the head of it, at last.

Fundamentally, the statement is about reducing the rate of growth of public spending. Hence we have the mock battle between the Conservatives' slash and burn versus the Chancellor's somewhat more cautious trim-and-singe approach to public spending. However, conceptually they are the same. They are both arguing that we can have lots of good things—more public services or tax cuts, or both. It is all going to be funded by the magic ingredient that is called cutting waste.

I am happy to subscribe to an agenda for cutting waste, if it can be genuine and if it can be found. It strains credibility when the Government argue that they can suddenly produce a rate of growth of productivity in the public sector of about 2.5 per cent. a year. Even the Treasury does not believe in it. It put out a statement last week on this new productivity target, saying

"because it has not been possible to measure efficiency for the whole of the Treasury in these terms"

the Treasury will not be adopting it.

If the Treasury does not believe in the Government's productivity target, why should anybody else? A more fundamental question is: if this waste is so easily available, why has it not been dealt with already? Had it been, we would have decent pensions and there would be no university tuition fees.

Our approach is different. We believe that, in order to fund priority areas, clear choices have to be made. That is why we argue that, in order to have decent state pensions without means-testing, a lot of money has to be found. We argue that we should take industrial subsidies and other subsidies and cut them, making a clear political choice. If more money has to be found for the police force, some of the Home Secretary's extravagancies, such as the £3 billion identity card scheme, must be cut. If more money has to be found for early years and primary schools, the Treasury's extravagance, the baby bond, must be cut.

One of the things that was very striking about the Chancellor's statement was that it contained no reference whatever to the Prime Minister's enthusiasm for choice in public services. The phrase was not even mentioned. [HON. MEMBERS: "It was."] If the Chancellor did mention it, can he be a little bit clearer? What choice in public services means is building in spare capacity. How much spare capacity is he building into the next spending plan to allow for choice, and how much will that cost?

The core of the Chancellor's proposal was the loss of public sector jobs. Anybody who has worked in the private sector or has had anything to do with it will be amazed that he has entered into a competition with

[Dr. Vincent Cable]

those on the Conservative Front Bench for headcount reductions. Employing Ministers and senior civil servants costs 10 times as much as hiring tea ladies, but when there is a headcount reduction, it is the low-paid staff who get sacked. Will he spell out clearly how many Ministers and senior civil servants there are among the 84,000 redundancies?

Can the Chancellor explain how the 40,000 cuts in the Department for Work and Pensions will operate? If there is not going to be a reduction in complexity and means-testing, is it not inevitable that our pensioner and other constituents will find the service even more inefficient than they do already?

In conclusion, the search for waste, desirable though it may be, is evading the key issue—choosing the areas of government from which the Government can withdraw and then deducing the manpower implications, rather than starting with an arbitrarily chosen headline cut in numbers and then working out what the implications for services will be.

Mr. Brown: When the Liberal spokesman said that he was going to be tough and make the hard choices, but concluded that he was not going to go ahead with the 84,000 job reductions that we were proposing, it showed exactly what the Liberals are like—always looking in two directions at the same time. As for his hard choices, I have looked at all the press releases he has allowed to be issued over the past week. They mention state-of-the-art schools and more for care homes, child care, local authorities, buses and rail and small businesses. There is no discipline at all in the Liberal party when it comes to spending commitments.

As for the hon. Gentleman's point about industrial subsidies, we have already announced in the Budget, as he knows, that we are eliminating permanent ongoing industrial subsidies in the old industries that exist around the country, but is he really saying that there should be no launch aid at all? Is he really saying that we should do nothing to support the innovative developments in the modern industries of this country, when every other country does so? Does he not know that on the issue of identity cards, the Home Secretary is arranging that that be by charge? Is he really going to fight the election telling every parent that he is against the baby bonds that we are introducing, which I believe do something not only about inequalities in income in our country, but about the vast inequalities in wealth that also exist? It seems to me that those in the Liberal party should go back to their constituencies and decide whether they have a policy at all.

Mr. John McFall (Dumbarton) (Lab/Co-op): May I join the shadow Secretary of State for Defence, the shadow Secretary of State for Health, the shadow Home Secretary and the shadow Secretary of State for International Development in welcoming the extra spending announced by the Chancellor today? In particular, I welcome the 0.7 per cent. target for international development by 2013, which will be warmly welcomed around the world. Will the Chancellor indicate his plans for Africa during the UK's presidency of the G8 in 2005?

Mr. Brown: I am grateful to my right hon. Friend, who is Chairman of the Treasury Committee. He is a powerful advocate of reforms in how the economy is managed and of international development. We will pursue our Africa agenda, and the Commission for Africa has been set up. At the same time, we take the view that more resources will be needed in Africa for health care and for economic development, particularly if we get results in the trade round. I assure my right hon. Friend that we will continue to push faster and further, so that the international community adopts our proposals on an international finance facility.

It is right to point to the shadow Secretary of State for International Development, who said:

> "If we are to be taken seriously as a party of government which cares about the most vulnerable people on the planet, then there has to be a public spending commitment."

That is the shadow Secretary of State for International Development telling the shadow Chancellor that he does not agree with his policies.

Mr. Kenneth Clarke (Rushcliffe) (Con): The Chancellor will win all the prizes going for sheer brass neck, but not those for consistent policy making. Will he acknowledge that he has just announced a sharp reduction in the growth of public spending, but tried to make it sound as though he is dispensing largesse in all directions? He tried to make the announcement sound like a pre-election spending spree, but he is dealing with the consequences of the last pre-election spending spree, which started in 2000. Does he accept that the warnings that he was given that he could not increase public spending at the rate that he has in the past six years without reducing productivity and value for money in the public sector were right, however much the statistics are changed?

Does the Chancellor now accept the advice that it is complete folly to believe that rapid job reductions and efficiency savings—however worthy they may be—will achieve such savings without policy changes? He announced no policy changes at all in the domestic sphere, except for the introduction of nursery education—and no doubt a national curriculum—for two-year-olds. Given that the slow-down in the growth in public spending still sounds as though it is above the likely trend growth for the economy, does he accept that he has not corrected all the errors of his tax and spend years? He would almost certainly have to raise taxes again if a Labour Government were returned to office.

Mr. Brown: I am surprised that a former Education Secretary is so against improving learning opportunities for two-year-olds and laughs at such a serious proposal. Everyone knows that the first few months of a child's life are crucial to their later educational development. With the help of Sure Start and other programmes, we can do more as a community. I would have thought that he would support those measures, rather than encouraging his Conservative supporters, who do not want public spending, to ridicule them.

On the right hon. and learned Gentleman's general point about public spending, he knows that when we came to power in 1997, we had to deal with a situation in which inflation was rising. We had to bring interest rates and inflation under control, and we froze public spending for two years at the same time. The right hon. and learned Gentleman said that we could not

implement the freeze, but we did it. Because of the need for investment in our country and the neglect of infrastructure over the decades, we have invested more in education, health, transport and policing, and I would have thought that the right hon. and learned Gentleman would support that.

On the right hon. and learned Gentleman's idea that we have made mistakes in macro-economic policy, the general view is that, uniquely, Britain has survived a world recession without going into recession itself. He should praise us on the conduct of economic management by the Bank of England and on our fiscal policy, rather than criticising. As for his advice for the future, he advised us that we were wrong to make the Bank of England independent, so I have been careful about taking his advice ever since.

John McDonnell (Hayes and Harlington) (Lab): I declare an interest as the chair of the parliamentary group of the Public and Commercial Services Union. Will the Chancellor receive a delegation from that group to discuss the consequences of the 100,000 jobs that will go from the civil service? The vast majority of our civil servants provide us with an excellent service and have supported the Government well. Many will face compulsory redundancies. That will have an effect not only on their lives and future careers but on service delivery. I would welcome an opportunity for members to meet my right hon. Friend to go through the implications of today's announcement in some detail.

Mr. Brown: My hon. Friend the Economic Secretary met my hon. Friend and his delegation only days ago. Obviously, meetings will take place and I am happy to meet civil service union leaders to discuss those matters. However, my hon. Friend must put them in their proper perspective. We have invested £6 billion in new technology so that we can modernise the services that are available. With changed back-office services and the introduction of technological change, it is right to consider whether we need the same number of people to administer them and the transactional services in the next few years.

Investment in new technology and decisions that, although difficult, are necessary for the future mean that we can finance the development of front-line services. That means that, by 2008, there will be 80,000 more nurses, 20,000 more doctors, 90,000 more classroom assistants and more than 20,000 more teachers. I should have thought that most people, including my hon. Friend, supported that as the right way of moving to build up front-line services in the future.

Mr. Edward Leigh (Gainsborough) (Con): I am asking this question on behalf of the Liaison Committee, whose Chairman cannot be here, as well as myself. Does the Chancellor believe that, if Parliament is to carry out its traditional role of scrutiny of public spending, Select Committees should be as well informed as possible? Will he therefore publish the letter that the Chief Secretary sends all spending Departments every July, which outlines their public service agreements and spending plans? It is currently kept under wraps, even inside Departments. Does the Chancellor agree that, if he published the letter, he would not simply pay lip service to openness but do a great deal for accountability of spending before Parliament?

Mr. Brown: Obviously, I shall examine anything that the Liaison Committee or the Treasury Committee submits to me. I shall answer questions at a meeting of the Treasury Committee on Thursday. The hon. Gentleman is unfair if he suggests that there has been a lack of transparency in the Government's operation of economic policy since 1997. We opened up economic policy in a way that had not previously happened both in the operation of the Bank of England and our fiscal policy. All our assumptions on fiscal policy have to be audited.

Under the previous Government, one could pluck out any figure from the air on, for example, privatisation revenues, unemployment, or indirect effects of savings, and make figures look as one wanted them to appear for a specific spending round. Under this Government, we have audited assumptions, which must be published. The National Audit Office reports on them and Parliament can question us on them. On Thursday, Treasury questions and a meeting of the Treasury Committee will take place. There is therefore a great opportunity for people to question us on the public spending figures. On Wednesday, we shall hold a debate on today's public spending pronouncements.

Mr. Tom Clarke (Coatbridge and Chryston) (Lab): I welcome my right hon. Friend's comments about international development and I recognise that he is the first Chancellor in history to commit himself to a date on which the United Nations target will be achieved. Will he use his undoubted moral authority to appeal to British business and commerce to respond to a policy of fair trade so that the objectives that he wants to achieve are seen to be widely shared?

Mr. Brown: I am grateful to my right hon. Friend, who has taken a great interest in those matters over the years and been active in work in Africa and other parts of the world in promoting development. We are one of half a dozen countries that have recently said that they are setting a date for achieving the objective of 0.7 per cent. That is part of a wave of opinion that, in 2005, will insist that the developed world does more for the developing world. That is why we have set up the Africa Commission, proposed the international finance facility, and increased aid so substantially in the last few years and as a result of our decisions today.

As far as business is concerned, I will meet many international businesses in the next few days to try to persuade them that they should also be involved in the development process, particularly in relation to our Africa Commission. As my right hon. Friend has suggested, I will tell them that they too must play a part in unlocking the trade talks that are now stalled. It is necessary that large companies take a far bigger interest in the development of the continents that we are talking about. I see a greater interest than there was a few years ago, and it is now time for us in Britain to bring together business, exactly as the United Nations has done in the business round table.

Mr. Peter Lilley (Hitchin and Harpenden) (Con): The Chancellor promised a gross reduction of 80,000 posts in the civil service over coming years. Can he tell us what the net reduction, or increase, will be over that period, and how many posts will simply be outsourced? Of the 88,000 extra posts that he created in education last year, how many does he now propose to abolish?

Mr. Brown: First, the figures that I announced were 84,000—

Mr. Lilley: Gross.

Mr. Brown: The figures were 84,000 for the UK Administration and 20,000 for the devolved Administrations. I announced in the Budget—[HON. MEMBERS: "Net."] Hon. Gentlemen do not want an answer; they want to provoke the House into not having a proper debate on these issues. I am going through the figures for the benefit of the right hon. Member for Hitchin and Harpenden (Mr. Lilley), who was, after all, the shadow Chancellor some years ago.

We announced in the Budget that as far as the Department for Work and Pensions was concerned, there would be a gross reduction of 40,000 and a net reduction of 30,000. I believe that the figures are 84,000 and 69,000 or 70,000, and on top of that, 20,000 from the devolved administrations and local government. Of course, we are relocating 20,000 jobs in total. That is why the administrative costs of the Government will fall to 3.7 per cent. I should have thought that the Conservative party—which has brought forward not one proposal about how to make those changes, despite all the talk of a so-called commission to examine the issue—would have welcomed the fact that we have done the serious and rigorous work that no previous Government have done, to make sure that we have the right civil service numbers for the future.

Mr. Tam Dalyell (Linlithgow) (Lab): The paragraph at the top of page 6 refers to the additional £4.4 billion in relation to Afghanistan and Iraq. What exactly are the figures for the costs, which none of us would grudge? What we ask, however, is whether extremely expensive projects that looked important 10 years ago, such as the Eurofighter, should not have their expenditure at least contained, when the military objectives of such projects are now open to question.

Mr. Brown: One of the recommendations of the Gershon report is to improve procurement, and of course, one of the major areas for savings is in the Ministry of Defence, which is one of the biggest procurers in the country. Sir Peter Gershon has recommended that £6 billion of savings could be achieved by a better system of procurement. As for my hon. Friend's other questions about Afghanistan and Iraq, I shall write to him on the different costs relating to those countries. As far as the Ministry of Defence and costs are concerned, I shall write to him about the savings that will be achieved in relation to procurement in that Department.

Sir Patrick Cormack (South Staffordshire) (Con): Can the Chancellor confirm that he said that he hoped to raise £30 billion from the sale of assets? Can he tell the House what sort of assets he has in mind?

Mr. Brown: I think that I also said to the House that land and property sales would form the major part. A further piece of work is to be done by Sir Michael Lyons, who did the relocation inquiry for us, in which he will work with Departments to identify land and buildings that are no longer necessary, partly as a result of the changes that we are making in the structure of the civil service and the public services, and partly to examine whether they are being efficiently used. He will work with Departments to arrange whatever dispositions of those assets, both land and property, are required.

Mr. Martin O'Neill (Ochil) (Lab): I congratulate my right hon. Friend on the expenditure on science, and particularly on the moves that he is making to facilitate technology transfer. Can he guarantee that any fiscal obstructions that might have appeared can be dealt with as soon as possible to enable those companies to be established? Can he also tell us what he proposes to do to let traditional manufacturing take more advantage of emergent technologies and incorporate those in its investment plans? I am not suggesting simply another handout, but I think there is a case for more imaginative thinking so that our manufacturing base can be enhanced to take advantage of emerging technologies.

Mr. Brown: My hon. Friend has worked hard with universities and business to build up the country's technological base. In answer to his recommendations about fiscal policy, let me assure him that we will look at the problems experienced by spin-off companies from universities, to which he was undoubtedly referring. As I have said, that is something for the pre-Budget report. We shall also consider the tax treatment of assets, and what is happening in such companies. I shall report to the House on that in due course.

As for science generally and its effect on manufacturing industry, the £1 billion of extra money that we are investing in science as a result of the review will be of great help to the industry. It is also benefiting from the research and development tax credit—indeed, it is the principal beneficiary—and from the permanent self-assessment allowances that we have created and built on over the last few years. It is benefiting, too, from the closer financial links that we are encouraging between universities and companies.

We hope that in all those areas, our new science and innovation investment will do more. Our future as an industrialised country in a restructured global economy depends on value-added companies—companies that are technology-driven, making precision and niche products. With high technology invested in them, those are the companies that will create both wealth and jobs in the future. It is our duty as a Government to support the pure and applied science that can make their development possible.

Angus Robertson (Moray) (SNP): On behalf of the Scottish National party, I welcome the announcement of the 0.7 per cent. aid target. It is only a shame that it

has taken us so long to emulate the small, independent European neighbours that have already undertaken that obligation.

Today's statement contained the biggest announcement of job losses since Margaret Thatcher closed down the coal industry. The Chancellor spoke repeatedly about front-line services. I hope that he had in mind our service personnel, who are of course in the firing line in the Prime Minister's war in Iraq. Can he assure us that none of Scotland's historic regiments will be amalgamated or disbanded?

Mr. Brown: We have just produced a defence settlement involving a larger real-terms rise than earlier rounds, which will give our defence forces the resources necessary for investment in the future. That includes Army personnel, both in Scotland and the rest of the country and elsewhere.

I must say that for the Scottish National party to tell us that its policies for the break-up of Britain and the complete separation of Scotland could ever defend the British armed forces is quite ludicrous.

Chris McCafferty (Calder Valley) (Lab): May I join others in welcoming the increase in the aid budget for developing countries, particularly for the purposes of health, education and anti-poverty strategies? May I also join others in congratulating the Chancellor on grasping the nettle and adopting a 0.7 per cent target for the very first time? Does he agree, however, that the best anti-poverty strategies are holistic? Should they not include good policies on reproductive health and maternal care, both before and after childbirth, and programmes to combat HIV/AIDS? Will he ensure that such programmes play an important part in the increasing aid budget?

Mr. Brown: I thank my hon. Friend for her comments, and her support for the statement of our objectives for international aid policy. She may have heard me announce that as part of the international aid budget, £1.5 billion will be provided over the next three years specifically for treatments and cures for HIV/AIDS. That will rise from £450 million to £500 million, and then to £550 million, over those three years. As for maternal services and dealing with the problems of infant mortality, our contributions to both the global health fund and the Global Alliance for Vaccines and Immunisation fund for immunisation have increased in recent years. As part of the international aid budget, we will spend considerably more on health generally, both in Africa and elsewhere. What my hon. Friend suggests will be very much part of that budget.

Mr. Patrick McLoughlin (West Derbyshire) (Con): In 2002, the Chancellor announced that he was going to reduce the number of staff in the Department for Work and Pensions by 18,000. Why has the number increased by 3,500 since that reduction programme started?

Mr. Brown: The hon. Gentleman cannot have been following the news in the past few days. The Secretary of State for Work and Pensions announced the locations of the DWP closures, the job losses in particular areas and the first stage of the gross reduction of 40,000 in civil service posts. The hon. Gentleman must look again at the facts. It is we who are taking the action necessary to cut back on bureaucracy, and we who rightly introduced the pension credit, which the Conservatives oppose. Of course we want the pension credit to be administered properly; the trouble is that the Conservatives do not want it at all.

Mr. Peter Pike (Burnley) (Lab): My right hon. Friend will know how important the housing renewal pathfinder project is in Burnley and east Lancashire. What is the exact nature of the Government's commitment to that very important project over the next three years?

Mr. Brown: Tomorrow, there will be a statement by the Deputy Prime Minister on the issues affecting his Department, which include housing. My hon. Friend will be able then to get more details on what is a threefold increase in the money available for improvements to low-demand housing areas in his constituency—to which I believe he is referring—and elsewhere in the north and the midlands. We understand the representations that he and others have made, and that the housing stock needs renovation. That requires resources, and a special amount of money must be set aside, which is exactly what the Deputy Prime Minister has done. The question of the impact on individual areas is a matter for my hon. Friend and the Deputy Prime Minister to discuss—hopefully, when we debate these matters tomorrow.

Mr. Ian Taylor (Esher and Walton) (Con): The Chancellor surely cannot be too surprised by the degree of scepticism about his plans, given that he is pre-committing expenditure before he has made the savings that he announced in order to justify such expenditure. Such savings will not come easily. As we know, many of the 84,000 people in question will be under contract, so redundancies will be necessary.

On a specific point, can the Chancellor assure the House that the budget for the research assessment exercise, which relates to the Department for Education and Skills, will increase in proportion to the welcome proposed increase in the science and technology budget? If the research assessment exercise budget is not increased in matching form, the universities will have a real problem.

Mr. Brown: On the hon. Gentleman's second point, the science budget covers all Departments, not just one. I hope that his question about the science budget—which relates to the Department for Environment, Food and Rural Affairs and is a matter for the Secretary of State—will be answered. However, the science review was a cross-departmental review and does not relate to just one Department.

The Conservatives seem to be taking a very strange position on the question of job reductions in the civil service. We have announced that these jobs will have to go, and the Secretary of State for Work and Pensions has announced closures in particular areas. People now know where the first tranche of job losses will occur and

[Mr. Brown]

how they will be affected, yet the Conservatives' position seems to be that nothing is happening. This is a painful process and we regret the fact that people have to lose their jobs, but we are helping them to get new ones. It really does nobody any good for the Conservatives to suggest that the big change that is taking place, and which has to take place, is not happening at all.

Mr. Gordon Prentice (Pendle) (Lab): I listened carefully to what the Chancellor said to my hon. Friend the Member for Burnley (Mr. Pike), and I want him to know that east Lancashire has the worst housing in the country. There are 4,000 empty properties in Burnley and 2,000 plus in my constituency. I welcome the trebling of resources for the nine pathfinder areas, but can he reassure me that the money on offer will make a material difference and turn things round?

Mr. Brown: This could be a very expensive afternoon indeed if I were to agree to the representations made by my hon. Friends the Members for Burnley (Mr. Pike) and for Pendle (Mr. Prentice). The overall sum was announced today, and the precise allocation to different areas is a matter for the Deputy Prime Minister and his budget. Indeed, my hon. Friends should make their representations to the Deputy Prime Minister and to the relevant local authorities. However, such representations now have the effect that they want. Money has been set aside, and we will help them to deal with this important issue, which must be dealt with soon. I agree that empty properties and those in a dilapidated state must be dealt with as a matter of urgency.

Sir Teddy Taylor (Rochford and Southend, East) (Con): While it would be wrong for any true Conservative not to applaud the Chancellor for his target of reducing the civil service by 84,000 jobs, which is more ambitious than anything proposed by Lady Thatcher's Government, is he confident that it can be done, bearing it in mind that, according to the figures that I have, the number of civil servants has been increasing by more than 500 every week over the past two years?

On relocation, will the Chancellor promise to bear in mind the fact that seaside towns such as Southend-on-Sea have far more unemployment and deprivation than other areas in the south-east?

Mr. Brown: I take it that the hon. Gentleman is making a representation for civil service jobs to come to his area, but the issue that he rightly raises is that a reduction of 84,000 jobs is a very serious matter. It is wrong of Conservative Members to suggest that it is nothing, or merely something flimsy—it is a serious issue, which deserves to be treated more seriously than they have done this afternoon. The fact is that 84,000 jobs are going; 20,000 jobs are being relocated; 20,000 additional job reductions will come as a result of what is happening in local authorities and in the devolved areas; £22.5 billion of efficiency savings will result; and then we will proceed to £30 billion of asset sales.

We have already started the process of reducing jobs, and it will happen, but I certainly understand the difficulties of areas, such as the hon. Gentleman's constituency, that have higher unemployment rates than others, perhaps in some cases seasonally, and that is why the new deal is being brought into play to help with the transition, including help for public servants moving to new jobs as a result of the changes. Our desire is not to leave people isolated as they face change but to help them through it and to equip them for the jobs that certainly are available, as witness the 600,000 vacancies in the economy today.

Linda Perham (Ilford, North) (Lab): I warmly welcome the increase in the transport budget to £12.8 billion, but does the Chancellor acknowledge the importance of the Crossrail project to equipping Britain for the global economy and to the regeneration of east London? Will Government funding for the project feature in the comprehensive spending review?

Mr. Brown: There is a rise of 4.5 per cent. in real terms over three years in the transport budget. The Secretary of State for Transport will make announcements about the future allocation for that project in the next few days, and I hope that my hon. Friend will wait for those announcements and question him on them then.

Bob Russell (Colchester) (LD): Do the calculations for defence expenditure involve the closure or amalgamation of any regiments, battalions or other units of the British Army? Will there be more soldiers, fewer, or the same number? The Chancellor must know the answer. Why will he not tell us?

Mr. Brown: The precise decisions about the configuration of our forces are a matter not for the Treasury but for the Ministry of Defence and the Chief of Defence Staff, working with the Defence Secretary. What I can say, however, and what Opposition parties cannot deny, is that we have made available the money for the next few years, until 2008, to ensure the proper equipping of our forces. The Liberal party is now urging that we spend more on defence in addition to all— *[Interruption.]* Now the Scottish nationalists are shouting, so I remind the House that their proposals for the future of UK defence would mean that there was no UK defence at all.

Jeremy Corbyn (Islington, North) (Lab): Can the Chancellor give us some estimate of the redundancy costs of the 84,000 job losses in the civil service? What consultations will be held with the civil service trade unions? What proportion of the work will be outsourced to private sector organisations? What impact assessment has been made of the likelihood of local unemployment in particular areas where there are large numbers of civil service jobs?

Mr. Brown: It is precisely for those reasons that change is taking place. I said in my statement that we are ensuring that the new deal and the Employment Service will be involved in helping people as they try to move between the jobs that they have at the moment and the jobs that exist in the economy.

As for consultation on these issues, that has already begun. I have had meetings, and other meetings will take place. Some have been taking place today. I assure my hon. Friend that the proper consultation process will be

gone through. In the interests of our defending public services in the longer run, he must face up to the fact that if we are investing substantial sums in new technology and do not need the same numbers of people to provide back-office or transactional services, it would not be the right policy for us to maintain them in jobs that no longer need to exist. It is right to release these resources so that we can have more nurses, doctors and front-line people in the health service, and more people in our schools, community services, and law and order services. That is the right way forward.

My hon. Friend talks about the effects of redundancies. I have to tell him that as a result of the new deal and the Employment Service, thousands of people find new jobs every day. There are 600,000 vacancies in the economy. I hope that the House will give the Government credit for the 2 million new jobs in the economy since 1997.

Mr. Michael Fallon (Sevenoaks) (Con): Does the Chancellor accept that any business man will tell him that efficiency savings are always easier to announce than to secure? If his are not realised in full, what guarantee does the taxpayer have that taxes will not have to rise to fund the difference?

Mr. Brown: As everybody knows, the decision in the last Budget was whether to cut taxes or to invest in public services. I believe that I made the right decision for the country in saying that we wanted to invest more in education, in health, in transport, and in law and order and policing. The decisions on investment that have been announced today resulted from that decision in the Budget.

As for efficiency savings, we have already started the process of making reductions. Announcements have already been made, and more will follow. The Opposition seem to be taking the view that we will not go ahead with these reforms and reductions, but I can tell the hon. Gentleman that we are already doing so. It is not a very good Opposition campaign to tell people who are losing their jobs that they will not lose them.

Mrs. Anne Campbell (Cambridge) (Lab): May I, too, warmly welcome the increase in science spending and tell the Chancellor that that will be extremely popular in my constituency? In the lead-up to his statement today, did he receive any representations on abolishing the Department of Trade and Industry, and if so, could he say why he rejected them?

Mr. Brown: There have been representations from the Liberal party; the same people wanted to move the Treasury to Liverpool.

Mr. Richard Bacon (South Norfolk) (Con): Does the Chancellor of the Exchequer agree with *GP* magazine that the national programme for IT in the health service is

"more likely to be a fiasco than the Dome";

and should not he be rather worried that the Department of Health is about to squander £6 billion?

Mr. Brown: The hon. Gentleman should be cautious about what he says about these things. A great deal of work has been done in setting up that very extensive IT programme. As I understand it, the national health service uses more IT than any organisation outside NASA—the space centre—in the United States of America. It is therefore very important that it is got right. New people have been brought in and the whole system has to be modernised. It is important that electronic records can be properly developed and that nurses and GPs' surgeries can be in regular contact with hospitals. It is in all our interests that the programme works. Before the hon. Gentleman pronounces that it is not working, he should look at the evidence of all the efforts that have been made to ensure that it does. It is certainly very important to the future of our health service—we would agree on that.

Mr. Harry Barnes (North-East Derbyshire) (Lab): In connection with the welcome increase in expenditure on social housing, how much of it would be directed towards council housing being democratically controlled by its local authority?

Mr. Brown: That is a matter for the Office of the Deputy Prime Minister. The Deputy Prime Minister will make further announcements on how he sees housing developing in future. It will also depend, of course, on the decisions that are made by local people about what they wish to do in terms of housing associations and the control of local housing. I can say, however, that we have recognised the great need for social housing, for which my hon. Friend has always campaigned, in all parts of the country. There is a need for affordable housing and for new build. Achieving the level of house building and house improvement that is essential will necessitate combined efforts on reforming the planning system, releasing more land, encouraging reform in the house building industry, encouraging the rented sector to move forward, and financing the housing associations and housing authorities to which my hon. Friend refers.

Several hon. Members *rose—*

Mr. Deputy Speaker (Sir Alan Haselhurst): Order. I want to try to call the remaining hon. Members who want to ask a question. There is big pressure on the business of the House today, so I appeal for very short questions, as well as very short answers. I call Angela Watkinson.

Angela Watkinson (Upminster) (Con): Thank you, Mr. Deputy Speaker. Will the Chancellor tell the House how much he has added to the national debt in each of the years since 1997, and how much will he add this year?

Mr. Brown: The national debt was 44 per cent. of national income when we came to office; it is 34 per cent. now. That is a substantial reduction in the proportion of debt to income.

Mr. Owen Paterson (North Shropshire) (Con): For the third time of asking, can the Chancellor say, in reply to my right hon. Friend the Member for Hitchin and Harpenden (Mr. Lilley) and the hon. Member for Islington, North (Jeremy Corbyn), how many of the

[Mr. Owen Paterson]

posts whose number he intends to reduce will be outsourced to agencies offering services such as IT, and so will effectively remain a burden on the public purse?

Mr. Brown: I do not accept the hon. Gentleman's proposition that the reductions that we are bringing about are somehow transfers from the public sector to the private sector. That is not the case. We are not proposing to outsource those jobs to the private sector. We have decided, as a result of our review, that the back-office services provided need fewer people to administer them. That is why we are making the reforms, which involve a gross reduction in staff of 84,000. His question is based on a misunderstanding: we are reducing the number of staff, not using the proposals to outsource staff.

Mr. Geoffrey Clifton-Brown (Cotswold) (Con): The Chancellor of the Exchequer has painted a rosy picture of the economy this afternoon. Can he explain what he is doing about last month's almost record balance of payments deficit of £3.6 billion—or, for that matter, why the savings ratio has halved under his Administration?

Mr. Brown: If the hon. Gentleman looks at the American trade deficit, he will see it is a great deal higher than ours, and I suppose that he would say that the American economy is moving forward with one of the highest growth rates in the industrialised world. I remind the House that he has said:

"I give the Chancellor credit for achieving his predicted growth rate this year".—[*Official Report*, 23 March 2004; Vol. 419, c. 775.]

He really should use his own questions, and not those given to him by Conservative Front Benchers.

Point of Order

5.2 pm

Mr. Humfrey Malins (Woking) (Con): On a point of order, Mr. Deputy Speaker. I wonder whether I may seek your guidance in relation to this afternoon's proceedings. The Joint Committee on Human Rights published its report on the new clauses of the Asylum and Immigration (Treatment of Claimants, etc.) Bill a week ago. It condemned the Government for introducing what my noble Friend Baroness Anelay called a "torrent" of new clauses at such a late stage, saying that the practice undermined proper democratic scrutiny of the human rights implications.

Even Lord Rooker, a Minister, said that the Government's treatment of the Committee in the other place

"could be bordering on contempt",

and he stressed the need for this House to have

"plenty of time to talk about the recommitted issues".—[*Official Report, House of Lords*, 6 July 2004; Vol. 663, c. 723.]

The Bill is almost twice the length it was. With possible Divisions, we have perhaps only three and a half hours to discuss major new clauses. Given the way we have been treated, I ask you, Mr. Deputy Speaker, whether there is any way in which we can today debate at greater length both the programme motion and the clauses before us. Conservative Members are terribly upset that the House is being treated with such disdain by the Government.

Mr. Deputy Speaker (Sir Alan Haselhurst): The House has heard what the hon. Gentleman says, but he must know that that is not a matter on which the Chair can rule. Matters such as those relating to the motion before the House are determined under Sessional Orders, and the Chair has no scope to alter its terms.

Asylum and Immigration (Treatment of Claimants, etc.) Bill (Programme) (No.3)

Motion made, and Question put forthwith, pursuant to Orders [28 June 2001 and 6 November 2003].

That the Programme Orders of 17th December 2003 and 1st March 2004 relating to the Asylum and Immigration (Treatment of Claimants, etc.) Bill be supplemented as follows—

Consideration of Lords Amendments

1. Proceedings on consideration of Lords Amendments shall be taken at this day's sitting in the order shown in the following table and shall (so far as not previously concluded) be brought to a conclusion at the time specified.

TABLE

Proceedings	*Time for conclusion of proceedings*
Amendments Nos 28, 29, 42 to 62	1 hour 15 minutes after the commencement of proceedings
Amendments Nos 15, 30, 31, 17, 18, 14, 16	3 hours 30 minutes after the commencement of proceedings
Amendments Nos 21 to 27, 19, 20, 32, 40, 41, 33, 34, 1 to 13, 35 to 39, 63 to 69	10.00 p.m.

Subsequent stages

2. Any further Message from the Lords may be considered forthwith without any question being put.

3. The proceedings on any further Message from the Lords shall (so far as not previously concluded) be brought to a conclusion one hour after their commencement—*[Margaret Moran.]*

The House divided: Ayes 244, Noes 125.

Division No. 221] **[5:03 pm**

AYES

Ainger, Nick
Alexander, Douglas
Allen, Graham
Anderson, rh Donald *(Swansea E)*
Armstrong, rh Ms Hilary
Atherton, Ms Candy
Atkins, Charlotte
Bailey, Adrian
Baird, Vera
Banks, Tony
Barnes, Harry
Barron, rh Kevin
Beard, Nigel
Beckett, rh Margaret
Begg, Miss Anne
Benn, rh Hilary
Bennett, Andrew
Benton, Joe *(Bootle)*
Berry, Roger
Betts, Clive
Blears, Ms Hazel
Bradley, rh Keith *(Withington)*
Brennan, Kevin
Brown, rh Nicholas *(Newcastle E Wallsend)*
Browne, Desmond
Bryant, Chris
Buck, Ms Karen
Burden, Richard
Burnham, Andy
Byers, rh Stephen
Campbell, Alan *(Tynemouth)*
Campbell, Mrs Anne *(C'bridge)*
Campbell, Ronnie *(Blyth V)*
Casale, Roger
Challen, Colin
Chapman, Ben *(Wirral S)*
Chaytor, David
Clapham, Michael
Clark, Mrs Helen *(Peterborough)*
Clark, Dr. Lynda *(Edinburgh Pentlands)*
Clark, Paul *(Gillingham)*
Clarke, rh Tom *(Coatbridge & Chryston)*
Clelland, David
Coffey, Ms Ann
Colman, Tony
Connarty, Michael
Corbyn, Jeremy
Corston, Jean
Cousins, Jim
Cox, Tom *(Tooting)*
Cranston, Ross
Crausby, David
Cummings, John
Cunningham, Jim *(Coventry S)*
Cunningham, Tony *(Workington)*
Dalyell, Tam
Davey, Valerie *(Bristol W)*
Davidson, Ian
Davies, rh Denzil *(Llanelli)*
Davies, Geraint *(Croydon C)*
Dean, Mrs Janet
Denham, rh John
Dismore, Andrew
Dobbin, Jim *(Heywood)*
Doran, Frank
Drew, David *(Stroud)*
Eagle, Angela *(Wallasey)*
Edwards, Huw
Efford, Clive
Ellman, Mrs Louise
Ennis, Jeff *(Barnsley E)*
Farrelly, Paul
Fisher, Mark
Fitzpatrick, Jim
Fitzsimons, Mrs Lorna
Flint, Caroline
Follett, Barbara
Foster, Michael Jabez *(Hastings & Rye)*
Francis, Dr. Hywel
Gapes, Mike *(Ilford S)*
Gerrard, Neil
Gibson, Dr. Ian
Gilroy, Linda
Godsiff, Roger
Goggins, Paul
Griffiths, Jane *(Reading E)*
Griffiths, Win *(Bridgend)*
Grogan, John
Hanson, David
Harman, rh Ms Harriet
Harris, Tom *(Glasgow Cathcart)*
Healey, John
Henderson, Ivan *(Harwich)*
Hepburn, Stephen
Heppell, John
Hesford, Stephen
Heyes, David
Hodge, Margaret
Hood, Jimmy *(Clydesdale)*
Hope, Phil *(Corby)*
Howarth, rh Alan *(Newport E)*
Howarth, George *(Knowsley N & Sefton E)*
Howells, Dr. Kim
Hughes, Kevin *(Doncaster N)*
Humble, Mrs Joan
Hurst, Alan *(Braintree)*
Hutton, rh John
Iddon, Dr. Brian
Illsley, Eric
Irranca-Davies, Huw
Jackson, Helen *(Hillsborough)*
Jamieson, David
Jenkins, Brian
Johnson, Alan *(Hull W)*
Johnson, Miss Melanie *(Welwyn Hatfield)*
Jones, Helen *(Warrington N)*
Jones, Lynne *(Selly Oak)*
Jowell, rh Tessa
Joyce, Eric *(Falkirk W)*
Kaufman, rh Sir Gerald
Keeble, Ms Sally
Keen, Alan *(Feltham)*
Keen, Ann *(Brentford)*
Kelly, Ruth *(Bolton W)*
Kennedy, Jane *(Wavertree)*
Khabra, Piara S.
Kidney, David
King, Ms Oona *(Bethnal Green & Bow)*
Knight, Jim *(S Dorset)*
Kumar, Dr. Ashok
Ladyman, Dr. Stephen
Lammy, David
Lawrence, Mrs Jackie
Laxton, Bob *(Derby N)*
Lazarowicz, Mark
Lepper, David
Levitt, Tom *(High Peak)*
Lewis, Ivan *(Bury S)*
Lewis, Terry *(Worsley)*
Linton, Martin
Love, Andrew
Luke, Iain *(Dundee E)*
Lyons, John *(Strathkelvin)*
McAvoy, Thomas
McCafferty, Chris
McDonagh, Siobhain
MacDougall, John
McFall, rh John
McIsaac, Shona
McKechin, Ann
McKenna, Rosemary
McNulty, Tony
McWalter, Tony
McWilliam, John
Mahon, Mrs Alice
Marris, Rob *(Wolverh'ton SW)*
Marsden, Gordon *(Blackpool S)*
Marshall-Andrews, Robert
Martlew, Eric
Merron, Gillian
Michael, rh Alun
Miliband, David
Miller, Andrew
Mole, Chris
Moonie, Dr. Lewis
Moran, Margaret
Morris, rh Estelle
Mountford, Kali
Mullin, Chris
Munn, Ms Meg
Murphy, Denis *(Wansbeck)*
Murphy, Jim *(Eastwood)*
Naysmith, Dr. Doug
O'Brien, Bill *(Normanton)*
O'Brien, Mike *(N Warks)*
Olner, Bill
O'Neill, Martin
Owen, Albert
Perham, Linda
Picking, Anne
Pickthall, Colin
Pike, Peter *(Burnley)*
Plaskitt, James
Pollard, Kerry
Pond, Chris *(Gravesham)*
Pope, Greg *(Hyndburn)*
Prentice, Gordon *(Pendle)*
Primarolo, rh Dawn
Prosser, Gwyn
Purchase, Ken
Purnell, James
Quin, rh Joyce
Quinn, Lawrie
Rammell, Bill
Rapson, Syd *(Portsmouth N)*
Raynsford, rh Nick
Reid, rh Dr. John *(Hamilton N & Bellshill)*
Robertson, John *(Glasgow Anniesland)*
Ross, Ernie *(Dundee W)*
Ruane, Chris
Ruddock, Joan
Ryan, Joan *(Enfield N)*
Salter, Martin
Sarwar, Mohammad
Savidge, Malcolm
Sedgemore, Brian
Shaw, Jonathan
Sheerman, Barry
Sheridan, Jim
Singh, Marsha
Skinner, Dennis
Smith, rh Andrew *(Oxford E)*
Smith, Angela *(Basildon)*

Smith, rh Chris *(Islington S & Finsbury)*
Smith, Geraldine *(Morecambe & Lunesdale)*
Smith, Jacqui *(Redditch)*
Southworth, Helen
Spellar, rh John
Squire, Rachel
Starkey, Dr. Phyllis
Stewart, David *(Inverness E & Lochaber)*
Stewart, Ian *(Eccles)*
Stoate, Dr. Howard
Taylor, Dari *(Stockton S)*
Thomas, Gareth *(Clwyd W)*
Thomas, Gareth *(Harrow W)*
Timms, Stephen
Truswell, Paul
Turner, Dr. Desmond *(Brighton Kemptown)*
Turner, Neil *(Wigan)*
Twigg, Derek *(Halton)*
Twigg, Stephen *(Enfield)*
Tynan, Bill *(Hamilton S)*
Vis, Dr. Rudi
Wareing, Robert N.
Watts, David
Whitehead, Dr. Alan
Williams, rh Alan *(Swansea W)*
Winnick, David
Winterton, Ms Rosie *(Doncaster C)*
Woodward, Shaun
Worthington, Tony
Wright, Anthony D. *(Gt Yarmouth)*
Wyatt, Derek

Tellers for the Ayes:
Ms Bridget Prentice and Vernon Coaker

NOES

Allan, Richard
Ancram, rh Michael
Arbuthnot, rh James
Atkinson, David *(Bour'mth E)*
Atkinson, Peter *(Hexham)*
Bacon, Richard
Baldry, Tony
Barker, Gregory
Baron, John *(Billericay)*
Barrett, John
Bellingham, Henry
Beresford, Sir Paul
Blunt, Crispin
Bottomley, Peter *(Worthing W)*
Brady, Graham
Brake, Tom *(Carshalton)*
Brazier, Julian
Breed, Colin
Brooke, Mrs Annette L.
Browning, Mrs Angela
Burns, Simon
Burt, Alistair
Butterfill, Sir John
Calton, Mrs Patsy
Carmichael, Alistair
Chapman, Sir Sydney *(Chipping Barnet)*
Chope, Christopher
Clarke, rh Kenneth *(Rushcliffe)*
Collins, Tim
Conway, Derek
Davey, Edward *(Kingston)*
Davis, rh David *(Haltemprice & Howden)*
Ewing, Annabelle
Fabricant, Michael
Fallon, Michael
Field, Mark *(Cities of London & Westminster)*
Flight, Howard
Flook, Adrian
Forth, rh Eric
Foster, Don *(Bath)*
Garnier, Edward
Gidley, Sandra
Gillan, Mrs Cheryl
Goodman, Paul
Green, Damian *(Ashford)*
Grieve, Dominic
Hague, rh William
Hammond, Philip
Hawkins, Nick
Heath, David
Hendry, Charles
Hoban, Mark *(Fareham)*
Hogg, rh Douglas
Holmes, Paul
Horam, John *(Orpington)*
Howard, rh Michael
Howarth, Gerald *(Aldershot)*
Jackson, Robert *(Wantage)*
Jenkin, Bernard
Keetch, Paul
Kennedy, rh Charles *(Ross Skye & Inverness)*
Key, Robert *(Salisbury)*
Knight, rh Greg *(E Yorkshire)*
Laing, Mrs Eleanor
Lamb, Norman
Lansley, Andrew
Laws, David *(Yeovil)*
Leigh, Edward
Liddell-Grainger, Ian
Lidington, David
Lilley, rh Peter
Llwyd, Elfyn
Loughton, Tim
Luff, Peter *(M-Worcs)*
Mackay, rh Andrew
McLoughlin, Patrick
Malins, Humfrey
May, Mrs Theresa
Mercer, Patrick
Mitchell, Andrew *(Sutton Coldfield)*
Moss, Malcolm
Oaten, Mark *(Winchester)*
O'Brien, Stephen *(Eddisbury)*
Ottaway, Richard
Page, Richard
Paice, James
Paterson, Owen
Portillo, rh Michael
Prisk, Mark *(Hartford)*
Redwood, rh John
Rendel, David
Robertson, Hugh *(Faversham & M-Kent)*
Robertson, Laurence *(Tewk'b'ry)*
Rosindell, Andrew
Russell, Bob *(Colchester)*
Salmond, Alex
Sanders, Adrian
Sayeed, Jonathan
Selous, Andrew
Shepherd, Richard
Simpson, Keith *(M-Norfolk)*
Soames, Nicholas
Spicer, Sir Michael
Spring, Richard
Stanley, rh Sir John
Steen, Anthony
Swire, Hugo *(E Devon)*
Tapsell, Sir Peter
Taylor, Ian *(Esher)*
Taylor, Matthew *(Truro)*
Taylor, Sir Teddy
Teather, Sarah
Thurso, John
Turner, Andrew *(Isle of Wight)*
Tyler, Paul *(N Cornwall)*
Tyrie, Andrew
Watkinson, Angela
Weir, Michael
Whittingdale, John
Williams, Hywel *(Caernarfon)*
Winterton, Ann *(Congleton)*
Winterton, Sir Nicholas *(Macclesfield)*
Wishart, Pete
Yeo, Tim *(S Suffolk)*
Young, rh Sir George

Tellers for the Noes:
Mr. John Randall and Mr. Geoffrey Clifton-Brown

Question accordingly agreed to.

Orders of the Day

Asylum and Immigration (Treatment of Claimants, etc.) Bill

[Relevant documents: The Third Report, HC 252, Fifth Report, HC 304, Thirteenth Report, HC 640, and Fourteenth Report, HC 828, of Session 2003–04 from the Joint Committee on Human Rights, on the Committee's continuing scrutiny of Bills.]

Lords amendments considered.

Mr. Deputy Speaker (Sir Alan Haselhurst): I inform the House that privilege is involved in Lords amendments Nos. 18, 27 and 28. If the House agrees to the amendments, I shall arrange for the necessary entries to be made in the *Journal*.

Lords amendment: No. 28.

5.18 pm

The Parliamentary Under-Secretary of State for Constitutional Affairs (Mr. David Lammy): I beg to move Government amendment (a) to the Lords amendment.

Mr. Deputy Speaker: With this, it will be convenient to discuss the following: amendment (h), Government amendment (b), amendment (i), and Government amendments (c) to (g) thereto; Lords amendments Nos. 29 and 42 and Government motion to disagree; Lords amendment No. 43 and Government motion to disagree; Lords amendment No. 44 and Government motion to disagree; Lords amendments Nos. 45 and 46, Government motion to disagree and Government amendment (a) in lieu thereof; Lords amendments Nos. 47 to 60; Lords amendment No. 61, Government motion to disagree and Government amendments (a) to (c) in lieu thereof; Lords amendment No. 62 and Government amendments (a) and (b) thereto.

Mr. Lammy: Let me summarise the effect of the Government motions that we are proposing. We are proposing that the House agree to most of the Lords amendments to clause 14, schedule 1 and schedule 2. Lords amendment No. 28 brings in the bulk of the new policy, and to that we are proposing further amendments to the High Court review process. We aim to change the time limits back to five days; to allow other written submissions in limited circumstances; and to give effect to an agreement with the Opposition in the other place that the variable fees element of the new legal aid system should be removed.

Although we are technically disagreeing with Lords amendments Nos. 42 to 44 and 61, as I shall outline later, the new amendments have the same effect of retaining lay members in the new tribunal. We are also disagreeing with Lords amendment No. 46 and moving an amendment to restore the discretion of the president of the Asylum and Immigration Tribunal to direct how many members should hear each case. Finally, Government amendment (a) to Lords amendment No. 62 also restores the five-day time limit in the new filter process.

Mr. David Heath (Somerton and Frome) (LD): Just so that we are absolutely clear about what the Minister is saying, will he confirm that he is talking about five calendar days, not five working days, as he is amending the phrase "10 working days"?

Mr. Lammy: I am indeed talking about five working days. The issuing of the decision is taken as being from two days after the case has left the court, allowing for post and other things. So it is five days from that period. I am sure that we can discuss such matters later.

Hon. Members will recall that when the Bill left the House, we were proposing to oust the jurisdiction of the higher courts. As my noble and learned Friend, the Lord Chancellor, said on Second Reading in another place, we have listened carefully to the arguments made by Members of both Houses and the senior judiciary. We have also had regard to the Select Committee on Constitutional Affairs and the Joint Committee on Human Rights. The amendments, in particular amendment No. 28, reflect our considered response to those arguments and take forward a number of constructive proposals. I am pleased that we have been able to move forward with consensus among stakeholders in the legal profession and the judiciary and the majority of both Houses on this important legislation.

Let me remind hon. Members of the delays and abuse that we are seeking to remedy. It is important that the system for asylum and immigration appeals is fair, but it must also provide finality and be speedy. A swift, final decision is in the interests both of genuine refugees and of the British taxpayer, as was said on Second Reading. The British taxpayer should not be expected to bear the cost of supporting those with unmeritorious cases as they play the multiple tiers of appeal over and over again. It is important to emphasise that fewer than one in 10 challenges to an adjudicator decision results in a different outcome, which shows that the system can and must be improved. Our intention in introducing the single tier is to target delay and reduce abuse in the system. I am confident that our proposals will achieve that by reducing what can be a 62-week process to under 20 weeks.

Let me explain how the new system will work. I will refer to the High Court and Court of Appeal but, of course, for cases in Northern Ireland and Scotland, the appeals will be determined by High Court or Court of Appeal in Northern Ireland and the Court of Session in Scotland.

Amendment No. 28 replaces subsections (6) and (7) in clause 14 with the new system of judicial oversight of tribunal decisions set out in proposed new sections 103A to 103E that will be inserted into the Nationality, Immigration and Asylum Act 2002. Under the new system, a party to the appeal will be able to make a review application to the High Court on the grounds that the tribunal may have made an error of law. During a transitional period, these applications will be considered in the first instance by a senior member of the tribunal. Our intention is that applications must be made within five days unless the appellant is abroad. There is provision to vary the time limits by order.

If the High Court is of the opinion that there may have been an error of law, it will send the case back to be reconsidered. In cases in which the High Court thinks that the case raises a question of law of general

[Mr. Lammy]

importance, it can refer the case to the Court of Appeal. If a case has been considered by a three-member panel, there is a direct right of appeal to the Court of Appeal with permission, and if an appeal has been reconsidered by the tribunal, there is also a right of appeal to the Court of Appeal with permission. We have also introduced an enabling power to make regulations for a new legal aid scheme for both the High Court review process and for reconsideration of cases by the tribunal. I shall set out that process in more detail when I speak to Government amendments (f) and (g) to Lords amendment No. 28.

Lords amendment No. 45 clarifies the role of the senior judiciary in the new tribunal, and Lords amendments Nos. 47 and Nos. 50 to 60 are consequential.

Amendments (a) and (b) to Lords amendment No. 28 and amendment (a) to Lords amendment No. 62 restore the Government's original intention that five-day time limits should apply to the High Court review process under section 103A. Time limits of one working week for making a review application to the High Court are central to achieving our aims of speed and finality. We are confident that five days are sufficient for an appellant to consult their legal representative, for the representative to prepare the application and for the application to be lodged.

Mr. Dominic Grieve (Beaconsfield) (Con): Is there not a problem? The Minister and, indeed, the whole House want a system under which unmeritorious appeals are not brought; we all share that view. Therefore, it is important that lawyers who are advising their clients should have a proper opportunity to consider matters, especially in light of the fact that we are properly to introduce sanctions, including the loss of legal aid, for an unmeritorious appeal. Does that not in itself mean that five days is a very short period? The Minister will see that I have tabled an amendment suggesting an alternative of seven days, which would go some way to providing extra flexibility. Surely 48 hours' difference will not grind the system to a halt.

Mr. Lammy: I hope to make some progress, but the hon. Gentleman will understand that we must go back to basics to ensure that we have the right amount of time. We are dealing with an error of law. The applicant has made his case to the IND, and gone on to do so to the tribunal. If we look at the current working arrangements on statutory review, we see that lawyers are taking about five or six hours to make such a determination, with some additional hours—say two or three—taken up if they have asked counsel to draft advice. That is effectively one and a half working days, but we are allowing them five working days, give or take the two days for issuing a decision. A working week is a suitable and appropriate amount of time in which to make an application.

Mr. Heath: I am sorry to labour the point, but I want to be absolutely sure. The Minister keeps on referring to five working days, yet that is not what would appear in the Bill if his amendments were accepted. The Bill would simply say five days, which must be five calendar days. If we are to interpret five days as five working days, we must interpret the reference to 28 days in the following subsection as 28 working days. Will the Minister clarify his intention, because he is mixing two terms?

Mr. Lammy: I really think that there is not much between us; I think that the hon. Gentleman has misunderstood the rules of court. I ask him to check his facts against section 103A(4)(a) and the rules of court, under which courts allow special provisions.

Mr. Grieve: The point raised by the hon. Member for Somerton and Frome (Mr. Heath) is perfectly valid. There appears to be an ambiguity in the Bill. It would be useful if the Minister confirmed through his officials during this debate my understanding that five days is not described as five working days, because under the rules of court, a period of under a week automatically excludes weekends.

Mr. Lammy: Absolutely. Perhaps because of my own period in practice I accept that five working days means, in effect, the Monday to Friday that most lawyers work.

Lynne Jones (Birmingham, Selly Oak) (Lab): Will my hon. Friend explain the status of bank holidays in this context?

Mr. Lammy: Bank holidays will be taken into consideration under the rules in the same way as weekends.

Normally the legal representative will already be familiar with the case and the tribunal will have provided reasons for its decision. We expect the process to involve about six hours for a legal representative and up to five hours for counsel, if counsel is used in the case.

5.30 pm

Mr. Mark Oaten (Winchester) (LD): The Minister just said that normally the legal adviser would be familiar with the case. On what evidence does he base that assertion? I should have thought that quite a number of individuals will want to change their legal adviser, especially if they are about to mount an appeal, so new advisers will have to get to grips with their case.

Mr. Lammy: The overwhelming number of clients stay with their legal adviser. We are discussing cases involving an error of law. A new legal adviser should be able to establish that error of law on appeal within five days. If—it is a big if—that were not the case, a new legal adviser would be able to go to the court and ask the judge to exercise his discretion to extend the period. Provision is made for that in new section 103A(4)(b), which gives the court the power to vary the period.

Mr. Robert Marshall-Andrews (Medway) (Lab): The Minister seems to be saying that, whether it is five days or 10, the period is arbitrary. It is certainly extremely short compared with the time normally allowed for appeal procedures—the shortest period that I know of is 14 days. What is the assessed benefit to the system, the Government or anyone else of five days rather than 10?

Mr. Lammy: As I said, only one in 10 applications succeed and there are far more appeals in this part of the

tribunal system than in any other; it is therefore important that we consider the time scale. Hon. Members have been telling Ministers for some time that they are worried about the quality of some—not all—of the legal representatives in the asylum field. What we do not want is an extended period that allows individuals time to shop around for various opinions and then make an unmeritorious application. We had this debate on Second Reading. The figures show that five working days—a working week—and giving the judge discretion to vary the period will be sufficient, especially when one considers that, on average, it takes about six hours to prepare an application on an error of law. I stress that in the exceptional cases in which one working week does not provide sufficient time, both the tribunal and the High Court will have discretion to extend the period and to allow a late application to proceed. That clearly provides an important safeguard for applicants for review. I urge the House to recognise the balance that we seek to strike and to support the amendments.

Government amendments (c) and (d) to Lords amendment No. 28 introduce an additional flexibility to the procedure for review. Rules of court will be able to permit the court to consider additional written submissions.

I move on to Government amendments (f) and (g) to Lords amendment No. 28. As I explained, section 103D provides an enabling power for new legal aid arrangements. Under the new scheme the intention is that regulations will provide for the tribunal to order legal aid to be paid after the reconsideration of an appeal if the case is successful and decided in favour of the appellant, or the case is a near miss. In exceptional circumstances the High Court will have the power to order legal aid to be paid for the review process. At this stage the court is considering only whether or not there may have been an error of law which the tribunal or the Court of Appeal should consider.

Government amendment (f) recognises concerns raised about the proposal for the fee to vary depending on the result of the reconsideration or referral. Our amendment meets those concerns by removing the ability for payments to vary.

Government amendment (g) is in response to the helpful discussions about the importance of funding cases that have merit. The amendment links the power to order funding more closely to the prospects of success of the application. We have always intended cases with significant merit to fall within the scope of the scheme and this amendment ensures that they will. Through these new arrangements, we are asking lawyers to share the risk with the taxpayer when deciding whether a case should be pursued beyond the single tier. We recognise that there are many good immigration lawyers, but we also know that unfortunately there are some in this area of the law who have continued to bring unmeritorious cases. The new arrangements will encourage good practice throughout the profession, and sit with all the other things that we have done: accreditation, the establishment of the Office of the Immigration Services Commissioner, bringing cases earlier to the Legal Services Commission to determine and ensuring that we have quality and value for money across the field in terms of legal provision for asylum and immigration.

Mr. Grieve: I confess that I had some difficulty following the Minister's argument a moment ago and I may have misunderstood the position. He will be aware that in the other place there was a debate on 6 July at columns 741 and 742 relating to the extent to which there should be a conditional fee system. It was made quite clear in the other place that the official Opposition and, indeed, others, would not accept a conditional fee system. Lord Filkin indicated that he accepted that, as long as there was a tough merits test. My understanding is that although the Government have removed the conditional fee system for reconsideration, they have not removed it for review. That may be an accident that is curable, but I would like an assurance that that is what is going to happen.

Mr. Lammy: The hon. Gentleman knows that there have been discussions as recently as a few minutes before I rose to move these amendments, and it is the Government's intention, following those discussions between Lord Filkin and Lord Kingsland, to move further amendments, as was indicated in another place.

Annabelle Ewing (Perth) (SNP): The Minister referred a moment ago to a scenario where there would be a near miss; that is a new concept to me as a lawyer. What definition is set out of what a near miss means?

Mr. Lammy: As I indicated, we are taking an enabling power in this legislation. There are a number of scenarios where it would be right for the lawyer to receive payment where he had not been successful on behalf of the applicant, but we can define that, as the hon. Gentleman indicated, as a near miss or a case that has merit. For example, if an application was made under the law as it stood at one time, but the House of Lords or the Court of Appeal made a decision in the intervening period that changed that legal basis, it would probably be right for the lawyer to receive funds. Furthermore, even if an applicant has been unsuccessful in making their claim, their case may have established important case law that defines a particular group or community and will have a lot of bearing on immigration and asylum cases. In such circumstances, it would also be right for the lawyer to receive funds.

Those are the circumstances that have been discussed. We are keen to continue to discuss how we should define in regulations the scope of a meritorious case. On that basis, we wanted to include cases in which the lawyer was right to bring the case, but was not successful in acting on the applicant's behalf.

Mr. Oaten: If a lawyer thought that there was a 50:50 chance that a case would be won, would it be appropriate for them to proceed?

Mr. Lammy: I have already said that these circumstances are a matter for regulations. There will be instances in which the lawyer has not won, but the case was of some merit. That issue has been discussed in the other place, which is why we have tabled the amendments. Let us leave the technical discussions, as I think is right, to the legal profession and the

[Mr. Lammy]

Department for Constitutional Affairs in going forward to regulations. We will discuss the matter when we come back on the affirmative procedure.

Mr. Grieve: I apologise for returning to this point. I would not have done so if the Minister had not spoken at the Dispatch Box about the lawyer sharing the burden of responsibility, which suggested that the Government still had a conditional fee agreement in mind. My understanding is that it was made absolutely clear in the other place that the Government would not get a conditional fee agreement through the other place, but that Lord Filkin indicated—I shall quote him later—that he appreciated that that was the case and said that the matter could be reconciled by a tough merits test. I assume that that is what we are dealing with, and that the lacunae that seem to exist in terms of the drafting of Government amendment (g) will be cured along the lines of the assurance that the Minister has given. I am sorry to ask again, but in view of the words that he used—I realise that forms of words can be used in a slightly odd fashion and that people can mean different things—I would be grateful for reassurance on that point.

Mr. Lammy: I am happy to give the hon. Gentleman that reassurance.

Through the new arrangements, we are asking lawyers to understand that the Government take the matter seriously and that it is right that we seek to limit the sort of unmeritorious cases that have been brought in the past. That is why I ask hon. Members to agree to our amendments.

I turn now to Lords amendments Nos. 42, 43, 44 and 46 to schedule 1 and Lords amendment No. 61 to schedule 2. Together, those amendments would retain lay members in the new tribunal and require the majority of appeals to be determined by a panel. The Government are proposing three amendments in lieu, which accept that there is a role for lay members in the new tribunal and tidy up the drafting. Government amendment (e) to Lords amendment No. 28 is consequential upon the reintroduction of lay members.

We disagree with Lords amendment No. 46, however, and Government amendment (a) in lieu does not require the majority of appeals to be heard by panels. Instead, it allows the president to make arrangements having regard to the complexity of the case and other circumstances. We must ensure the appropriate level of scrutiny, and giving the president discretion, having regard to the complexity of the case and other circumstances, will create a flexible and efficient approach to case management. Our amendments will ensure that panels hear the right cases, which will benefit from the input of lay members. I urge hon. Members to support the Government amendments in lieu.

5.45 pm

Lords amendments Nos. 48 and 49 relate to appeals before the Special Immigration Appeals Commission. Lords amendment No. 48 provides for a more streamlined procedure for appeals against deprivation of citizenship, which reflects our intention to run deprivation and deportation appeals concurrently, and it also protects the interests of the individual if a deprivation order is overturned. Lords amendment No. 49 would confer a parallel jurisdiction on the Special Immigration Appeals Commission covering appeals to that body against deprivation of citizenship under section 2B of the Special Immigration Appeals Commission Act 1997.

On that basis, the Government are pleased to return with the amendments, which have been discussed for some months.

Lynne Jones: I have been listening to the debate, which I find extremely confusing, and gather that further discussions will occur in the other place. I note that the Government have yet to respond to the report by the Joint Committee on Human Rights, which has expressed reservations. Can the Minister provide an assurance that the Government will respond to that report before the matter is dispensed with?

Mr. Lammy: The Home Office Minister with responsibility for asylum and immigration has responded to the report by the Joint Committee on Human Rights. Because we have listened to the Joint Committee on Human Rights, the Constitutional Affairs Committee, hon. Members of this House and Members of another place, we have reached a broad consensus on this important legislation, and we heard in this afternoon's debate that procedural points about time limits are all that remain between us.

Mr. Grieve: I start by saying to the Minister, in the same spirit as that in which he concluded his remarks, that, if the sinner repents, it is wise for those who see the repentance at least to acknowledge it. The Bill left this House in the most dreadful condition—as far as the rule of law in this country is concerned, it was not far off being an obscenity—and despite our attempts to persuade the Government on Report, the Government appeared obdurate.

That said, an overwhelming majority of Members of the other place, including many who take the Government Whip, have persuaded the Government to see sense. Once again, we have had to rely on them to save this country from a form of tyranny, so hon. Members, and perhaps even Ministers, should be grateful. As the Minister says, we are left, as a result of their hard work, with a number of areas of detail. I acknowledge that and hope that we can satisfactorily resolve them. The question whether that can be done depends on whether the Government will now show a little flexibility.

I shall start with the main bone of contention, which might appear to be small, but precisely because it is so small, I find it puzzling. On Report, I tabled an amendment that provided seven days in which to appeal to allow a statutory review procedure rather than the ouster of the judicial scrutiny of the asylum process. When the matter went to the other place, Members were particularly concerned about conditional fee agreements. It became clear that, if the Government persisted with conditional fee agreements, also known as no win, no fee agreements, the time that it would take to secure the services of a lawyer—who would need to

make an assessment and obtain the necessary insurance, if they could get it at all to take on a no win, no fee case—made the proposed seven-day period insufficient. That is why a period of 10 days, which is still short, was inserted. Under the influence of the other place, the Government have considerately suggested that they will not persist with no win, no fee. They said that they would set a tough merits test, which we wholly support as long as we can ensure that that is what appears on the statute book. I therefore accept that there is at least an argument for seven instead of 10 days. However, I am mystified about the Government's determination to maintain a five-day period in which an appeal can be lodged. That must be considered in the overall context of the time periods for processing asylum applications.

Two points are worth noting. First, in the other place, we tabled an amendment to provide that the Home Office had to make the determination in six weeks. If anything will speed up the asylum process, it is the Government and the Home Office making a determination in six weeks, not three months, six months, nine months or even longer. However, the Government did not want our amendment. They said that they were not prepared to live with the six-week period and, consequently, we do not have it.

Secondly, we made another suggestion in the other place. At the end of the process, there are often delays before someone is removed because judicial review can still be invoked to delay removal or argue that removal should not take place. We proposed a statutory review procedure to speed that up but the Government rejected it. They said that they were determined to keep the judicial review procedure for the tail end of asylum applications. That threatens to delay the process at the end.

The Government insisted that they would not have a statutory review procedure at the end of the process and would not stick to a six-week determination process, yet they are fighting over an extra 48 hours so that lawyers can consider whether to launch an application for review or reconsideration. That is odd and I fear that the only reason for it is the cheapest form of No. 10 Downing street spin.

Throughout the proceedings, the Government have wanted to be able to say, "We're trying and we'll ensure that everything happens quickly. Look at those dreadful people on the Opposition Benches—they're trying to hold up the process." The Prime Minister has presented precisely that sort of cant at the Dispatch Box. I have not heard a proper explanation from the Under-Secretary of why 10 days would make a difference whereas seven days would not.

I do not know what the other place will do when it reviews the matter. The Government will get their way here and we can do nothing about it. However, I urge the Under-Secretary to reconsider whether we can end our proceedings on the Bill on a note of amity. That is why I tabled the two amendments that proposed seven days. Given that the Government have dropped conditional fee agreements, seven days, although a short period, at least provides a little extra. I hope that the Under-Secretary will examine that proposal positively and listen to other hon. Members' comments on it.

I believe that the Under-Secretary has resolved my next point, but I want to make our position absolutely clear. We will have nothing to do with a conditional fee system. It cannot work in asylum appeals because it will mean that people are unrepresented. I believe and hope that we have persuaded the Government of that. It is therefore bizarre that the Under-Secretary appeared to be reading from an old text, which clearly suggested that he was still trying to persuade the public that the conditional fee agreement applied. I think that he subsequently explained himself. However, it is clear that the measure will have to revert to this place because a further amendment will be required in the other place to ensure that it covers not only reconsideration but review. In the light of the Under-Secretary's assurances and crystal clear assurances from Lord Filkin, which were the only reason why my noble Friend Lord Kingsland did not press his amendments, I am content to let the matter rest.

The Under-Secretary will be pleased to learn that we are prepared to accept the other amendments. We are pleased that the Government have conceded that scope should remain for lay members of tribunals. We regard that as essential. We are broadly content that the president can exercise discretion to ensure the presence of lay members to help with the decisions of fact in any case of factual complexity. I hope that the Under-Secretary can assure us that there is no intention through the publication of guidelines or Government pressure to try to influence the president's exercise of discretion. I would expect the president to conduct the hearings fairly and equitably. I shall not seek to oppose the Government.

I do not wish to take up time because others want to speak. I have broadly covered our response to the Government amendments. The great thing is that the Government have given way on the main issue. For that, they are entitled to take some credit, although it would never have happened without many hon. Members, including the Government's supporters, showing a great deal of courage. It is greatly to their credit that they did so.

I hope that the Government will respond positively to my points and I look forward to hearing other hon. Members' views about whether the Government are right to push for five rather than 10 days.

Mr. Neil Gerrard (Walthamstow) (Lab): First, those of us who argued on Second Reading and on Report that the provisions on appeal were wrong must say to the Government that we are glad that they have listened. A significant shift has taken place. It is a pity that we had to wait until the measure went to another place for it to happen. Hon. Members of all parties who spoke about appeals on Report argued that the Government were wrong. However, I acknowledge that the Government have listened and we are grateful for this significant move.

Two matters have been flagged up as being of major concern. The first is the number of days for an appeal to be lodged and the second is legal aid. On the second point, I am more confused than when the debate began about the direction that we are taking. The discussion about whether the number of days should be five, seven or 10 resembles that about angels dancing on pinheads. The number is arbitrary. I question whether it would allow a proper appeals system to work. I await the first case after the introduction of the system in which the Home Office fails to meet the five-day target and it wants

[Mr. Neil Gerrard]

to appeal against a decision by the tribunal. I am sure that one will occur before too long. The five days apply to the Home Office as much as to an asylum claimant. I should be interested to note the number of such cases.

I can envisage circumstances in which asylum claimants will experience problems with a five-day timetable. We appear to be moving towards a system whereby asylum claimants are almost encouraged not to worry about getting legal advice, especially at the start of the process. I recently saw a transcript of an asylum seeker induction briefing DVD that is shown to asylum seekers in induction centres. It says about legal advice:

"You can seek legal advice if you want it, but the Home Office do not believe that you need legal advice to tell Asylum Casework about your reasons for claiming asylum".

I appreciate that that is at the beginning of the process rather than at appeal, but it does not really encourage people to get their cases presented properly in the first place, which would cut many unnecessary appeals.

6 pm

I can also envisage situations in which someone would want to change their lawyer, either because they do not believe that the lawyer who has been dealing with their case when it has gone to the tribunal has handled it properly, or because the lawyer who dealt with that stage was not available, for some reason, to deal with any further reconsideration.

Mr. Oaten: The hon. Gentleman has touched on an issue that concerns me. As the process gets more complex, and as the grounds for appeal get more technical and detailed, people may want to switch to much more specialist lawyers. There is a good case, therefore, for individuals to be encouraged to move to a different lawyer to tackle those complex legal arguments.

Mr. Gerrard: That may well be the case. I know that there are proposals along with the new systems to produce different levels of accreditation for people handling asylum cases, and I welcome some of what has been done over the past year or two to weed out some of the poor representatives around. I can think of examples from my local citizens advice bureau, which has a legal aid franchise to handle asylum and immigration cases, and in my view does it extremely well, although the person who does most of the work in that CAB does not have a legal qualification. I am sure that, were he faced with the situation of someone who had gone through a tribunal, and if he felt that there might be a point of law on which to argue, he would want to go to someone else to get that specialist advice. Five days will not always be enough to allow people to do that. Although the Minister said that it would be possible to make an application and to try to put an argument that a longer time limit should be allowed, five days is too tight in this area.

On the question of legal aid and no win, no fee or conditional fee arrangements, I am not sure about the direction in which we are going, given the promise that there will be further reconsideration in the other place. I have had some concerns about the way the amendment that came to us was drafted—it seemed to give extremely wide discretion to the Secretary of State to make regulations that would restrict the exercise of the power to make payments, depending on the outcome of the appeal. One phrase that I still do not understand is

"the nature of the appellant's legal representatives",

which would remain even with the Government's proposed amendments.

If we are to have a merits test, that is the right direction. I do not want cases with absolutely no merit being funded out of public funds. Certainly, I have seen cases in the present system in which solicitors have told asylum claimants who have lost at an adjudicator's appeal that they will put in an application to the immigration appeal tribunal. When one sees the paper that has been sent to the IAT, it has scribbled on it something along the lines of, "The adjudicator made an error in law." That is all that it says. It gives no indication of what the error in law is supposed to be. Clearly, there is no basis on which to assess that, as the argument is about credibility. The adjudicator has made a decision on credibility and the IAT is not going to get involved in an argument about credibility, as it will say that that is a matter for the adjudicator, and not for it.

I do not have a problem with trying to weed out cases that do not stand up or do not have genuine points of law to argue. One must give the solicitor the opportunity to have a proper merits test, however, and not after the event. That is what worried me about the proposal—decisions would be taken after the event, which would discourage lawyers from taking cases that were 50:50 or that they were doubtful that they would win.

On the whole issue of appeals, the direction in which we appear to be going still concerns me—we are squeezing appeal rights all the time. It is not encouraging to see a paper from the Department for Constitutional Affairs, issued just a few days ago, about its 2004 research programme, in which asylum was one of the areas in which it was asking for offers of research. It described the current system, and the proposals in the Bill, and went on to say:

"In the current Bill, the Government had originally proposed a judicial review ouster of IAT decisions. However, the ouster clause was replaced with the arrangement described above",

which are the arrangements that we now have. It continued:

"Both lay and expert views are sought on whether asylum seekers and immigrants should have the legal right to challenge Home Office decisions either to a Tribunal or a court."

If we are getting research done along those lines, I wonder what we will get next on changing appeal rights, on top of the proposals in the Bill.

The Minister for Citizenship and Immigration has moved significantly. All of us who argued about this section of the Bill tried to say on Second Reading that we could live with a single tier of appeal provided that there was a possibility of changing errors of law and provided that we were not removing the ability of people to go to the appeal courts and higher courts. I welcome the shift that has been made, and I look forward to seeing what we get back on the legal aid sections when we no doubt debate this again, either in a week or two or in the autumn, when the other place has had a chance to have another look at it.

Mr. Heath: It is a pleasure to follow the hon. Member for Walthamstow (Mr. Gerrard). As he said, many of us made trenchant criticisms of the Government's initial proposals when we last had the Bill before us. The hon. Member for Beaconsfield (Mr. Grieve) has already described the obscenity of the original proposals. The hon. Member for Woking (Mr. Malins), who was with us earlier, described the Bill as

"not only illiberal but grossly unfair".—[*Official Report*, 1 March 2004; Vol. 418, c. 721.]

Unfortunately—I say this is in the gentlest possible way—those two hon. Gentlemen could not quite bring themselves to vote against the Bill, as the hon. Member for Walthamstow (Mr. Gerrard) and my hon. Friends did at the time. Nevertheless, clearly, a strong view was held on both sides of the House that there was a need to do something about the worst excesses of the original proposals.

If I welcome the proposals that the Government have now brought forward, I do so only because they are better than the alternative. The grudging way in which the Minister made his statements this evening suggested not so much a repentant sinner as someone who had been dragged kicking and screaming to the House, who had had to make changes because he knew that he would not get the Bill through the other place without them, and who was still not prepared to listen to what people were saying. Hence, we found that we needed further amendments from the other place to bring the Bill into conformity with what some of us felt had already been agreed.

I will not cover ground that has already been adequately covered by others, as other hon. Members wish to speak. I find it extraordinary, however, that the Government are fussing about the period of 10 working days, and trying to bring it down to five. For heaven's sake, we now have a simplified procedure. How many belts and braces do they need to achieve their objective? Adding another two days, as the hon. Member for Beaconsfield proposes, or leaving the period at 10 days, will make not a ha'p'orth of difference to the efficiency of the system, except in one way. If people are asked to present cases that are ill prepared—if they are asked to find legal assistance within a period that does not allow for that—cases in our courts will be dealt with less effectively, less efficiently and in a way that is less in the interests of justice.

Mr. Lammy: The Government are insisting on the provision because we want to stamp out delay. We should remember that 70 per cent. of people who arrive in this country—Europol's figure, not the Government's—are trafficked by criminal gangs. Why do they come here? Because they are exploiting parts of the system. What is the central part of the system that they are exploiting? Delay.

It is right for us to go back to basics, to consider what is necessary to lodge an appeal, and to look at the evidence before us. The evidence suggested that six hours were required, and, if the use of counsel was needed, one and a half working days. It was on that basis that we arrived at five days. It was not because the Government had not thought about the issue in depth.

Mr. Heath: Had the Minister been an applicant, he would probably have used one working day with that intervention. I hear what he says, but let me say this to him: if he wants to speed up the process, let him start with the Home Office. Let him get the Home Office working correctly, making proper assessments and presenting cases appropriately. That is how to speed up the process, not denying people the opportunity to make a case that can be made only on grounds of merit, as in the Minister's belt-and-braces proposal. We are talking about meritorious cases, not about people who are exercising some sort of delaying tactic.

I despair of this Minister, above all, because he never seems to listen to what people say in debates. He pointed out that new section 103A(4) would permit an application outside the specified period. That is true, but the grounds are very limited, involving reasonable practicability. An appeal cannot be made in the interests of justice. I happen to believe that the interests of justice ought to be paramount, but the amendment makes no reference to them. Appeals can be made only in the event of a specific practical problem that cannot be overcome.

Vera Baird (Redcar) (Lab): I understand the hon. Gentleman's concern, but surely reasonable practicality is what Opposition Members have been talking about. If there is a change of lawyer, for instance, the question of whether it is reasonably practical for the new lawyer to submit the appeal on time is exactly what we should consider. The amendment hits the nail on the head.

Mr. Heath: All I can say is that I hope so, but I envisage circumstances in which it will not. We should bear in mind that we are dealing, potentially, with matters of life and death. I believe that we have a responsibility to ensure that the interests of justice are upheld in any circumstances on that basis.

Let me deal briefly with conditionality. All that I heard this evening about fees sounded very much like a conditional system by another name. There are some deeply imponderable proposals. There is, for example, the concept of the near miss. What if the client secures the right result—leave to remain—but by the wrong means? The lawyer, presumably, will be considered to have failed entirely, although he or she will have done the preparatory work, because the client no longer wishes to test the point of law on which an appeal would be held. The client now considers that he or she has secured his or her objective, which is to remain in the country safe from harm or persecution. Is that a near miss? It may not be a miss at all. The matter may not even come to court.

6.15 pm

There is serious anxiety about the possibility that people will not be able to obtain the legal support that they need. I hold no brief for bad practitioners, but how many filters must the Government introduce before they can do the job of weeding out the bad practitioners, leaving those who are genuinely concerned for their clients and want to do a good job? We have the quality controls and the devolved powers that are available to the firms involved, but when there are no devolved powers, the Legal Services Commission will decide the merits of the case in the first place. Are we to suppose that the commission is incapable of deciding whether a case is meritorious? Will it be necessary to wait until the

[Mr. Heath]

end of the proceedings to find out whether the lawyer contracted, in effect, by the commission will be paid? Who on earth would take a case on that basis? It is unfair to the applicant.

We have heard mention of the report from the Joint Committee on Human Rights, and it was pointed out earlier—from a sedentary position—that the Government had responded to its criticisms. I may be corrected, because I have only the briefest acquaintance with the Government's response, but I felt that they had answered some of the criticisms. In fact, I think that that was said explicitly. There did not, however, appear to be a section on clause 14, which we are discussing now. There were serious criticisms that the Government have not addressed. No doubt we shall have to address them, both here and in another place.

Rob Marris (Wolverhampton, South-West) (Lab): I shall confine my remarks to amendments (a) and (b). I declare an interest: I am a member of the Law Society of England and Wales, although I have not practised law since I was elected three years ago because I do not believe in moonlighting.

Looking around the Chamber, I see a fair smattering of barristers and some solicitors. I would hazard a guess, although I stand to be corrected, that during my many years of practice I have issued and run more civil proceedings than anyone else present; and I must tell the Government that changing 10 working days to five strikes me as extraordinary. It suggests, for example, that a sole practitioner who is a solicitor is not entitled to go on holiday: such people would be deemed negligent, and could be sued for missing the deadline.

Since my election, I have written hundreds, if not thousands, of letters to Ministers. I do not recall ever receiving a written acknowledgement within 10 working days, let alone five. I have never received an answer that looked as if it had taken anything like six hours to draft. Ministers are not able to complete six hours of drafting in five working days, but they want those representing asylum applicants to do it. That seems extraordinary.

I urge both the Government and the Opposition to withdraw their amendments, and stick to the 10 working days proposed by the other place. I think that that is, in any event, a very short time.

Mr. Grieve: I can reassure the hon. Gentleman that I will not take an opportunity to put my amendments to the vote. I tabled them as a sort of tempter, in an attempt to entice the Minister to explain his obsession with five days and suggest an alternative. Clearly, however, if that is unacceptable to the Government, it is unacceptable to the Government.

Rob Marris: I will not comment further on that. Let me end by asking the Minister to assure us that his ministerial correspondence is answered within 10 working days—which is being generous to him—and that all of it is answered within that time.

Annabelle Ewing: As many Members have pointed out, the clause has been greatly improved since Second Reading, Committee and Report, although I still have some concerns, not least that reconsideration will be handled by the same tribunal and that there is a lack of provision for oral submissions.

On the key outstanding issue, I find it quite incredible that the Government insist on a period of five working days. We are dealing with a right of appeal, which is much more important than mere administrative convenience. The Government have begun by making a series of unsound and unrealistic assumptions. As the hon. Member for Wolverhampton, South-West (Rob Marris) pointed out, the provision seems to take no account of the fact that the lawyer concerned might be a sole practitioner who is on holiday; nor does it take account of the practitioner's case load or of the possible complexity of a case. Citing repeatedly an average time of six hours is meaningless in a field such as law, in which each case must be dealt with as it comes and on its merits.

Mr. Lammy: Has the hon. Lady not read proposed new section 103A(4)(b), which allows the judge discretion in the rare circumstances in which the five-day deadline cannot be met?

Annabelle Ewing: I have, but the point is that if one sets a deadline for appeal, it will be the norm; such discretion will, by definition, operate on a discretionary basis. I do not know why the Minister appears not to understand that basic point about our legal system.

This is a very important issue and as has been pointed out, the existing period of 10 working days is already a very short one within which to be required to bring an appeal. The other place will insist on this matter, and we will have to discuss it again. In the light of the clause's history, I expected the Minister to have learned a little humility, but he obviously has not.

I am pleased to note that the Bill's legal aid provisions do not seem to apply to Scotland. That is entirely proper, because the Scottish legal aid system is a matter for the Scottish Parliament. As I understand it, I have received an assurance from the Government that no hidden small print seeks to apply such provisions to Scotland, and I am very pleased that the Scottish Parliament will decide how to administer its legal aid system.

Vera Baird: How is the Scottish Parliament to decide whether there will be a way to allocate legal aid in time for an appeal, if, as the hon. Lady agrees, the time limit for an appeal must itself be very short? Surely the reason why such aid will be ex post facto legal aid is that there is no time beforehand for an independent examination of the merits. She does not have the escape clause that she fancies she has.

Annabelle Ewing: I was talking about the broad policy and the question of whether we in Scotland would wish to go down the road of a conditional, or "no win, no fee", legal aid system. Such policy will be decided not by this place but, quite properly, by the Scottish Parliament. *[Interruption.]* The hon. Member for Glasgow, Cathcart (Mr. Harris) says from a sedentary position that that is the consequence of devolution, and quite so, but the problem is that some 60-plus Sewel motions have delegated our legislation-making

competence to Westminster. That is an important point, but I shall not go down that route tonight. The Minister will have heard my comments about the number of days, and I hope that the Government will show a little flexibility.

Mr. Marshall-Andrews: I am grateful for the opportunity to make a short and sad contribution to this short and sad debate. It is sad because I had looked forward to the unusual—indeed, unique—experience of offering my unalloyed and unadulterated congratulations to the Government. I had thought this an entirely appropriate moment to do so, not least because I expected the Chamber to be nearly empty. It is also a sad occasion because I have immeasurable respect for my hon. Friend the Minister, who, of course, did not have the burden of carrying this iniquitous Bill through its early stages. It would indeed have been a worthy occasion on which to congratulate him, as it is the first time that I have seen him on the Front Bench in his current role. Unhappily, I am unable to do so, and to explain why that is so, it is necessary to look back at the history of the Bill.

On Second Reading and on Report, we had a magnificent debate on what is an historic matter. Had the Government succeeded, it would have been the first time since the days of the Star Chamber that a public tribunal was relieved of the responsibility of judicial review. The debate had enormous historic undercurrents, and it was characterised by strong speeches in this Chamber and the usual vulgar abuse outside about wet liberalism versus authoritarian government. It was enormous fun because, as most of us realised, the Government were bound to give in; otherwise, they would have provoked the biggest constitutional crisis for 300 years. They were told as much when the Bill got to the House of Lords, and when they gave in, my noble Friend Lord Falconer also gave in with characteristic charm and emollience. Indeed, in doing so he found time to pay a little credit to the Back Benchers in this House who had attempted to assist him, for which we were enormously grateful.

So when I heard what Lord Falconer had to say, I looked forward to coming to this Chamber in order, on an historic note for me, to congratulate the Government. Unhappily, that is not possible because of their amendment (a), which characteristically states:

"leave out '10 working' and insert '5'.

It is, in truth, a miserable, snivelling little amendment that has no valid reason behind it. It is entirely meretricious, and it smacks of petulance. As all who know about the law realise, there will as a result of it virtually always be applications to extend the time limit. The burden on the tribunal and on lawyers will be immensely increased, rather than decreased.

The question of a five-day or 10-day limit is entirely arbitrary. When I asked the Minister, who was doing his best in the circumstances, what the perceived wisdom of the five-day limit was, the answer, I am afraid, was grossly unsatisfactory. He said that it does not give people the chance to shop around. The idea that an asylum seeker who cannot speak English and needs assistance can shop around in 10 working days but not in five is pure myopia, and the Minister knows it. This is a wholly arbitrary and unnecessary qualification. Ten days is too short a time limit, but one could have lived with it. A limit of five days is simply an attempt on the part of the Government to save a certain amount of face, and I am very sorry that they have chosen to do that.

Notwithstanding what I have said, I will support this measure, but I will not be able to go through the Lobby with that light skip in the step that I hoped to be able to employ. Unhappily, I shall go through with the more familiar leaden feet.

Vera Baird: I am sorry that my hon. and learned Friend the Member for Medway (Mr. Marshall-Andrews) feels unable to let go and to congratulate the Government in the wholehearted way that I know he has been longing to do for many months, whenever possible. This measure is such a lot better than it first was that "congratulations" is the lowest point at which one can pitch one's approach to it. It is better not to be mealy mouthed, although no one could accuse my hon. and learned Friend of that: care, consideration and detailed conversations have helped to clarify this measure, which is now as good as it is going to get. There will be an independent appellate process, which is the most important thing; to be honest, time limits are much more of a minor-key issue. They will be applied where appropriate, via what I am satisfied is a tough merits test.

I am worried about the time limit of five days. To be honest, I cannot see why anyone is arguing about whether it should be five days or 10. There does not seem to be any principle to be found here. Surely 10 days is short enough, so what is the advantage of having five instead? I do not understand why the Government are sticking out for that.

6.30 pm

I understand, although I do not especially care for, the allocation of legal aid ex post facto, but it seems to me that we cannot have one without the other, and if an appeal's time runs out in 10 days, there is no time for an application for legal aid to test the merits in the meantime. That is a funny idea, running in the opposite direction from other aspects of the legal system. The new criminal defence legislation says that criminal legal aid, currently awarded by the courts, will go instead to the Legal Services Commission, which is where the decisions under discussion are currently made. The Government are running contrary to the thread of what I consider a proper policy route.

However, there it is. We cannot really have time for an application for legal aid if we are going to have a very short appeal application time, so everyone must accept that if they want to be sweet about the one, they must be sweet about the other. I am sure that the judiciary will exercise the proper discretion and will understand which cases were worth bringing, even though they were not successful. I do not foresee great problems about that.

Frankly, lawyers such as myself—I should have declared an interest, although I did not do much in the way of asylum work until I was confronted with it as a constituency Member—will have to take the cases that they think in all conscience should be taken and simply get on with them, trusting that they can convince the courts after the event that they were right to do so—

[Vera Baird]

It being one and a quarter hours after the commencement of proceedings, MADAM DEPUTY SPEAKER *proceeded to put the Questions necessary to dispose of the business to be concluded at that hour, pursuant to Order [this day].*

Government amendments (a) to (g) to Lords amendment No. 28 agreed to.

Lords amendment No. 28, as amended, agreed to.

Government amendment (a) to Lords amendment No. 62 agreed to.

Lords amendment No. 62, as amended, agreed to.

Lords amendments Nos. 42 to 44 and 46 disagreed to.

Government amendment (a) in lieu of Lords amendment No. 46 agreed to.

Lords amendment No. 61 disagreed to.

Government amendments (a) to (c) in lieu of Lords amendments Nos. 42 to 44 and 61 agreed to.

Lords amendments Nos. 29, 45 and 47 to 60 agreed to.

Lords amendment: No. 15.

Mr. Humfrey Malins (Woking) (Con): I beg to move amendment (a) to the Lords amendment.

Madam Deputy Speaker (Sylvia Heal): With this we may consider amendments (b), (c) and (e) to the Lords amendment.

Mr. Malins: The first three amendments are essentially probing, but I shall seek to divide the House on amendment (e), on prescribing the circumstances that constitute a breach of a requirement to participate in community activities, if the Government are not prepared to accept it.

The new clauses inserted by the Government in another place are broadly welcome, because any reasonable person would support the proposition that people should, where they are able, give something back to the community that has been supporting them. Having offered general support, I shall be a little unkind and say to the Government that I am disappointed and disillusioned by the approach that they have taken in introducing changes so late in the proceedings. There has been no meaningful consultation and not one of these new provisions has ever been debated in this Chamber, in Committee or on Report.

It is worth remembering that we started the Committee stage on 8 January. At that stage, the Bill was about 25 to 28 clauses long, and it has now almost doubled in size to 50. Many hon. Members of all parties—I see the hon. Members for Glasgow, Cathcart (Mr. Harris) and for Walthamstow (Mr. Gerrard) here today—would have welcomed the chance to debate these provisions in Committee.

In the other place, my noble Friend Baroness Anelay referred to a "torrent" of new clauses and policies being made up on the hoof. Today, we have about two and a quarter hours to debate up to seven major new add-ons to the Bill. It is a pity that we have so little time. Lord Rooker said that the Commons

"will have adequate time—rightly so, because when the Bill goes back it will have a substantial chunk of amendments sent from the Committee here. There has to be proper scrutiny in the other place."—[*Official Report, House of Lords*, 15 June 2004; Vol. 662, c. 650.]

He was right. There will not be enough time properly to scrutinise the clause, particularly in relation to the provision of accommodation being dependent on work done.

I do not expect the Government to apologise, but I hope that they will be able to give us some reason as to why these major new policies were not in their heads last December, when they could have been put into the Bill for Second Reading; in January this year, when the Bill went into Committee; or at Report stage.

Although we offer a broad welcome to the principle behind the clause, I turn now to my amendments, which are essentially probing. Amendments (a) and (b) would require the Government to consult a wide range of bodies before introducing the provision on work being linked to the right to accommodation. Amendment (b) lists those bodies—they include Citizens Advice and others of some importance. Some are relevant because of their experience in the refugee world—for example, the Immigration Advisory Service and the Refugee Council. Some are particularly relevant to the issue of work in the community—that is why I included the probation service, which runs what are now called community punishment orders and were hitherto called community service orders. Some have useful knowledge about specific work that would benefit a community in which the asylum seeker lives—I refer to the Local Government Association. I do not think that the Government had a prolonged period of consultation with any of those organisations; if they did, I must have missed it. Why not, and will they undertake, even at this late stage, to do so?

Amendment (c) would require the Government to explain exactly how they propose to link accommodation with work. I am not clear what they mean by subsection (b) of the clause, which says that regulations may

"provide for the continuation of the provision of accommodation to be subject to other conditions".

That is extremely vague.

The most important amendment, by which I should like to test the opinion of the House, is amendment (e). The general sense of the clause is that the Government will require some failed asylum seekers to undertake some community work or activity as a condition of keeping their accommodation. What will happen if he fails to do the work, fails to do it properly or does not turn up? In the criminal justice world, criteria would be in place to judge what constitutes, for example, failure on the part of a person who is subject to a community service order. In this case, however, if a Home Office official takes the view that the person is not complying properly with the work that they have been asked to do, he can take their accommodation away. Can that possibly be right? If so, it is a somewhat sorry state of affairs.

Amendment (e) would require the Government to prescribe the circumstances that would constitute a breach of a requirement to participate in community

activities. If they are unable to include that in the Bill, they could provide for the making of regulations. But here we are, at the eleventh hour, with the whole House of Commons potentially present for the debate—I say "potentially", because it is always a pleasure to speak to a packed House—and we still do not know. The amendment would remedy that.

6.45 pm

How many failed asylum seekers will be covered by the provision? As I understand it, they will be those who are here because they cannot reasonably be removed from the country. Can the Minister tell us not only how many he thinks there are, but which countries they have come from? The Government cannot readily or properly remove many of those who fail in their asylum claim. Zimbabwe is a case in point. In the early part of 2003, the Government suspended removals to Zimbabwe. I thank them for doing so because the situation there rendered it unsatisfactory for people to return to that country.

Mr. Gerrard: I believe that the people involved would be those who are now described as receiving National Asylum Support Service hard case support. The question is not so much that of how many failed asylum seekers from such countries are not being returned, but of how many apply for and get hard case support. All the figures that I have seen suggest that their numbers are quite small, and that many of those who might be eligible for that support either do not apply for it or are refused.

Mr. Malins: The hon. Gentleman, whose expertise in such matters is well known and well respected by the whole House, suggests that we are talking about failed asylum seekers in receipt of hard case support. I understand that. However, if we were in Committee and had plenty of time, the Minister would be asked to deal with the whole scenario of failed asylum seekers who cannot be removed and the duties that are placed on them. The purpose of the debate is to try to draw out some of the Government's reasoning—for example, would those who are not in receipt of hard case support be exempt from the provisions, and if so, why? When the issue of failed asylum seekers who cannot properly be removed cropped up in the other place, questions were put to Ministers about their position, as is proper.

Of course, the Government face difficulties in removing failed asylum seekers to Iraq and to Afghanistan; they sometimes, but not always, go on the assisted voluntary return package. There are sometimes difficulties in returning Somalis. As the Minister has acknowledged, and as a recent parliamentary question revealed, there are difficulties in removing people to China. The same is true of Iran, despite the fact that that country is a signatory to the Chicago convention. The position is not easy.

It was said in the other place that only a few hundred people are relevant to the clause. However, given that this is the last opportunity that this House will have to consider the clause, which was never debated in Committee, it would be helpful if the Minister clarified the numbers involved.

Jeremy Corbyn (Islington, North) (Lab): It is not just a question of the numbers—of whether it is 10, 500, or whatever—because an important principle is involved. If people who are not allowed to work legally are to be forced to work in a voluntary capacity to carry out unspecified tasks, that is surely a step that has never been taken before.

Mr. Malins: I take the hon. Gentleman's point, and indeed I was going to make it myself in my own way—although perhaps not so effectively—in a moment. I suppose that the issue of the numbers was the first point, if not the most important, that occurred to me. There are more important points of principle, to which I will come in a moment. Surely what we are talking about is a system of directed labour for those who have not been before our courts and convicted of a criminal offence, and for whom the penalty of failing to comply with the work order—the directed labour—is loss of accommodation. That is a serious matter. They are being told, "Do the work, otherwise you'll lose your accommodation."

Mr. Tom Harris (Glasgow, Cathcart) (Lab): The hon. Gentleman is right to say that such individuals have committed no criminal offence, but does he agree that, as failed asylum seekers—illegal immigrants, in other words—they are outwith the law by being in the country at all?

Mr. Malins: I understand that we are talking about failed asylum seekers in receipt of hard case support, but the important principle is that we are telling people to do the work or lose their accommodation. I do not know whether any other EU country has that system; I would be glad if the Minister told me.

As I mentioned in relation to the amendment on which I want to test the House's opinion, I do not see any criteria in the Bill for judging whether the work has been done properly and efficiently. Also, who on earth is to make that judgment? That troubles me a bit, because I do not feel particularly easy with a situation in which a Home Official can say, "Go and do this, and do it on Monday, Tuesday and Wednesday." There is nothing in the Bill about how often the work has to be done—or indeed where. There has been some reference in debate to the fact that it might be done locally, but, equally, Lord Rooker said, as reported in *Hansard*, that it might have to be done in another area. I do not feel particularly easy about the fact that when there is a decision as to whether someone loses their accommodation because they do not do the work properly—says an official—that decision is made by an official against whom there is apparently no right of appeal to any judicial person.

What has the Minister got to say about the report of the Joint Committee on Human Rights, published only about a week ago? We are talking about a Joint Committee involving, I would say, leading members of all parties, including the Government party. The Minister will know that that Committee was unanimously scathing about the Government's approach to this and other clauses. It concluded that there is a significant risk that making the provision of accommodation to failed asylum seekers conditional on the performance of community work would be in breach of the prohibition of "forced or compulsory labour" in paragraph 2 of article 4 of the European convention on human rights.

[Mr. Malins]

In the other place, Lord Rooker said—I do not quote him exactly, but give the gist of what he said—that, if he were an Opposition Member, he would be absolutely furious if there was not a full Government response to the Joint Committee's report in time for this debate. I mentioned in my point of order that he, as a Minister, said in terms that there was a prospect of the Government's treatment of the House of Lords being one of contempt.

The Government have, I think, responded by letter—I have not had chance to digest it fully—in relation to the Human Rights Act 1998 point on whether there is breach of paragraph 2 of article 4 of the European convention on human rights. My understanding is that the lawyers advising the Joint Committee say that there was a significant risk of a breach, but that the Government take the view that that is not the case. Let me ask the Government this: who are the lawyers who advise the Joint Committee and what is their standard of advice? Are they right or wrong? Who are the lawyers who advise the Government and are they right or wrong? What chance does the House really have today to consider the position in respect of a possible breach under paragraph 2 of article 4? Let us hear from the Government on that point in due course, please.

Let us also hear from the Government about the work that these—to some extent unfortunate—people will have to undertake. Who will select the work? What kind of work will it be, and who will monitor it? Who will enforce attendance? What will the cost be and is there a maximum period for which they will have to do the work?

As I have mentioned, the nearest parallel in the criminal justice system is what used to be the community service order, now called the community punishment order, under which a court can tell a convicted defendant to perform unpaid work for the benefit of the community for a minimum of 40 hours and a maximum of, I think, 240 hours. That order is administered and supervised by the probation service. If the probation service thinks that there has been a breach, it brings the matter back before the court, which has to make a determination on the point. I want to learn from the Government exactly what the parallel points are with the scheme that they suggest.

I have a feeling that the proposal to make failed asylum seekers work as a condition of their accommodation may not really involve anything worth doing; I think that the work might just be something to do. I do not see that there will necessarily be huge benefits, and I am concerned about the costs. Anyway, we have not yet heard what the costs of the procedure will be. I do not know whether the Government think that the failed asylum seekers in question will have the skills to do the work that they are required to do. Let the Government tell us exactly what that work will be.

I have been trying to calculate what the cost might be of putting a failed asylum seeker in receipt of hard case support through the work programme. I simply do not have the resources available to find out whether it will be expensive, but I was able to do a little research on the community punishment order. According to the London probation service website, the average cost for a community punishment order is £1,500 per defendant. Those figures, incidentally, do not tally with the information that the Government gave about a week ago, when Baroness Scotland explained that the average cost of a 40-hour community punishment order—the minimum duration—is £706. However, we are confused about costs because a costing exercise undertaken in 2002–03 with local probation boards suggested that the average length of a community punishment order is 116½ hours and the average cost is £2,005.

For how long would someone be required to do the work? Would it be weeks or months? With what frequency would they be required to work? The Minister has a duty to tell us a bit more about the proposal. How many hours a week would be involved? Has he any idea? Does he feel able to tell us about the expense involved in the scheme?

Those are important questions and I hope that others in the House will want to ask questions of the Minister. As I said at the beginning of my remarks, one cannot have an objection in principle to the idea of people putting something back into a community in respect of what they are taking from it. Nevertheless, all of us should try to scrutinise the legislation carefully.

I conclude my remarks on that note. I have posed many questions, which I hope the Minister will be able to answer in the course of the debate. I hope that he will take on board with acclamation the various amendments that I tabled, and in particular that he will give an absolute commitment to the House that my amendment (e) will be accepted by the Government and incorporated into the Bill forthwith; otherwise it will be necessary to test the opinion of the House.

7 pm

The Minister for Citizenship and Immigration (Mr. Desmond Browne): In my remarks I shall endeavour to deal with the issues raised by the hon. Member for Woking (Mr. Malins) and to anticipate some of the matters that might be raised by right hon. and hon. Members, such as the report of the Joint Committee on Human Rights.

I should say at the outset, and it will come as no surprise to anyone, that the Government agree with the Lords in amendment No. 15 and disagree with amendments (a) to (e). That may mean that we need to divide at some stage this evening, but that would surprise me, given that when the matter was discussed in the other place, Baroness Scotland wrote to Baroness Anelay on 2 July explaining in some detail our views on the issues raised by amendment (e) on withdrawal of support. As a result, Baroness Anelay subsequently withdrew her amendment on Third Reading in the Lords. But I suppose that what the Opposition do in this House need not necessarily be consistent with what they do in another place.

As the hon. Member for Woking rightly identified, new clause 15 enables the Secretary of State to make regulations specifying additional criteria to be used in determining whether to provide, or continue to provide, accommodation to failed asylum seekers under section 4 of the Immigration and Asylum Act 1999. The House will be aware that that is commonly referred to as hard case support.

It is important to state at the outset of my contribution that hard case support is available by and large to single failed asylum seekers who have come to the end of the asylum process, including any appeal, and have had their claim finally rejected. Other than a handful of cases—for example, where a mother has given birth shortly after existing support has ceased—families will not be in receipt of section 4 support. I shall come to that in more detail later. It would be helpful if we did not have hon. Members creating the spectre of families being subjected even to such limited conditionality, which I do not believe can be described in the extravagant way in which it has been described by others.

Mr. Oaten: Perhaps we can clarify that once and for all. I interpret the Minister's remarks to mean that individuals who have to look after a child would not be forced to work as part of those conditions. He says it is unlikely that they would apply to individuals in that category, but can he state that even if people fell within that category, they would not have to work?

Mr. Browne: We are told that time for debate is limited and I am reluctant to repeat what I have already said. I made it perfectly clear that hard case support is available to single failed asylum seekers, and other than a handful of cases—for example, where a mother has given birth shortly after existing support has ceased and she has already been in receipt of section 4 support—families will not be in receipt of section 4 support. So they do not come into the category of people to whom the conditionality applies. I am sure the hon. Gentleman understands the provisions of the existing support, and I do not propose to take any more time by explaining them. From the lack of reaction of other and very knowledgeable Members, I suspect they understand the distinction.

There are already conditions attached to the provision of hard case support; it does not come on its own. For example, failed asylum seekers must continue to co-operate with efforts to return them to their country of origin. The conditions are set out clearly in policy bulletins published by the National Asylum Support Service and we now advise failed asylum seekers routinely of the availability of section 4 support.

It may be appropriate to give the House some sense of the scale of the proposals and the number of people who will be affected, which I have been asked directly and indirectly. Since January 2004 there have been in total 945 applications for section 4 support, and there are currently fewer than 500 people receiving section 4 support. It is not to be concluded from that, as some people do in this area of policy, that half the applications were refused. I have no idea how many applications were refused, but there are fewer than 500 people receiving the support at present.

I was asked which countries those people come from. They come from a wide range of countries—including the countries identified by the hon. Member for Woking—where there are difficulties, particularly in re-documenting citizens of those countries for return. However, the key point about the provisions is not the countries that people come from, but how the provisions relate to the individual circumstances. I repeat that we routinely advise failed asylum seekers of the availability of section 4 support. There is no reluctance to give that support to people who are entitled to it.

The new clause allows regulations to make the continuation of hard case support dependent upon a person's performing or participating in community activities; to place the existing criteria for provision of such support on a statutory footing; and to provide for a right of appeal to the asylum support adjudicator against a decision not to provide support or against termination of support under section 4.

Jeremy Corbyn: Does my hon. Friend have any estimate of the number of people who might be eligible for hard case support but do not wish to participate in putative removal, so simply disappear? Has he any estimate of the costs of administering a system that will apparently apply to a maximum of 500 people?

Mr. Browne: My hon. Friend pointed out in an earlier intervention—not on me—that there is a point of principle involved. That will presumably be the focus of the bulk of his contribution to the debate. The matter is as much a point of principle for the Government as it is for others who seek to adopt other principles in relation to it. I shall refer to that later. The principle was established in this context for reasons other than numerical reasons.

To answer my hon. Friend's first point—I think he was making a rhetorical debating point, rather than expecting a detailed answer from me—without examining the individual circumstances of all failed asylum seekers, I am not in a position to know whether they qualify for section 4 support. That depends on their applications and the processing of those applications, so I cannot give him the figures. If he wants to know how many people fail in their application for asylum, those figures are available and are published quarterly.

Mr. Gerrard: I understand my hon. Friend's point that from the Government's viewpoint, this is a matter of principle, but if we are setting up systems, do we not want them to provide value for the money to be spent on them? Is it implied that people in receipt of hard case support will be required to go to certain places to live? If they are scattered across the country through dispersal, the system will become an administrative nightmare to operate and ineffective in terms of return for the cost.

Mr. Browne: My hon. Friend makes an important point. In the course of my contribution, which is designed to be as comprehensive as it can be given all the circumstances, I hope to address all the points that he makes. He ought not to, and I do not believe he does, accidentally lead the House to believe that those who are already on section 4 support decide where they will go. They do not.

Mr. Gerrard: No.

Mr. Browne: I am grateful for my hon. Friend's agreement to that. Recipients of the support do not decide where they will go. It is a directive process. People in receipt of that support are required to live in certain accommodation and to that extent there will be no

[Mr. Browne]

difference. My hon. Friend is right, however, to suggest that this part of the process involves public money and will be required to give value for money. Value for money can be judged in a number of ways, and I hope that when he hears everything that I have to say, he will be persuaded that this process will be fair to everyone including the taxpayers of the United Kingdom, and that it will not make unreasonable demands on people who have been given support—which some people might say they were not entitled to, although I am not saying that—when they have reached the end of the process. Many of those people could return voluntarily to their country in different circumstances, and they should give something back in return for that support.

Let me develop these arguments in the order in which I have laid them out, rather than jumping back and forth, in the hope that I can cover the points that have been raised by various hon. Members and persuade them of the appropriateness of this policy.

The Government need to explain the rationale behind these provisions, and I agree with the hon. Member for Woking that it is not ideal to introduce substantive amendments to a Bill at a late stage. In my experience of the United Kingdom Parliament, however, it is not unknown. I have watched legislation being introduced here for many years, and the introduction of amendments at a late stage is not ideal but it happens a lot and for a variety of purposes. Having done that on this occasion, however, the Government did something relatively unusual, in that we offered the new measures for consideration in the other place on recommitment. Indeed, they were debated extensively in Committee, on Report and on Third Reading there. It is also our intention that they will be subject to further consultation before regulations are introduced, and that the regulations will be introduced using the affirmative resolution procedure.

We remain committed to the principle of offering support under section 4 to failed asylum seekers who, for certain specified reasons, are not immediately in a position to leave the UK. For example, if a person cannot return home because there is no viable route, and provided that they are complying with re-documentation procedures and co-operating with efforts to help them to return voluntarily, we should in the interim be prepared to give them support to insure against destitution. However, we believe that it is right to require persons in receipt of state support to give something back to the community in return for their board and lodging. We have made it absolutely clear that we do not see this as a punishment, and it is unhelpful for people to cite analogies relating to punishments delivered by the criminal courts. This is about a person occupying himself or herself—it will mostly be himself—usefully and not expecting to receive something for nothing.

Proposed new subsection (6)(a) therefore provides that the regulations made under the section may include a requirement for receipt of support to be conditional on a person performing or participating in community activities. Community activities are defined as activities that appear to the Secretary of State to be beneficial to the public, or to a section of the public. Tackling the culture of "something for nothing" runs through Government policy—the new deal is a prime example—but that may manifest itself in different ways.

Failed asylum seekers in receipt of support under section 4 are in a different position from UK citizens. As my hon. Friend the Member for Glasgow, Cathcart (Mr. Harris) pointed out, they are not entitled to remain here permanently and will at some point return home, even if they are unable to do so immediately. However, in one sense, the requirement for them to give back to the community that supports them is even clearer than it is for other people. Their asylum claim has failed and they have no right to remain in the UK. If they are then to receive state support during this period—for example, while they co-operate with efforts to arrange their return—we need to ask what is the best way for them to give something back to the community that is supporting them. We believe that the best way is for them to engage in activities for the benefit of the community in which they are staying.

7.15 pm

Jeremy Corbyn *rose—*

Mr. Oaten *rose—*

Mr. Browne: I shall allow both interventions in a minute.

The Government believe that it is essential for continuing social cohesion that the public have confidence in the asylum system. The UK must continue to offer sanctuary to those who have a well-founded fear of persecution. However, both social cohesion and public support for our international obligations can be undermined when failed asylum seekers—those who by definition have no right to remain in the United Kingdom—are receiving state support while giving nothing back. If hon. Members are in any doubt about that, they should see my postbag on the subject.

It is true that, generally speaking, hard case support is available only as an interim measure when return is not immediately possible. However, there is a real danger that public concern about state support continuing to be offered to failed asylum seekers who have no right to remain in the UK could fuel misconceptions and prejudices about other asylum and immigration issues, which could have adverse effects on social cohesion in particular communities. To maintain confidence in the system, and to protect social cohesion at local level, taxpayers need to be satisfied that those receiving state support acknowledge the cost to others and the attendant responsibilities that are placed on them. By participating in community activities, failed asylum seekers will be occupying themselves purposefully. This will reduce the potential for tension that could otherwise surface.

Jeremy Corbyn: I have a number of asylum seekers in my constituency whose application has failed, and who are hard cases who cannot be returned to the country from which they came. They would like to go back but it is simply not safe for them to do so, and they want to work while they are here. They want to get a job and contribute through taxation, and to live a normal,

respectable life in our society. I cannot understand why we do not allow that, rather than developing a whole new bureaucracy to make people work for nothing.

Mr. Browne: I shall come specifically to my hon. Friend's point in due course. We need to answer the question why these people are not allowed to work in the labour market, and I shall seek to do so, but not at this stage of my argument. I give way to the hon. Member for Winchester (Mr. Oaten).

Mr. Oaten: I was going to make the same point as the hon. Member for Islington, North (Jeremy Corbyn).

Mr. Tom Harris: Will my hon. Friend the Minister give way?

Mr. Browne: Only if it is not on the same point.

Mr. Harris: At the risk of asking the Minister to repeat himself, can he confirm that only those in receipt of section 4 payments under the 1999 Act will be eligible for this so-called work-for-accommodation scheme? Can he also confirm that nobody who has been refused asylum and who has a safe route of return to their original country—for example, Turkey or Kosovo—will be eligible under this scheme?

Mr. Browne: There might be some misunderstanding of these arguments beyond these four walls, but I do not think that there is any doubt in the Chamber as to exactly who we are talking about here. The obligations placed on those who have a safe route of return and whose asylum application has failed are entirely different from those placed on people who have no safe route of return or cannot be re-documented, but who are co-operating. The arguments about social cohesion are vital when considering the value for money of a scheme of this nature. The benefits of social cohesion are not easily quantifiable, but they are nevertheless enormously important and must not be overlooked.

I think that this is chronologically the right point at which to turn to the Opposition amendments. Amendments (a) and (b) would require the Secretary of State to consult seven specific organisations before making regulations. We have already agreed with the view expressed in another place that we should consult widely before laying regulations, but we do not consider that the amendments are necessary. I do not see the added value of a statutory requirement to consult the groups specified. There are likely to be a number of other organisations whose views will be helpful to us, and I would be reluctant to set out on the face of the Bill the names of particular organisations without a more detailed assessment of the criteria for so doing. There are many bodies whose expertise we can utilise, including refugee organisations, those responsible for volunteering and those operating the new deal. In respect of the latter, the context is of course very different, but there are clearly lessons that we can learn about structure and organisation. That is what I am referring to here.

We need to be flexible in the way in which we consult. We have to take account of the fact that the number of people in receipt of hard case support can vary, and that there are different numbers in different parts of the country. I do not therefore envisage one structure being applicable in all areas. Furthermore, the clause enables us to roll out the provisions in different areas at different times so we can assess, if need be, how the scheme is working with one type of structure in a particular area before applying it beyond that area. We also need to be flexible in terms of the ways in which failed asylum seekers are able to fulfil the requirement to contribute. Again, we hope to benefit from consulting refugee organisations and non-governmental organisations, in terms of building a framework in which failed asylum seekers can contribute in ways that reflect any specific skills that they might have—making it more fulfilling for them and more productive for the community.

At present, the central case is that we anticipate the community activity being carried out in the immediate environment of someone receiving support. It might involve contributing to the upkeep or maintenance of their own accommodation, for example. We will also consider work on facilities that are close to their accommodation—facilities that may be used by the failed asylum seekers themselves. In short, the local community will see that failed asylum seekers are putting something back into their immediate environment, and the failed asylum seekers will be occupying themselves purposefully during the time that they are supported.

I want now to deal with the report of the Joint Committee on Human Rights, published on 5 July, which engages specifically with the issue of forced labour.

Mr. Malins: Could the Minister provide us—he has not told us so far—with examples of the sort of work that would be expected? He has not given us an example or told us about the frequency with which the work would have to be done. Also, who would decide on a breach and what would constitute a breach? Who would determine whether support should be withdrawn? Those matters have not been fleshed out either here or in the other place.

Mr. Browne: They will be fleshed out during the consultation and under the regulations pertaining to this part of the Bill. *[Interruption.]* They will, and we will proceed on the basis of positive resolution. Although I have gone to some lengths to stress that I want a degree of flexibility in developing the policy further, I can say that I have in mind about 15 to 20 hours a week, or thereabouts. I have given generic and descriptive examples of the sort of activity that is intended, and at this stage I do not want to be any more specific than that.

Let me turn to the issue of forced labour. First, I responded in some detail in an 11-page letter to the valuable and helpful report produced by the Joint Committee on Human Rights. I say that it is valuable and helpful, but it does set the Government some difficulties in respect of explanation. It was, of course, precisely on account of such difficulties that the Joint Committee on Human Rights was formed. As one of the original members of that Committee, I am proud of the work that it has since done—including during the time when I was not a member.

In response to those who understand that report, may I say that we accept that article 4(2) of the European convention on human rights, which states that no one

[Mr. Browne]

shall be required to perform forced or compulsory labour, must be interpreted in the light of the International Labour Organisation definition, according to which forced labour is

"all work or service which is exacted from any person under the menace of any penalty and for which the said person has not offered himself voluntarily"?

However, we simply do not accept that this scheme is exacting worker service under the menace of a "penalty" within the meaning of that definition. Engaging in community activity is not a penalty; it is the contribution that a person is expected to make in return for assistance from the state.

In any event, as the Joint Committee on Human Rights has identified, it is clear from past judgments of the European Court of Human Rights that what constitutes "forced or compulsory labour" is determined by whether the obligation is "unjust or oppressive". We do not accept that requiring failed asylum seekers to carry out the sorts of activities that are envisaged is unjust or oppressive. It is not unjust. In fact, it is quite the opposite to say that, if people are being supported by society, they must be prepared, if only to a limited degree, to give something back; and it is not oppressive to expect people to contribute by performing or participating in community activities, particularly when those activities relate to the environment in which they themselves live.

Mr. Oaten: I understand that what the Minister has described would not fall foul of human rights provisions, but if the Government are planning to put in place some sort of penalty for failure to carry out the community work, would that not risk failing to comply with those provisions?

Mr. Browne: I shall come on to that as I develop my arguments, but I am grateful to the hon. Gentleman for his recognition that some of the more extravagant ways of describing what the Government are trying to do here do not apply. I am grateful for his implied concession that this sort of activity could not be described as forced labour.

I reiterate that this requirement is not a punishment. It forms part of a wider policy of encouraging the ethos of "something for something" and encouraging people to be active contributors to the community in which they live, rather than just seeing it—or, more importantly, being seen to do so—as a resource to be drawn down from. Participation in community activities is merely another way in which someone gives something back to society in return for society giving something to them—a long-held principle of social provision in this country. We consider that to require some contribution of failed asylum seekers along the lines proposed does not go beyond what could readily be characterised as a normal and entirely reasonable obligation, so it does not fall within the scope of article 4(2).

In fact, I do not think that we should automatically assume, as some have, that the measure will be entirely unwelcome. Some have assumed that, since many in this group—failed asylum seekers seeking section 4 support—will, by definition, shortly be leaving the UK, they will have no interest in benefiting the community by participating in such activities. However, I know that the point has already been made forcefully in the other place that they surely do have an interest in occupying themselves purposefully while they remain here.

As I have already indicated, there will be a deal of flexibility in the way that failed asylum seekers are able to fulfil the obligation to contribute, and we will be consulting refugee groups on how to provide opportunities that utilise the specific skills that failed asylum seekers might have, such that the work that they do will be both more fulfilling for them and more productive for the community. Of course, the fundamental point is that, if the taxpayer is prepared to pay for their board and lodging during this period, it is right that something be given in return. I see no reason why that principle should not be respected. I assure hon. Members that I am coming on to deal with withdrawal of support.

Mr. Malins: Before moving on from the Joint Committee report, will the Minister tell us who advised the Committee that there was a significant risk of a breach of human rights provisions? Who advised the Government that they were wrong?

Mr. Browne: The hon. Gentleman knows fine well that the Government do not reveal their sources or the content of their legal advice. He has been fingering a copy of the Joint Committee report for some time. If he looks through it, he will see that the staff of the Committee, including specialists and others, are free to take advice from any source that they want. I know that when I was a member of the Committee, it took standing advice from an eminent academic lawyer in the field of human rights, and I suspect that it still has such advice.

It is not for me to identify the source, however. Those who have the report can read it for themselves. *[Interruption.]* I practised law for 25 years before I came to this place and I practised much litigation in the courts, as an advocate and solicitor, without having to resort to accusing people who were arguing a different point of view from mine of being wrong. Lawyers are well able to argue their position and tell others to decide which position they prefer. In this place, too, we do not resort in the main to that sort of argumentation. There are different points of view here. The Government have a point of view. The Joint Committee on Human Rights has a point of view—and there is continuing dialogue between the Government and that Committee. The Government put their position forward and, ultimately, this place is the court of decision and those who go through the Division Lobbies are the judges.

Jeremy Corbyn: A few minutes ago, the Minister mentioned the International Labour Organisation conventions. In the consultation exercise, will he consult the ILO, and if its opinion is that what the Government are doing is outwith its declarations, will the Government decide not to proceed to regulate?

7.30 pm

Mr. Browne: It is not my intention to consult the ILO, but I have not yet decided exactly whom the Government will consult, although there will be extensive consultation.

To get back to the withdrawal of support, amendment (e) would insert a provision for the Secretary of State to prescribe the circumstances that constitute a breach of a requirement to participate in community activities. Again, as I said, that was discussed in another place and correspondence passed between Baroness Scotland and myself in which we set out the procedure we envisage before support is withdrawn.

We do not consider that the amendment is necessary. The new clause already allows the Secretary of State to set out in regulations the circumstances in which failure to comply with a condition of support under section 4 would lead to termination of support, which clearly passed the hon. Member for Woking by when he compiled his remarks. We have spelled out how we envisage the process working before support is withdrawn.

It is important to stress that we are not looking for ways to make people destitute. If we believe it appropriate, a failed asylum seeker will be issued with a warning and reminded of the requirement to perform community activities as a condition of receiving support and reminded of the consequences of failing to do so. Failure to participate again after the warning will lead to termination of support unless, of course, there is a reasonable excuse for not participating again. We will clearly need to consider all the circumstances of individual cases, but I hope that it is clear that we are not looking to terminate support automatically without first assessing the reasons for a failure to comply.

I should emphasise again that people who are unable to participate in community activity will not be required to do so. It follows, therefore, that if a person's circumstances change, or if he is unwell, we would review whether he should be expected to continue the activity. We would not terminate support without first having examined fully the reasons for a person's failing to comply with the conditions. These basic principles will be provided for in greater detail in the regulations made under amended section 4, specifically under the regulation-making power contained in new subsection (5).

The new clause also provides for a new right of appeal to the asylum support adjudicator against a decision by the Secretary of State to terminate support and against a decision by the Secretary of State not to provide support in the first place. That is an important safeguard, making our overall approach to support under section 4 more robust.

My hon. Friend the Member for Islington, North (Jeremy Corbyn) asked why we do not just let these people work. There is a clear answer to that. It is imperative that we maintain the distinction between immigration and asylum. People who want to come and work in the UK can do so provided that they qualify for entry under one of the managed migration routes designed for that purpose. It is simply wrong to blur the boundaries between immigration and asylum. It risks confusing in the public eye two utterly distinct policies with completely different aims. The very people who argue that we should do that for this purpose also argue that the tabloid press should not be allowed to do it for their purposes.

Confusing the two policies is unfair to genuine economic migrants, who have to satisfy strict conditions and have no recourse to the support that is offered to asylum seekers. It encourages people who are, in fact, economic migrants to enter unfounded asylum claims, knowing that they will be able to combine such a claim with continuing to work as long as they remain in the country. That would clog up the asylum system to the detriment of genuine refugees, placing an unfair burden on the taxpayer and undermining social cohesion. The Government will do nothing that has that consequence.

Those urging a different approach might also want to consider the practicalities. By definition, members of the group will return to their own countries. It is not obvious that it is helpful to them or to potential employers for them to be encouraged to find paid employment.

I want to add a brief word on the rest of the new clause and, in particular, on amendment (c), which would remove new subsection (6)(b). The subsection enables the Secretary of State to provide for the continuation of the provision of accommodation to be subject to conditions other than the requirement to perform community activities, which is referred to in new subsection (6)(a). The intention is that the Secretary of State sets out in regulations the existing criteria, which I referred to earlier, under which section 4 support is provided.

It is right to place the existing conditions for section 4 support on a statutory basis. At the moment, to qualify for, and continue to qualify for, support under section 4, individuals must have been supported by the National Asylum Support Service or a local authority, have exhausted their rights of appeal, be destitute and have no other avenue of support. They must then have fulfilled one of the five eligibility criteria, which are that the failed asylum seeker must have been given permission to proceed with a judicial review of the decision to refuse asylum, must have been unable to leave because no viable route of return is available, must have been complying with arrangements to obtain a travel document, or must have been unable to leave the UK because of illness or late pregnancy; or there must otherwise have been wholly exceptional or compassionate circumstances. The conditions will be spelled out in the regulations themselves, which, as I have explained, will have been the product of consultation and made subject to the affirmative resolution procedure. We cannot agree, therefore, that amendment (c) is necessary.

In summary, people in receipt of support under section 4 have no right to remain in the UK. We support them while arrangements are made for their return or if it is not possible for them to return home because of circumstances generally outside their control. However, we and they must recognise that there is a cost to the taxpayer for providing that support. Those failed asylum seekers who can participate in community activities need to recognise that they should contribute to the cost by giving something in return while they are waiting to return home.

I was asked whether other countries do the same thing. Some require asylum seekers to get involved in activities in, for example, reception centres, so the requirement is not unusual. The Government view it as a fair and reasonable requirement, an important reinforcement to the clarity and fairness of the overall asylum system, and an important part of our overall approach to social cohesion.

[Mr. Browne]

People rightly want reassurance that asylum is being managed properly. The measures in the Bill, building on our success in reducing the number of asylum applications by more than 60 per cent. over the past 18 months, are all helping to achieve that. Requiring people whose asylum claims have failed to give something back to society while it is supporting them is an important and not unreasonable part of this overall strategy.

Mr. Oaten: The new clause and amendments to it involve some principles. The Minister has done a pretty convincing job in laying out the Government's view that as we live in a culture in which people do not get something unless they give something back in return, the new clause is needed to ensure that the public see that the individuals concerned are working for the benefit that they receive. That is an important principle. It breaks into slightly new ground, in that if the Government establish that concept for a range of groups, they are going in a clear direction, and they have been up front and open about that.

In considering the Government's reasons and arguments in relation to the questions raised by the Joint Committee on Human Rights, it is interesting to note that they address few of the issues on possible breaches of human rights, but talk an awful lot—the Minister has said this endlessly—about the essential need of having the provision in place for social cohesion, so that the public have confidence in the immigration and asylum system. My nervousness is this: why the public need to have that confidence—why the Minister is worried about the breakdown in social cohesion—is a result of some of the tabloid nonsense that we have seen over the past two or three years.The danger is that the Minister could be open to the accusation that by introducing the measure, the Government are pandering to that rather than taking it on directly in a way that I would like to see them do more often.

I understand entirely the Minister's arguments, but in a less reasonable manner—perhaps outside the Chamber—I can hear individuals saying, "Yeah, that's right, and we're going to tell these people they've got to go out and work, rather than getting their benefits." It is that kind of debate and dialogue that I am uneasy about, although on other occasions I have wanted the Government take on some of the nonsense that is talked about in the tabloid press.

Mr. Browne: I am grateful to the hon. Gentleman for his words and for his challenge to me and the Government to explain our policy on immigration and asylum in greater detail than we have done so far since the publication of the White Paper. I would be grateful for his support on that, but we cannot wait to do the right thing on the structure for asylum support until we have changed the minds of certain tabloid newspapers. It is not possible for us to do that.

Mr. Oaten: That is a fascinating response, and we are probably straying way beyond the amendment. It is almost a chicken and egg argument. If the Minister is saying that by putting the measures in place, which I could describe as slightly draconian, he can neutralise the tabloid press and ultimately turn public support around, then I understand his point. It is right that I put on record concern about the danger of going down that route. The Government might feel that they must respond to every new outrage, and we could end up with a set of measures pandering to that.

I ask the Minister for more detail on some of the measures suggested. The proposed scheme has been sprung on us at the last minute, and the Minister has not been able to answer all the points put to him, particularly by the hon. Member for Woking (Mr. Malins). A number of issues spring to mind. We are not yet clear about the kind of work that will be involved. It is important that we understand what projects are to take place.

I am also not clear about how the scheme will work day to day. I would be concerned if there were any plans, for example, to link the proposed scheme with the work of the probation service, resulting in those who are part of the scheme working alongside people whose work on community projects is part of their punishment. The Minister has said that he would not wish the scheme to be seen as a punishment, but he has not ruled out its being managed day to day by the probation service, so it is open to such misinterpretation, especially if those working on the projects are doing so for different reasons. If he could rule that possibility out now, it would be enormously helpful.

Mr. Browne: The activities will not be administered—even indirectly—as part of the criminal justice system. That was never anybody's intention; nobody has ever suggested that. To put up suspicions in order to knock them down does not help to achieve the objective that the hon. Gentleman says he wants to achieve, which is some dialogue that allows us seriously to move forward on these issues.

Mr. Oaten: The Minister will forgive me for pointing out that, actually, nobody has suggested anything, which is why it is a problem trying to clarify who is to manage the scheme. It is not unreasonable or ridiculous to suggest that the probation service might manage it. I am grateful that the Minister has ruled that out, although it would be much more helpful if he told us who will be managing the scheme, so that we do not have to come up with all sorts of suggestions that he describes as silly. In a vacuum, such concerns will be aired.

We need to know more about how a judgment will be made on whether the work done is satisfactory. Who will decide that? What consultation will there be with the individuals who are doing the work? We still have not had answers to questions about the amount of work that will be required each week in return for the benefit and support.

I want to probe the Minister a little more on penalties. I want to be clear that he is saying that there will be a right of appeal against a penalty for refusing to do the work. The Joint Committee on Human Rights raised concerns about whether the proposal would breach article 4 of the European convention on human rights. I understand the Minister's suggestion that, given that the proposal is a community scheme, it would be hard to breach article 4, but the Government could be open to some challenge if penalties for failure to do such work were imposed.

There are practical, day-to-day problems that the Government need to address, such as the cost to the individual of going to work. Will that be covered under the scheme, or will it be subtracted from any benefit or support that the individual receives?

There are question marks over the proposed scheme not only about its practical, day-to-day nature, but about the route down which the Government are going by establishing the principle that one does not receive support unless one works. I have long advocated that there should be some chance for these folk to work, but the Minister has ruled that out and given his reasons. In considering the most dignified ways in which such individuals can give something back to the community, I much prefer a route that allows them to choose and to take part in meaningful work for a salary, rather than a Government-managed scheme for which we have few details that might imply that there is some punishment for the benefit provided.

7.45 pm

Jeremy Corbyn: I was pleased that the Minister gave an assurance that there would be consultation on any regulations that might be introduced before the system was introduced. I hope that will be meaningful and serious consultation. I asked him in an intervention about the ILO definition. I would be grateful if he reflected on that and seriously considered consulting that organisation.

The proposed scheme involves an important principle. People who are unable to return to the country from which they came, for fairly obvious reasons of safety and security, are to be required to make some contribution to the community here for which they will not be paid in cash, although they will receive some benefits in kind such as somewhere to live. That is not a particularly good principle because people might end up doing such work for quite a long time. One thinks of the situation in Iran, Congo, Somalia, China and other places, to which there are either no returns or a very limited number. Some individuals might be at serious risk if they were returned, so they might end up doing the Government-managed work for many years, which is not sensible.

As I said in an intervention and as the hon. Member for Winchester (Mr. Oaten) has said, perhaps it would be better if people contributed by working in a more normal environment, for which they were paid and would therefore pay national insurance and tax. Such a payment scheme could operate on a limited basis—for six months or a year—but at least those people would be working normally and contributing to society.

I suspect that contributions to the community in the form proposed will end up being expensive to administer. I can envisage 500 people around the country doing a bit of painting and decorating, or clearing ponds and ditches, each supervised by one person. We could end up with some incredible bureaucratic cost in order to achieve something that probably would not even succeed in satisfying the editorial writers of the *Daily Mail*, thereby defeating the whole purpose. Perhaps we should try something a little different.

I also intervened on a serious point that I want the Minister to think about. Because of fear of return, a number of people simply disappear and end up being exploited in our society through drugs, prostitution, illegal work and all the rest of it, which is very damaging to them and everybody else. Given the labour shortage in London and the south-east, it is very easy to get illegal work and to be grossly exploited as a result. We are not dealing with that issue. Those who agree that at some point they will return to their country of origin will be given somewhere to live by the Home Office and may contribute through informal work, but nothing beyond that. On the other hand, those who are not prepared to agree to that will disappear into the system, work illegally and will often be exploited as a result. Would it not be better to say that it is not safe to return to country X at the moment, and to review that in a set period? We would then know where people were, and there would be less illegal working and less exploitation.

I am not convinced that the Minister's proposals, which were introduced in the Lords, are workable. I hope that the consultation will be serious, and that if the Minister finds that there is hardly any or no support for the idea beyond the rhetoric that prompted it in the first place, he will not proceed to regulate and the proposal will not go ahead.

Mr. Malins: I have listened very carefully to what the Minister and others have said during this short debate and I say straight away that I am disappointed. I am disappointed that at no stage the Minister said sorry to this House on behalf of the Government—sorry for the fact that they have introduced this major clause and others so late in the day; sorry that they did not give the Standing Committee any chance to debate the clause; sorry that they did not give this House the chance to debate it on Report; and sorry that they introduced it so late in the other place that they provoked one of their own Ministers to say:

> "The Government's treatment of the Committee could be bordering on contempt".—[*Official Report, House of Lords*, 6 July 2004; Vol. 663, c. 273.]

I ask whether in anyone's memory any Minister has stood up in the other place and, when making an abject apology for his own Government, described their treatment of a Committee as "bordering on contempt". That is astonishing, but typical of the present Government. I am disappointed that the Government have, as always, tabled major clauses at the last moment and pushed them through this House without proper scrutiny, but perhaps by now I should have learned to expect that.

Yes, of course the Minister is right to say that we should all appreciate the benefits of social cohesion. We do. He is right to say that the benefits of social cohesion are not easily quantifiable. However, his explanation regarding the Joint Committee on Human Rights was not satisfactory, and he has dealt with very few of my queries. He has not said what type of work people will have to do, what training they will get for it, whether they will have some form of transport to it, or what will happen if they do not do the work well. He has not even touched on the question of cost. I did a lot of work looking into community service and the costs thereof, but we have not been told what the cost per person of the Government's proposed scheme will be, or even the cost of the project as a whole. That is partly because the Government have acted in such a rush that they simply do not know.

[Mr. Malins]

Having expressed my disappointment with the Government's response, let me say that I still feel strongly about amendment (e). If it is appropriate for me to do so, I wish to test the opinion of the House and press that amendment to a vote.

Madam Deputy Speaker: We are dealing with amendment (a) to Lords amendment No. 15. Does the hon. Gentleman wish to withdraw that amendment?

Mr. Malins: Yes, provided that we can vote on amendment (e), I beg to ask leave to withdraw the amendment.

Amendment, by leave, withdrawn.

Amendment proposed to Lords amendment No. 15: (e), in line 32, at end insert—

> '(ia) prescribe the circumstances which constitute a breach of a requirement to participate in community activities;'.—*[Mr. Malins.]*

Question put, That the amendment be made:—

The House divided: Ayes 130, Noes 240.

Division No. 222] **[7.52 pm**

AYES

Ainsworth, Peter *(E Surrey)*
Allan, Richard
Arbuthnot, rh James
Atkinson, Peter *(Hexham)*
Bacon, Richard
Barker, Gregory
Baron, John *(Billericay)*
Barrett, John
Beith, rh A. J.
Bellingham, Henry
Bercow, John
Beresford, Sir Paul
Blunt, Crispin
Bottomley, Peter *(Worthing W)*
Brazier, Julian
Brooke, Mrs Annette L.
Browning, Mrs Angela
Burns, Simon
Burt, Alistair
Butterfill, Sir John
Calton, Mrs Patsy
Chapman, Sir Sydney *(Chipping Barnet)*
Chidgey, David
Chope, Christopher
Clarke, rh Kenneth *(Rushcliffe)*
Collins, Tim
Conway, Derek
Cormack, Sir Patrick
Cran, James *(Beverley)*
Curry, rh David
Davis, rh David *(Haltemprice & Howden)*
Davis, rh Terry *(B'ham Hodge H)*
Djanogly, Jonathan
Doughty, Sue
Duncan, Alan *(Rutland)*
Duncan, Peter *(Galloway)*
Evans, Nigel
Ewing, Annabelle
Fabricant, Michael
Fallon, Michael
Field, Mark *(Cities of London & Westminster)*
Flook, Adrian
Forth, rh Eric
Foster, Don *(Bath)*
Gale, Roger *(N Thanet)*
Gillan, Mrs Cheryl
Goodman, Paul
Gray, James *(N Wilts)*
Grayling, Chris
Greve, Dominic
Hammond, Philip
Hawkins, Nick
Heald, Oliver
Heath, David
Hendry, Charles
Hoban, Mark *(Fareham)*
Hogg, rh Douglas
Holmes, Paul
Horam, John *(Orpington)*
Howarth, Gerald *(Aldershot)*
Jack, rh Michael
Jackson, Robert *(Wantage)*
Jenkin, Bernard
Kirkwood, Sir Archy
Laing, Mrs Eleanor
Lamb, Norman
Lansley, Andrew
Leigh, Edward
Lewis, Dr. Julian *(New Forest E)*
Liddell-Grainger, Ian
Lidington, David
Lilley, rh Peter
Llwyd, Elfyn
Loughton, Tim
Luff, Peter *(M-Worcs)*
Mackay, rh Andrew
McLoughlin, Patrick
Malins, Humfrey
Mawhinney, rh Sir Brian
May, Mrs Theresa
Mitchell, Andrew *(Sutton Coldfield)*
Moore, Michael
Moss, Malcolm
Oaten, Mark *(Winchester)*
O'Brien, Stephen *(Eddisbury)*
Ottaway, Richard
Paice, James
Paterson, Owen
Price, Adam *(E Carmarthen & Dinefwr)*
Prisk, Mark *(Hartford)*
Pugh, Dr. John
Randall, John
Redwood, rh John
Rendel, David
Robathan, Andrew
Robertson, Angus *(Moray)*
Robertson, Laurence *(Tewk'b'ry)*
Rosindell, Andrew
Russell, Bob *(Colchester)*
Salmond, Alex
Sanders, Adrian
Sayeed, Jonathan
Selous, Andrew
Shepherd, Richard
Simpson, Keith *(M-Norfolk)*
Soames, Nicholas
Spring, Richard
Stanley, rh Sir John
Steen, Anthony
Swire, Hugo *(E Devon)*
Taylor, Ian *(Esher)*
Taylor, Dr. Richard *(Wyre F)*
Taylor, Sir Teddy
Teather, Sarah
Thurso, John
Tonge, Dr. Jenny
Tredinnick, David
Turner, Andrew *(Isle of Wight)*
Tyler, Paul *(N Cornwall)*
Tyrie, Andrew
Walter, Robert
Watkinson, Angela
Weir, Michael
Whittingdale, John
Wiggin, Bill
Williams, Hywel *(Caernarfon)*
Wilshire, David
Winterton, Ann *(Congleton)*
Winterton, Sir Nicholas *(Macclesfield)*
Yeo, Tim *(S Suffolk)*
Young, rh Sir George

Tellers for the Ayes:
Hugh Robertson and
Mr. Geoffrey Clifton-Brown

NOES

Ainger, Nick
Ainsworth, Bob *(Cov'try NE)*
Allen, Graham
Anderson, rh Donald *(Swansea E)*
Anderson, Janet *(Rossendale & Darwen)*
Armstrong, rh Ms Hilary
Atherton, Ms Candy
Bailey, Adrian
Baird, Vera
Barnes, Harry
Barron, rh Kevin
Battle, John
Bayley, Hugh
Beard, Nigel
Beckett, rh Margaret
Benn, rh Hilary
Bennett, Andrew
Benton, Joe *(Bootle)*
Berry, Roger
Best, Harold
Betts, Clive
Blears, Ms Hazel
Bradley, rh Keith *(Withington)*
Bradshaw, Ben
Brown, rh Nicholas *(Newcastle E Wallsend)*
Browne, Desmond
Bryant, Chris
Buck, Ms Karen
Burden, Richard
Burnham, Andy
Campbell, Alan *(Tynemouth)*
Campbell, Mrs Anne *(C'bridge)*
Campbell, Ronnie *(Blyth V)*
Caplin, Ivor
Casale, Roger
Challen, Colin
Chapman, Ben *(Wirral S)*
Chaytor, David
Clark, Mrs Helen *(Peterborough)*
Clark, Dr. Lynda *(Edinburgh Pentlands)*
Clark, Paul *(Gillingham)*
Clarke, rh Tom *(Coatbridge & Chryston)*
Clelland, David
Coaker, Vernon
Coffey, Ms Ann
Colman, Tony
Connarty, Michael
Corbyn, Jeremy
Corston, Jean
Cousins, Jim
Cox, Tom *(Tooting)*
Cryer, Ann *(Keighley)*
Cummings, John
Cunningham, Jim *(Coventry S)*
Cunningham, Tony *(Workington)*
Darling, rh Alistair
Davey, Valerie *(Bristol W)*
Davidson, Ian
Davies, rh Denzil *(Llanelli)*
Davies, Geraint *(Croydon C)*
Davis, rh Terry *(B'ham Hodge H)*
Dean, Mrs Janet
Denham, rh John
Dobson, rh Frank
Doran, Frank
Drew, David *(Stroud)*
Eagle, Angela *(Wallasey)*
Edwards, Huw
Efford, Clive
Ellman, Mrs Louise
Ennis, Jeff *(Barnsley E)*
Farrelly, Paul
Field, rh Frank *(Birkenhead)*
Fisher, Mark
Fitzpatrick, Jim
Fitzsimons, Mrs Lorna
Flynn, Paul *(Newport W)*
Follett, Barbara
Foster, rh Derek
Foster, Michael Jabez *(Hastings & Rye)*
Francis, Dr. Hywel
Gapes, Mike *(Ilford S)*
Gerrard, Neil
Gibson, Dr. Ian

Gilroy, Linda
Godsiff, Roger
Goggins, Paul
Griffiths, Jane *(Reading E)*
Griffiths, Nigel *(Edinburgh S)*
Griffiths, Win *(Bridgend)*
Grogan, John
Hain, rh Peter
Hall, Mike *(Weaver Vale)*
Hamilton, Fabian *(Leeds NE)*
Hanson, David
Harris, Tom *(Glasgow Cathcart)*
Healey, John
Henderson, Doug *(Newcastle N)*
Henderson, Ivan *(Harwich)*
Hendrick, Mark
Hepburn, Stephen
Heppell, John
Hesford, Stephen
Heyes, David
Hill, Keith *(Streatham)*
Hope, Phil *(Corby)*
Howarth, rh Alan *(Newport E)*
Howarth, George *(Knowsley N & Sefton E)*
Howells, Dr. Kim
Hughes, Kevin *(Doncaster N)*
Humble, Mrs Joan
Hurst, Alan *(Braintree)*
Hutton, rh John
Iddon, Dr. Brian
Illsley, Eric
Irranca-Davies, Huw
Jackson, Helen *(Hillsborough)*
Jamieson, David
Jenkins, Brian
Johnson, Miss Melanie *(Welwyn Hatfield)*
Jones, Helen *(Warrington N)*
Jones, Lynne *(Selly Oak)*
Joyce, Eric *(Falkirk W)*
Kaufman, rh Sir Gerald
Keeble, Ms Sally
Keen, Alan *(Feltham)*
Keen, Ann *(Brentford)*
Kennedy, Jane *(Wavertree)*
Khabra, Piara S.
Kidney, David
King, Ms Oona *(Bethnal Green & Bow)*
Knight, Jim *(S Dorset)*
Kumar, Dr. Ashok
Ladyman, Dr. Stephen
Lammy, David
Lawrence, Mrs Jackie
Laxton, Bob *(Derby N)*
Lazarowicz, Mark
Lepper, David
Levitt, Tom *(High Peak)*
Lewis, Ivan *(Bury S)*
Lewis, Terry *(Worsley)*
Liddell, rh Mrs Helen
Linton, Martin
Love, Andrew
Luke, Iain *(Dundee E)*
Lyons, John *(Strathkelvin)*
McAvoy, Thomas
McCafferty, Chris
MacDougall, John
McFall, rh John
McGuire, Mrs Anne
McIsaac, Shona
McKechin, Ann
McKenna, Rosemary
Mackinlay, Andrew
McNulty, Tony
Mactaggart, Fiona
McWalter, Tony
McWilliam, John
Mahon, Mrs Alice
Marris, Rob *(Wolverh'ton SW)*
Marshall-Andrews, Robert
Martlew, Eric
Meale, Alan *(Mansfield)*
Michael, rh Alun
Milburn, rh Alan
Miller, Andrew
Moffatt, Laura
Mole, Chris
Moonie, Dr. Lewis
Moran, Margaret
Morley, Elliot
Mountford, Kali
Mullin, Chris
Murphy, Denis *(Wansbeck)*
Murphy, Jim *(Eastwood)*
Naysmith, Dr. Doug
O'Brien, Mike *(N Warks)*
Organ, Diana
Osborne, Sandra *(Ayr)*
Owen, Albert
Perham, Linda
Picking, Anne
Pickthall, Colin
Pike, Peter *(Burnley)*
Plaskitt, James
Pollard, Kerry
Pond, Chris *(Gravesham)*
Pope, Greg *(Hyndburn)*
Prentice, Ms Bridget *(Lewisham E)*
Prentice, Gordon *(Pendle)*
Primarolo, rh Dawn
Prosser, Gwyn
Purchase, Ken
Purnell, James
Quin, rh Joyce
Quinn, Lawrie
Rammell, Bill
Raynsford, rh Nick
Reid, rh Dr. John *(Hamilton N & Bellshill)*
Ross, Ernie *(Dundee W)*
Ruddock, Joan
Ryan, Joan *(Enfield N)*
Salter, Martin
Sarwar, Mohammad
Shaw, Jonathan
Sheridan, Jim
Singh, Marsha
Skinner, Dennis
Smith, rh Andrew *(Oxford E)*
Smith, Angela *(Basildon)*
Smith, Geraldine *(Morecambe & Lunesdale)*
Smith, Jacqui *(Redditch)*
Smith, Llew *(Blaenau Gwent)*
Spellar, rh John
Squire, Rachel
Starkey, Dr. Phyllis
Stewart, Ian *(Eccles)*
Stoate, Dr. Howard
Stringer, Graham
Taylor, rh Ann *(Dewsbury)*
Taylor, Dan *(Stockton S)*
Thomas, Gareth *(Clwyd W)*
Thomas, Gareth *(Harrow W)*
Timms, Stephen
Touhig, Don *(Islwyn)*
Truswell, Paul
Turner, Dennis *(Wolverh'ton SE)*
Turner, Neil *(Wigan)*
Twigg, Derek *(Halton)*
Twigg, Stephen *(Enfield)*
Vis, Dr. Rudi
Waring, Robert N.
Whitehead, Dr. Alan
Williams, rh Alan *(Swansea W)*
Winnick, David
Winterton, Ms Rosie *(Doncaster C)*
Woodward, Shaun
Wright, Anthony D. *(Gt Yarmouth)*
Wyatt, Derek

Tellers for the Noes:
Gillian Merron and Charlotte Atkins

Question accordingly negatived.

Lords amendment agreed to.

Sir Nicholas Winterton (Macclesfield) (Con): On a point of order, Mr. Deputy Speaker. I seek your advice and help. Will you ascertain whether the Division bells within the Palace of Westminster continue to ring as they have in the past? I have just been to the summer reception of the Motorsport Industry Association in the Cholmondeley Room of the House of Lords. I was well within the precincts of the House of Commons, let alone the Palace of Westminster. I was asked by a friendly Labour Member of this place whether it was my intention to vote. I asked him, "Is there a Division taking place?" He replied, "Yes. If you run, you might just make it." It could be my age but I heard no Division bell. Are the bells still operating? If they are not, would you please ensure, Mr. Deputy Speaker, that they start again to operate to notify Members that Divisions are taking place?

Mr. Deputy Speaker (Sir Alan Haselhurst): I am sure that the House is grateful for the account of the hon. Gentleman's evening. It is regrettable that it had to come to a premature conclusion. I am not aware that the Division bells of the House of Commons ring as they do in this place in the other place. It is usually signified on the Monitors if a Division is taking place in this House. The hon. Gentleman has great experience of these matters and of the House in general. When the House is expecting votes that could occur at any time, one has to have extra vigilance in the conduct of one's other activities outside the Chamber.

Sir Nicholas Winterton: May I just come back, Mr. Deputy Speaker?

Mr. Deputy Speaker: The hon. Gentleman is taking the valuable time of the House.

Sir Nicholas Winterton: I accept that, Mr. Deputy Speaker.

I sought to make it clear in my opening remarks that when I was addressed by the Labour Member I was well within the House of Commons as against being within the House of Lords. I believe that this is not the first time that Members have had problems in hearing Division bells within the House of Commons.

Mr. Deputy Speaker: The bells ring for two minutes, not for the whole of the eight minutes. I think that the hon. Gentleman should know that. By the time that he came back within the curtilage of the House of Commons, I dare say that we had reached the point

[Mr. Deputy Speaker]

when the bells no longer rang. I will ensure that what he has said is brought to the attention of the authorities, to ensure that all bells that should be ringing are ringing.

Peter Bottomley (Worthing, West) (Con): Further to that point of order, Mr. Deputy Speaker. In olden days a knight would have a page. Nowadays it might be that a pager would solve the problem.

Mr. Deputy Speaker: That is something that the hon. Gentleman might discuss with the hon. Member for Macclesfield (Sir Nicholas Winterton) at a later stage. Perhaps suitable arrangements could be made.

Lords amendment: No. 30

Mr. Browne: I beg to move, That this House agrees with the Lords in the said amendment.

Mr. Deputy Speaker: With this we may discuss Lords amendment No. 31.

Mr. Browne: Lords amendment No. 31 simply clarifies how further applications are dealt with under our one-stop powers once an earlier application has already been determined. The amendment and the change to the immigration rules that will go with it will make it easier for caseworkers to deal consistently with these cases and easier for applicants and their lawyers to understand precisely what is being done. I do not believe that the amendment is controversial; it certainly was not in another place.

I shall concentrate my remarks on Lords amendment No. 30, which provides a power to remove the right of appeal against certain entry clearance decisions. The Secretary of State will be able to specify grounds of refusal that relate to requirements under immigration rules. Where an entry clearance application is refused because a specified ground is not met, there will be no right of appeal. We intend to use this power only in respect of provisions in the immigration rules, which are based on objective criteria. It makes little sense for an applicant to appeal in these circumstances. The decision that an applicant fails to meet such a requirement is a question of fact. Appeals in such circumstances would be fruitless and wasteful.

The amendment extends the scope of section 88 of the Nationality, Immigration and Asylum Act 2002. Section 88 already prevents an appeal in cases in which a requirement in respect of age, nationality, documentation or the period for which leave is sought is not met, or in which the purpose of entry or stay is not covered by the immigration rules. The amendment will not affect existing rights of appeal in respect of race discrimination and human rights issues. Those residual appeal rights are preserved by the construction of section 88, which is mirrored in proposed new section 88A(2)(a), as set out in the amendment.

The provision will support the steps that we are taking to tackle areas of abuse in entry clearance cases. Where it is necessary to amend the immigration rules to create additional objective criteria, the power could be used to preclude a right of appeal against refusals based on a failure to meet that new requirement. Thus, a development of the immigration rules need not result in new meritless appeals. Such appeals impact adversely on the swift resolution of other arguable appeals. Without the power, we would have to use new primary legislation to remove the right of appeal each time a rules change created an objective criterion for refusal.

I understand the concern about the operation of the order-making power. I assure the House that it will be applied only to provisions of the immigration rules that are based on objective criteria—that is to say, provisions about which there can be little debate as to whether the necessary requirements have been met. Furthermore, the amendment provides that the order-making power is subject to affirmative procedures, so any use of the power will be subject to debate in both Houses.

It is appropriate for me to give some helpful examples as to how the power might be used. As is known, the Government are creating a register of bona fide colleges. If such a register were put in place, we would make it a specified requirement for entry clearance as a student that the applicant is enrolled at a registered college. As enrolment at a non-registered college is a clear matter of fact leaving no issue to be argued on appeal, it would make no sense for a right of appeal to exist, so this circumstance would be a candidate for designation under the provision.

Similarly, we are in the process of implementing proposals for a new scheme specifically for science and engineering graduates, which was announced last year, and a scheme for MBA—master of business administration—graduates that was announced in this year's Budget. Those also might be considered for designation under the provision. Under such schemes, leave to enter would be contingent on specific qualifications from specific institutions. Again, that would not be open to argument and a right of appeal would be unnecessary.

An example of where the power could be used in relation to an existing provision of the immigration rules is in respect of paragraph 246, which deals with

"the requirements to be met by a person seeking leave to enter the United Kingdom to exercise access rights to a child resident in the United Kingdom".

It is necessary for an applicant to produce evidence that he has access rights to the child in the form of a residence order or a contact order granted by a court in the United Kingdom or a certificate issued by a district judge confirming his intention to maintain contact with the child. Without one of those documents, the appeal cannot succeed. Whether an applicant had produced the required evidence would not be open to argument, so an appeal would be unnecessary.

I shall quickly go through some examples of further such provisions, as they might help the rest of the debate. Paragraph 87A(i) deals with the requirement that the applicant has been elected to a full-time salaried post as a sabbatical officer at an educational establishment at which he is registered as a student. Paragraph 110(i) states that a teaching or language exchange must be approved by the education departments or administered by the Central Bureau for Educational Visits and Exchanges or the League for the Exchange of Commonwealth Teachers. Finally, paragraph 178(i) deals with when an applicant had been transferred to the UK by an overseas-owned airline

operating services to and from the UK to take up duty at an international airport as a station manager, security manager or technical manager.

Those examples show that the immigration rules already contain provisions about which there can be little room for debate, as whether they are met is a matter of objective fact. There is no evidence of abuse in any of those categories at this time, and we do not intend to specify the requirements at present, but they are good examples in relation to which the power would be useful if abuse or problems arose.

I commend the Lords amendments to the House.

8.15 pm

Mr. Malins: I shall be brief, but I wish to make one or two general observations.It has been acknowledged by the Government and in another place that, in so far as the measure deals with students and bogus colleges, it is worth pointing out that international students provide enormous value to this country. That is the case in terms of the economic, political and diplomatic advantages of the many hundreds of thousands of international students who come to this country for further or higher education. In the other place, my noble Friend Baroness Anelay rightly said that overseas students contribute billions of pounds to our economy, and it is important that we encourage them strongly.

The Minister envisages that the new clause set out in the amendment, in so far as it relates to students, may address two problems: students who enrol at a bogus college and those who enrol at a college that does not maintain proper attendance checks. I wonder whether he has had any correspondence about this matter. I certainly recall receiving correspondence from one or two people around the country who were concerned about students who enrolled at a college and never turned up. I hope that there will be practical measures to ensure that the issue is dealt with.

We welcome the Minister's statement that there will be a register of bona fide colleges, which is a good step forward. There have been abuses with students from abroad coming to this country, but I am sure that he will be the first to acknowledge the vital contribution made by so many international students to life in this country.

Mr. Gerrard: I shall try to be brief. I understand the points that the Minister made about cases in which there are objective and clear facts that are covered in the immigration rules. With regard to his point about bogus students and colleges, I am pleased that there is to be a register of colleges and courses. In addition to cases in which people have used such things as a means of evading immigration controls, I have also seen significant numbers of cases in which people have been enrolled on courses that were totally worthless and paid large amounts of money for them, but were ripped off by fake colleges. I am glad that we will have some controls in those parts of the system.

My concerns about the amendment relate not so much to what the Minister said in introducing it as to what the proposed new clause says. Although he said that it would turn on an objective fact, I do not see where that is set out in the clause, which talks about a decision to refuse being

"taken on grounds which . . . relate to a provision of immigration rules, and . . . are specified for the purpose of this section by order of the Secretary of State."

The Minister has obviously indicated the sort of cases that he might intend to specify, but the phrase

"relate to a provision of the immigration rules"

seems extremely wide. I do not think that it could be argued that a clear, objective test could be applied to every provision in the immigration rules. Unless my memory serves me wrongly, I believe that those rules contain provisions on marriage applications, for example. We expect someone who is applying for entry clearance on the basis of marriage to satisfy an entry clearance officer that they are married, that the person in the UK has means to support them without recourse to public funds and that accommodation is available for them. Those issues are often subject to argument in appeals and it is not possible to apply a simple, objective test to such provisions in the immigration rules. I would prefer the proposed new section to spell out the cases to which the power would be applied, rather than leaving it to regulation.

I draw attention to a point made by the independent monitor for entry clearance in her recent report, which suggested that significant numbers of applicants were wrongly denied the right to appeal in 2002. The independent entry clearance monitor examines cases in which a right of appeal does not exist and she said that applicants were wrongly denied that right in significant numbers of cases. In other words, things often go wrong under provisions that do not provide a right of appeal.

I am concerned about the proposed new section's breadth and what it might open up. I accept the Minister's point that he intends to use the power to introduce regulations dealing purely with objective facts. Unfortunately, the proposed new section's drafting leaves it open for a future Minister of whatever Government to use the proposed new section in a totally different way, rather than simply dealing with the straightforward cases that my hon. Friend the Minister discussed in introducing the debate. Although I trust him, I do not necessarily trust a future Minister, who might represent a different party, to apply the proposed new section.

I have some concerns about the drafting of the proposed new section. I accept that the positive procedure will be used and that the matter will be debated in the House, which is certainly preferable to the negative procedure. If a regulation is based on the proposed new section, I hope that a warning will be given and that a consultation will occur. That will allow hon. Members to know precisely what is proposed in advance, rather than debating the regulation at short notice without being able to assess its impact. Although I accept the Minister's remarks on colleges, I am concerned about how the power might be used in future.

Mr. Heath: I agree with many of the cautious remarks made by the hon. Member for Walthamstow (Mr. Gerrard). I suspect that there is nothing intrinsically wrong with most of what the Minister said in introducing the proposed new section. The difficulty is that it is framed in such a way as to be capable of wider interpretation, which may not be as benign as the Minister suggests.

[Mr. Heath]

When the Government identify an abuse of process, they have a regrettable tendency, which sadly we have seen before in the course of this Bill, to abolish the process rather than the abuse, which is a shame. For instance, I understand that the register of colleges will bear down on a specific area of abuse. I welcome that sensible provision, although given the requirement for an appeal to have merit, it throws into question who would bring an appeal against a refusal on the ground of non-inclusion in a register, when the position would appear to be transparent and not capable of a great deal of learned discussion, even by the most highly paid legal authorities.

Although the Minister helpfully stated that only readily ascertainable, objective tests can be used; practitioners in the field outside this place will suspect that at some unspecified stage—it would probably not involve this Minister, this Department or this Government—the proposed new section could be used to introduce a subjective test by statutory instrument that would be incapable of resolution through the appeal process. However, I do not want to overstate that concern.

The examples and the assurance on objectivity provided by the Minister are helpful, but the nagging suspicion remains that the proposed new section is framed in terms that are too wide for the purpose and that could have been more narrowly drawn to great advantage.

Mr. Browne: I shall be brief. The hon. Member for Somerton and Frome (Mr. Heath) categorised the Government's behaviour as identifying an abuse and abolishing the process. The proposed new section enables us to identify an abuse and amend the process to interdict the abuse. To that extent, I am sure that he thinks that we are doing the right thing. I am grateful to hon. Members for their contributions to the debate and for their qualified support. I am also grateful to them for accepting my intentions as a Minister and the intentions of the Government and the Home Office.

On further specification in the proposed new section, drafting challenges that cannot be overcome mean that we cannot define what constitutes an objective criterion. Consequently, the Government have given assurances on how the power will be used and are committed to abiding by them. In trying to interdict abuse, we cannot be constrained by what other Governments more meanly disposed to this area of public policy might do. The fact that any order made under the provision will be subject to affirmative resolution procedure should address any concerns about the scope of the power. No other points that require a response were raised in the debate, and I am content to rest my arguments at this point.

Lords amendment agreed to.

Lords amendment No. 31 agreed to.

Lords amendment: No. 17.

Mr. Browne: I beg to move, That this House agrees with the Lords in the said amendment.

Mr. Deputy Speaker: With this we may discuss the following: Lords amendment No. 18 and amendments (a) to (e) thereto, and Lords amendments Nos. 14 and 16.

Mr. Browne: Lords amendments Nos. 14 and 16 were not contentious in the other place and I do not anticipate contention here. I therefore intend to speak about them briefly and to concentrate on Lords amendments Nos. 17 and 18, to which the Opposition have tabled amendments.

Lords amendment No. 14 would make the section 8 offence, which is the main statutory control on illegal working, triable on indictment as well as summarily. That would mean that, in the more serious cases, the Immigration Advisory Service could pursue a prosecution in the Crown court, where there is no limit to the fine that can be imposed following conviction on indictment. The Government believe that it is essential to take action against unscrupulous employers who profit from the exploitation of illegal workers and are sometimes found to have links with organised crime. That is why we want to send a powerful message of deterrence by increasing the fines that the courts may impose in the most serious cases.

Mr. Malins: I was interested by the change in penalty. I may be wrong, but I do not believe that a custodial sentence is available to the courts in relation to an offence under section 8 of the Asylum and Immigration Act 1996. I do not expect the Minister to answer that now but if I am right, I am a little sorry. Perhaps I should not be sorry, but I believe that I should be.

8.30 pm

Mr. Browne: I am not sure whether I can help the hon. Gentleman out of the dilemma that he has expressed. However, the penalties that follow contravention of section 8 are financial and were put in place before the Government came to power.

The dispersal of asylum seekers is an important policy and, among other things, helps to reduce pressures on social housing and local government services in areas where they are already stretched, especially in London and other areas of the south-east. Lords amendment No. 16 ensures that, for the purposes of homelessness legislation in England and Wales, asylum seekers should automatically establish a local connection with an area when they are dispersed there by the Home Office and provided with accommodation under section 95 of the Immigration and Asylum Act 1999. That is to ensure that the local housing authority in the dispersal area has the responsibility of securing accommodation for them, should they subsequently be granted leave to remain and apply for homelessness assistance.

Lords amendment No. 17 would abolish back payments of income support and related benefits to refugees. Since the creation of the National Asylum Support Service in April 2000, asylum seekers who are granted refugee status have been able to apply for a back

payment of income support equal to the 30 per cent. differential between the cash element of asylum support and income support that is backdated to when they made their claim for asylum.

Given that those who receive asylum support also get other benefits in kind, such as payment of utility bills and household items, the Government believe that the back payment is no longer necessary. The amendment would therefore repeal section 123 of the Immigration and Asylum Act 1999. The relevant supporting regulations will also cease to have effect on the repeal of the section. For the sake of clarity and certainty, we are taking the opportunity to revoke those regulations expressly in the legislation.

Mr. Oaten: Does the Minister have any concerns that, during the relevant period, individuals may have taken out loans and had to borrow money, and that the back payment was often a way of settling some of those loans? Is the Minister worried that, by removing the provision, individuals may not be able to pay back some of the help and support that they received in that difficult period?

Mr. Browne: Given the complexity of the legislation on the claims, asylum seekers would be ill advised to operate on the certainty of a grant of refugee status and guaranteed back payments. There were no guaranteed back payments for all asylum seekers who attained refugee status and I am not prepared to determine the policy on back payments and loans for the future, which would be the corollary of removing the back payment provisions on the basis of speculation that people may be granted refugee status and get some windfall in the form of back payment of benefit. I do not accept that people conduct their affairs on that basis. If they do, they would be well advised not to do so. Nobody should give them such advice, not even implicitly.

Mr. Gerrard: What is my hon. Friend's estimate of the savings from the change in the amount of money that will not be paid out in back payments, the amount that will be paid out in loans and the cost of administering a loans system, which will presumably have to be set up from scratch?

Mr. Browne: I have not got the figures to give my hon. Friend off the top of my head but I shall provide them later. However, the savings on back payments will be used to fund the loans system. That is appropriate and I shall discuss the reasons for that. Depending on the depth into which we can go in the debate, I hope that I can convince my hon. Friend and other hon. Members of the correctness of that argument. Perhaps by the time I deal with those issues, I can give my hon. Friend more specific information.

The amendment also deals with an earlier back payments scheme under section 11(2) of the Asylum and Immigration Act 1996, and seeks to revoke the regulations that preserve it for transitional purposes. Although the vast majority of claims for back payments of income support are made under the 1999 Act, we want to make sure that the policy is applied consistently. Our policy is that back payments will cease for all those recorded as refugees after the clause comes into effect, irrespective of when they made their claim for asylum.

Lords amendment No. 18, which seeks to introduce integration loans for refugees, will be funded out of money saved by the abolition of the current back payments system. The new scheme will come into force only when the current scheme is ended. The Government want to move away from the current system under which payments are made to all refugees, and which are calculated according to the amount of time spent waiting for an asylum decision. With the new system, the Government will be able to target loans at those refugees who are most in need of help to establish themselves in a new life in the United Kingdom, and, ultimately, to facilitate their successful integration into society.

In providing a loan, the Government seek to ensure that refugees can quickly establish themselves in the United Kingdom and to enable them to fulfil their potential and to contribute to both society and the economy. By recovering money loaned, the system has the potential to become a powerful tool in facilitating refugee integration, not only for refugees today but for those who will need our help in the future. The Government are committed to administering the loan system in the most cost-effective way possible and are conducting detailed work across Departments to establish how the loan might best be delivered.

At this stage, it seems likely that the money disbursed by the Secretary of State will be recovered via mechanisms already established by the Department for Work and Pensions for collecting money owed either to that Department or to a third party. As to the extent of the existing financial provisions, I am told that about £11 million was spent in 2002, but we do not yet have the detailed figures for 2003. As I said, the money saved will be used for the integration loan.

I commend the Lords amendments to the House.

Mr. Malins: Lords amendments Nos. 17 and 18 are linked, and the Opposition do not object in principle to the change in procedure introduced by the Government, of taking away the backdating of benefits position and replacing it with a discretionary loan system. We hope that it will work well.

My colleagues and I have tabled several amendments to Lords amendment No. 18, the first of which changes "may" to "shall"—Oppositions tend to change "may" to "shall"—on the basis that, in this case, we ought to impose on the Government some duty to make regulations.

My second amendment is designed for one thing only: to seek to persuade the Government that in an ideal world, in which we do not live, all decisions about refugee status should be decided in a very short period—six weeks. I still believe that the Government have a great deal of work to do to ensure that initial decisions on asylum applications are made quicker and more efficiently.

My third amendment concerns interest. It is designed to draw from the Government further comment about the interest rates that might be applied to discretionary loans of this sort.

My fourth important amendment would strike out that part of Lords amendment No. 18 that says that the regulations

"may confer a discretion on the Secretary of State."

[Mr. Malins]

Never in my whole—if not distinguished, then lengthy—career in the House have I seen a clause that simply gives the Secretary of State discretion to do whatever he or she wants. What sort of discretion might we be giving to the Secretary of State in relation to those loans?

How will refugees be able to apply for a loan, and to whom? How much money will be saved by the first of the two provisions—the Minister has half answered that—enabling the loan system to be set up? How much will go into the loan system? Lord Rooker said in the other place that the Government were having discussions with the Department for Work and Pensions. I should be grateful if the Minister could bring us up to date.

These are probing amendments, drawn up in the short time available to us. I know that the Minister is embarrassed about that: he is an honourable man, and he would have wanted us to have much more time in which to discuss these matters. He may, however, be able to give me an inkling of his response in due course.

Mr. Gerrard: Lords amendment No. 17 is, in my view, extremely mean and miserable. Removing the requirement for people to pay at the point at which they are given refugee status—given the costs to the national budget about which we have just heard—will hardly break the Chancellor's bank. I suspect that the loan scheme will result in no great savings and will be messy to administer. Moreover, I do not know how some of the regulations will work. Clause 18 suggests that the regulations

"may make provision about steps to be taken by the Secretary of State in establishing an applicant's likely ability to repay a loan".

The applicant may have been in National Asylum Support Service accommodation for several months. He or she may have just been granted refugee status, and may not have been given permission to work. How on earth can such an assessment be made? It is beyond me.

I have encountered a number of cases in which people have been in financial difficulties when they have been granted refugee status, because they have been living on 70 per cent. of the rate of income support. They have not been able to manage on that. They have had to borrow money, formally or informally—often informally, from friends and relatives who have kept them afloat. Receiving money on obtaining refugee status has enabled them to survive and repay some of the debts that have accumulated—rent arrears, for example—and to make a fresh start. I really do think that this is a miserable, mean-minded change.

As for Lords amendment No. 16, I understand the arguments about local connections. The intention is to reverse the effect of a court decision made a few months ago. I do not think, however, that people will remain in the areas to which they have been dispersed. People who have been moved out of London will return because they have friends and relatives there, and they will not be able to secure social housing. Some pressure may be removed from individual local authority housing departments that will not be rehousing such people on the grounds that they are homeless, but housing pressures in general will not be dealt with. Those people will be back in London staying with family or friends, or struggling to find private rented accommodation.

Mr. Browne: Amendment (a) seeks to make it mandatory for the Secretary of State to make regulations enabling him to make loans to refugees. As Lord Rooker said in another place, the Government are committed to ensuring that there is a seamless transition between the ending of back-payments and the introduction of a refugee integration loan. I repeat that commitment; indeed, I have already done so. There will be no gap between the ending of back-payments and the introduction of a refugee integration loan.

I hope that that commitment is sufficient to reassure the House that there is no need to oblige the Secretary of State to make regulations enabling the making of loans to refugees. He has every intention of introducing the scheme as soon as the necessary practical arrangements have been made.

Amendment (b) seeks to make Lords amendment No. 18 read:

"A person is a refugee for the purpose of subsection (1) if the Secretary of State has within six weeks of his application ... recorded him as a refugee".

One aspect of the proposal that I welcome is the implicit recognition of the major improvements that we have secured in reducing decision-making times. In 1997, the suggestion that all decisions must be taken within six weeks would have been so far divorced from reality as to have been laughable. By 2002, however, that figure, including decisions on backlog cases, was provisionally down to six months.

8.45 pm

We fully recognise the importance of quick decision making; it is good administrative practice and good news for asylum seekers, who will have less time to worry about the outcome of their claim. The importance that we attach to that is reflected in the published targets that we have set ourselves. For the previous financial year, there was a target to decide 75 per cent. of new asylum applications within two months—a target that we are provisionally on course to beat. Indeed, we have recently decided about 80 per cent. of new cases within two months. In addition, we have made massive inroads into the backlog.

We have no difficulty in being open to public scrutiny of our ability to turn cases round quickly, and we will continue to take steps to improve our current performance. Having said that, I see no merit in a rigid requirement in primary legislation stipulating that a decision must be taken within a specified time, whatever that period may be. In the majority of cases, it is possible to decide claims quickly and fairly. However, there will always be some cases that cannot be decided quickly if they are also to be decided fairly. Under the constraints imposed by subsection (1), we would be forced to take decisions without having the necessary facts at our disposal. I do not consider that an acceptable outcome.

Amendment (c) to amendment No. 18 seeks to remove the Secretary of State's power to make regulations that enable him to charge interest on an integration loan. It is the Government's current intention that this loan to refugees should be interest-free. Should a decision be taken to charge interest on the

loan in future, I would expect comparisons to be drawn with other loan schemes in operation across government, such as the student loan system. I reassure the House that any future interest rate would be dealt with in regulations, subject to the affirmative procedure.

Taken together, amendments (d) and (e) seek to remove the power for regulations to confer discretion on the Secretary of State. The intention behind Lords amendment No. 18 is to enable the Secretary of State to ensure that in all cases a loan is made to a deserving case. We do not believe that such discretion would allow the Secretary of State to ignore all other provisions in the amendment, or to act in an unreasonable way. For those reasons—

It being after three and a half hours after the commencement of proceedings, MR. DEPUTY SPEAKER *proceeded to put the Questions necessary to dispose of the business to be concluded at that hour, pursuant to Order [this day].*

Lords amendment No. 17 agreed to.

Lords amendments Nos. 18, 14 and 16 agreed to.

Lords amendment: No. 21.

Mr. Malins: I beg to move amendment (a) to Lords amendment No. 21.

Mr. Deputy Speaker: With this it will be convenient to discuss the following: amendment (c) thereto; Lords amendments Nos. 22 to 27; Lords amendments Nos. 19, 20, 32, 40, 41, 33, 34; Lords amendments Nos. 1 to 13; Lords amendments Nos. 35 to 39; and Lords amendments Nos. 63 to 69.

Mr. Malins: Lords amendment No. 21 and the new clause on marriage could, so far as I can see, be re-titled "Procedure for marriage: the need to ask the Home Secretary personally for permission in each case, save where it is in a Church of England church". It is a most interesting provision.

The proposed new clause is important, following as it does much discussion in the past few months about so-called bogus and sham marriages. On 22 June 2004, I asked the Minister a written question about the number of alleged sham marriages reported to his Department by marriage registrars, and in how many such cases enforcement action was taken by his Department. The answer was surprising and rather troubling. In 2001 there were 756 notifications from 126 registrar districts; in 2002, there were 1,205 notifications; and in 2003 there were 2,712 notifications. Indeed, I understand that in 2004, there have been some 2,500 notifications of alleged sham marriages to date. In every case of a sham marriage there are likely to be two persons behaving fraudulently, so it seems that an awful lot of people are getting involved in some form of criminal activity at our registry offices—possibly up to 10,000, on these figures alone, in the past four years.

I was surprised, then, to read that in the last financial year enforcement teams in London were responsible for the arrest of only 110 individuals, only 37 of whom were charged with criminal offences. One begins to think that the Government were far too slow in finding out about the problem and certainly in doing anything about it. Is that a reasonable view for me to hold? I had a long interview with a senior registrar, whose comments I shall set forth.

The senior registrar—there are about 300 in the country—talked about the problems that he had faced in the past few years in relation to sham marriages. He said that it was virtually impossible to stop people getting married even if he was suspicious, and he went on to deal with section 24 reports—the reports that registrars are obliged to make to the Home Office when they suspect a marriage of being a sham. There is a prescribed form for submitting such reports. He told me that it was customary to send them in by email, letter or fax.

Here is the rub. The registrar told me—I admit that this is anecdotal—that it was the experience of registrars throughout the country that although very many reports were sent in, there was "virtually no reaction" from the Home Office until a couple of months ago.

Mr. Oaten: I am very interested in this anecdotal evidence. Did the hon. Gentleman ask the registrar how difficult it was for ordinary registrars to spot a problem? The Government are suggesting that we need special registrars to look into such cases. What did ordinary registrars think about their ability to identify such problems?

Mr. Malins: It seemed to me that the senior registrar was saying that registrars throughout the country—all somewhat expert in these matters, because it is their job—had found certain couples to be absolutely suspicious. It beggars belief that a registrar should have to tell me that he had "virtually no reaction" from the Home Office whenever he submitted a report. He said that there was rarely, if ever, any feedback from the Home Office. There was no acknowledgement, and no one turned up from the Home Office. Because of that inaction, registrars have effectively been obliged to ask whether it is really worth submitting such reports. They press on as best they can, but they have been poorly served by the Home Office.

Furthermore, interestingly—I do not know why this is the case—the registrar told me that the police are not remotely interested in this sort of thing and did not want to know. Registrars get very frustrated at Home Office inaction.

These provisions require applicants to take certain steps. I see that the Minister is laughing. I hope that he is not laughing at the Home Office's performance over the past few years, and that he will agree that it really has been rather poor. I acknowledge that the provisions are a welcome step forward in trying to deal with this matter. There may have been problems in the past that they missed or did not do enough about, but they are trying hard to get to grips with the situation. I thank them for that.

The clause has been slightly improved in the other place, and there is much in it that is good, but I want to make a few points. Amendment (a) would require that notice may be given only if each party to the marriage has been resident in a district for a period of 14 days, not seven. I see no reason why the provision should not be tougher. Seven days is acceptable, but what is wrong with 14?

Amendment (c) deals with the need for the registrar to keep

"a written record of applications refused which shall include reasons for refusal".

[Mr. Malins]

I believe that the registrar could and should have that duty placed upon him or her.

Although the Government's proposals represent a sensible approach to the matter, certain things must happen if they are to work properly. First, there must be an efficient means of sharing information on marriage applications between registrars, the Home Office and UK Visas. Secondly, the Home Office must, from now on, actively enforce the law.

Under the proposals, all non-European economic area nationals wishing to marry will need to apply to the Home Office for a permission document, and registrars will be able to refuse to marry a person who cannot produce it. What information is that document likely to contain? I shall be helpful to the Government by saying that it should include the applicant's name and address, a photograph, a description of their immigration status, a statement of their marital status, and the name of the proposed spouse with similar information about her or him, including a photograph and a date of grant permission.

Here is the rub. Can the Minister confirm that the document will contain several security features—for example, watermarks or holograms—and a unique serial number specific to the application? If the potential fraudster seeks to use his or her own identity with forged documents, there is a real prospect of their getting caught. However, what if he seeks to use someone else's identity? That would give him a much better chance of fooling the registrar. I hope that the Minister will spend a little time focusing on the permission document and on my idea that it should contain a unique—say a 10-figure—serial number. That would mean that there was a real chance that the applicant would have to be genuine to get through the process—past the Home Office and to the registrar—without being able to get away with fraud or the like.

There are two other brief matters to mention in connection with this clause on marriage. The first is the report of the Joint Committee. I do not need to tell the Minister that the Joint Committee had something to say on the clause, and I hope that he deals with the matter in a way that satisfies the House.

I come now to the second thing that I was going to say. One needs to learn a lesson in life. Whenever one says, "I've got three points to make," it is almost inevitable that one makes the first two and forgets the third. When that first happened to me some months ago, I swore that in future I would say that I had a number of points to make. That way, I would not have to number them and forget what my second or third point was. One can also then talk a little longer and hope that the point comes back to one, and it just has.

My other point, apart from the Joint Committee aspect, is that the provision relates to marriages by registrar in a registry office. There is no such requirement in relation to marriages in other areas of our national life—just in relation to the Church of England—and that is a little difference that we perhaps need to look into.

I am very tempted to tell the House the story of the bigamist whom I had to put in prison five years ago, but that, I am afraid, is for another night.

9 pm

Mr. Browne: I have a number of points to make, and if I talk long enough I may remember them.The Government's position is, of course, to agree to the Lords amendment and—in due course, I shall come to the reasons why—to disagree to the Opposition amendments.

This last, extensive group of amendments covers a wide range of changes made to the Bill in another place and, of course, the Opposition amendments relating to marriage procedures, to which I will respond in some detail in a moment.

The amendments to clause 2 provide greater clarity on the defences available to someone who commits the offence of being without an immigration document at a leave or asylum interview. Those amendments respond to debates both here and in another place and put beyond doubt our intention to target only those who have destroyed or disposed of their immigration documents, not those who have never had one.

The amendments to clause 9 extend immigration officers' powers to provide a power of arrest without warrant and ancillary powers of entry, search and seizure in respect of several human trafficking offences, including the new offence of trafficking people for exploitation under clause 4. Amendment No. 32 creates a new right of appeal against bail decisions made by the Special Immigration Appeals Commission. These amendments enjoyed cross-party support when they were considered by their lordships.

Amendments Nos. 33 and 34 would allow for the electronic monitoring of certain individuals for whom bail was granted by the SIAC. Having reviewed the matter in the light of events since the Bill was introduced—in particular, the comments made by the Newton committee following its review of the Anti-terrorism, Crime and Security Act 2001, and SIAC's decision to grant bail in an individual case—we concluded that although electronic monitoring may not be appropriate in every case, it might be a useful tool in certain circumstances.

Clause 23 was subject to two minor Government amendments in another place, and both were welcomed. First, the definition of the "material" that the commissioner can seize was narrowed by preventing him from seizing "excluded" and "special procedure" material as defined by the Police and Criminal Evidence Act 1984. That was done in the light of concerns expressed by the Joint Committee on Human Rights. The commissioner accepted that such material was of no value to his investigators.

Secondly, it was agreed to delete references to a justice of the peace in Scotland. That followed several Opposition amendments to that effect and representations from the Law Society of Scotland.

In response to a recommendation from the Delegated Powers and Regulatory Reform Committee and points raised throughout the Bill's passage, we brought back an amendment to strengthen safeguards to clause 27, which provides for levying fees. Amendment No. 39 provides, first, that prior to the introduction of a fee under this power the Secretary of State shall consult appropriate persons, and secondly, that an order made under this power shall be subject to the affirmative

resolution procedure, requiring approval by both Houses of Parliament. The remaining amendments are minor and/or consequential to other amendments.

I come to the substantive amendments introduced by the Government in another place on marriage procedures, and the amendments moved by the Opposition today. As has already been said in this short debate, under section 24 of the Immigration and Asylum Act 1999 registrars are obliged to report suspected sham marriages to the Home Office. Section 24 came into force in 2001. Since then, as we heard, reports have been increasing in number—in the first year, there were 756 reports, increasing to 1,205 in 2002 and 2,700 in 2003. This evidence, taken together with growing anecdotal and other evidence, shows that there has been a considerable increase in the number of marriages taking place in the United Kingdom where there is no intention of entering into a genuine relationship, but where the purpose is solely to circumvent our immigration control.

Hon. Members may ask whether the evidence is strong enough to justify intervention, given the inconvenience that intervention may cause to genuine couples wishing to marry. As I am sure the House will appreciate, this is an area where it is difficult to collect hard evidence on the scale of abuse. The Government consider that the clear trend in reports from registrars, together with discussions that we have had with them on the subject—since my appointment at the beginning of April, I have met registrars and their representatives twice—and other intelligence sources fully justify such intervention.

We have already acted in the face of those reports. In the last financial year, immigration enforcement teams in London alone carried out operations at more than 60 weddings, resulting in the arrest of 110 individuals, most of whom were either removed from the United Kingdom as illegal immigrants or, in the case of 37 of the 110 arrested, were charged with criminal offences.

Mr. Oaten: Given that the new powers have been in operation for about two years and seem to have had some initial success in terms of the number of arrests, did the Minister consider seeing how that pattern of progress would develop over the next couple of years, rather than introducing a new measure?

Mr. Browne: I did precisely that, and I am grateful to the hon. Gentleman for giving me the opportunity to bring forward a part of my speech that I had intended to come to later. The other evidence suggested to me that enforcement, such as it was, was effective where it could take place, but had no prospect of covering the possibilities for abuse across England and Wales or, indeed, across the United Kingdom. There were not enough immigration officers to do that.

Against the background of a 35 per cent. increase in the number of immigration officers in the employ of the immigration service under the present Government, it did not seem appropriate to prioritise the marriage issue as a use of that resource when it was needed for other purposes if there were processes whereby such abuse could be dealt with and interdicted.

It may be helpful to tell the House at this stage that the purpose of the changes is not to create the opportunity for intervention at 2,700 or thereabouts events, but to interdict them from taking place at all. It is a matter of deterrence. Hon. Members and others who criticise these steps, which I think are entirely sensible, ought to understand that. Evidence suggests that if the behaviour is deterred, it will go away. If it is policed, it will displace. In other words, the people involved will not come to the places where they expect immigration officers to be, but will displace to other venues. If one accepts that analysis of the evidence—it clearly is the right analysis and it is shared by the registrars, the local authorities, the police, the immigration service and the Home Office—one can see that the combination of factors that I am about to explain in more detail is exactly the right approach to deal with the problem.

Mr. Oaten: I understand the Minister's argument that it is better to prevent these events from happening than to use resources to tackle the problems once they have occurred, but will not considerable resources will be involved in checking whether these are sham marriages?

Mr. Browne: Perhaps I should have stuck to the script that I had originally prepared on this issue. However, to borrow a phrase from "Mastermind", I have started, so I will finish. I think that the hon. Gentleman understands the analysis of the evidence and the reasoning behind the Government's choice of this method. The point that I am making is that the success or failure of these provisions will be gauged by whether they deter this behaviour. I do not expect—and I am certainly not going to put resources into—a whole series of interventions into sham or potentially sham marriages. I have every confidence that these provisions will stop people seeking to go down that route to change their status under the immigration rules, and I shall explain why.

We have recognised that this is an increasing problem, and that it demands a heightened response. On 22 April, the Home Secretary announced a major new enforcement effort to target sham marriages and the people who organise them, who are just as much a target of this process as the individuals involved in the marriages. As a result, the immigration service arrested 60 people in May alone, and has made further arrests since. Those figures are intended to show the scale of a problem—as the hon. Member for Woking (Mr. Malins) sought to do earlier—in which immigration offenders see the abuse of United Kingdom marriage laws as an easy way to get around immigration controls.

Mr. Malins: I hope that the Minister will comment on my view that the Home Office's performance in relation to the section 24 notices in 2001, 2002 and 2003—indeed, up to two or three months ago—was, at best, patchy and, according to the registrar, probably very poor indeed. Does the Minister agree with that?

Mr. Browne: When speaking in public, I have consistently made it a rule not to comment on anonymous comments. I do not doubt that the hon. Gentleman has a good source for those observations, but they are still anonymous and, as a matter of practice, I do not intend to comment on them. I spent the best part of 25 years in the west of Scotland practising law and constantly being told by people that they had good authority for what they were telling me was the law of

[M Browne]

Scotland. Often, when I asked them what that authority was, they said that it was either *The Sunday Post*—a publication that came out on a Sunday in Scotland—or a man they had met in the pub. I am not in a position to evaluate third party comments about the performance of the Home Office when I do not have the details of that performance.

I am able to tell the hon. Gentleman, however, that the immigration and nationality directorate, the immigration service—which is part of the IND—my fellow Ministers in the Home Office and the Secretary of State are seized of this issue, and are absolutely persuaded that it can be dealt with partly by enforcement and partly by changing the rules on the formalities of marriage. That is what we are proposing to do in the Bill, and it is exactly the right way to deal with this issue.

It was suggested in another place that the increase in reports of sham marriages was due solely to the increased enforcement effort. Concentrated enforcement in particular areas of behaviour highlights the extent of that behaviour and tends to suggest that it has increased when, in fact, it was always there. When the crime figures come out, I am always amused by observations about increases in drug crime in a particular area, for example. If we take into account that there is no drug crime until it is detected, the increases are normally a reflection of improved policing in that area. They do not mean that the drug crime was not always there.

9.15 pm

I can assure my hon. Friends that it was not the enforcement that increased the number of sham marriages that were taking place, or, indeed, the number of reports of such marriages. Wherever the hon. Member for Woking got his information from, he was right to point out to the House that we did not intensify our enforcement efforts prior to an increase in section 24 reports; we intensified them because we had already seen the reports increase in number.

As well as seeing an increase in overall numbers of allegedly sham marriages being reported, we are seeing a shift in the kinds of case being reported towards cases where the marriage sponsor is a non-British European economic area national. In fact, 61 per cent. of the section 24 reports received by the immigration service in May involved a non-British EEA national. Why should that be the case? It is because anyone marrying an EEA national does not need to obtain leave to remain in the UK, as a separate step, on the basis of their marriage. As a direct consequence of the marriage, they have an automatic right of residence.

That is because the rights of residence obtained through marriage to an EEA national are the subject of European law rather than United Kingdom domestic legislation. European law dictates that anyone marrying an EEA national who is exercising treaty rights in another country—this goes for someone marrying a British national exercising treaty rights in Spain or France, for example—thereby has the right to reside in that country irrespective of their immigration status at the time of marriage.

It is clear that where there is abuse of our existing immigration controls, we must move to stop it. We must ensure that our immigration rules are robust enough to prevent people from using sham marriages to get around those rules. That kind of abuse works to the detriment of everybody—including, of course, those who enter this country legally through the managed migration channels. The evidence, albeit necessarily having imprecisions, clearly shows growing abuse. That evidence, along with the Government's clear duty to stop such abuse, is the counter-argument to the view of the Joint Committee on Human Rights that these provisions are disproportionate to what it accepts is the legitimate aim of preventing sham marriages.

Britain has always rightly prided itself on being a comparatively liberal society in respect of the laws surrounding marriage and other similar civil acts. Broadly speaking, we have been happy to leave the policing of this aspect of the law to professional registrars or churches. They do this with a comparatively light touch, and with little interference from central Government. We are committed to retaining that overall balance, but it is the duty of the Government to act to protect the integrity of the institution of marriage, and the balance between light-touch regulation and rules to prevent abuse will sometimes have to change to cope with the challenges and realities of today's world. Not only is that the view of the Government, it is the view powerfully expressed by registrars themselves. As I say, I have met them on more than one occasion to talk through those issues.

I have already set out how the immigration service has responded to the challenge of increasing evidence of abuse by stepping up its enforcement effort, but we have to accept that enforcement alone cannot solve the problem completely. Sending immigration officers to register offices has real impact, as we have seen in the last year, but we cannot rule out the possibility of displacement to other offices, and it would be unrealistic and disproportionate to have staff attending every single wedding.

Similarly, while it is possible for the immigration service to follow up marriages and to try to establish whether they are genuine and persisting, it is an extremely resource-intensive process and, as the law stands, the burden of proof lies with the Government to show that the marriage is not genuine, which is not always easy. The better solution is therefore to make it more difficult to enter into a sham marriage in the first place—indeed, to make people feel that there is no point even in trying. The amendments that the Government support in this group are intended to do just that.

Existing marriage legislation in England and Wales requires that, where a marriage is intended to be solemnised on the authority of certificates of a superintendent registrar, the parties to the prospective marriage must first give notice of that marriage to such a registrar. The amendments that the House is considering today build on that position and have been worked through in close co-operation with the registrars.

Subsection (2) of the proposed new clause in Lords amendment No. 21 requires that where a marriage involves a non-EEA national, both parties will be required to give notice of their wedding to the superintendent registrar of a designated registration

centre. I must make it clear that that requirement will not restrict a couple from eventually getting married. It applies only where they give notice of that marriage. Once the notice has been accepted, the couple will be free to get married wherever they wish. The provisions will not infringe a person's ability to get married in a church, in a local mosque or, indeed, anywhere else that they wish to wed.

Mr. Oaten: Will there be a requirement for the individuals to go to the designated areas, or could the process be carried out by post? If there is a requirement to go in person, how many designated areas will there be?

Mr. Browne: There will be a requirement for people to attend in person. A good amendment, consistent with Government policy, was tabled in the Lords, which requires the attendance of both parties before the registrar. I shall come to that in a moment. Although no definitive decisions have been taken, I am considering the possibility of about 70 such areas about the country, which I think will be enough to satisfy the needs of the people who wish to be married.

Restricting the capacity to authorise such a wedding to a reduced number of designated centres will allow the immigration service to implement its enforcement effort in a more concentrated area and allow intelligence and expertise on marriage abuse to be built up in designated centres. It is not just that registrars, whether properly trained or not, can see that something dodgy is going on in front of them, as the hon. Members for Winchester (Mr. Oaten) and for Woking suggested. It is pretty obvious if the bride and groom have never met—perhaps because the bride arrives 10 minutes early and does not know whom she is marrying—or if money changes hands in the back of the register office.

Part of the enforcement effort, however, is about building up intelligence to allow those who are behind the process to be revealed and brought before the courts for the criminal offences that they are perpetrating. We do not want to inconvenience genuine couples any more than is absolutely necessary, and I and my officials are working closely with registrars to identify the most suitable number of designated centres to assist in the enforcement effort while minimising the inconvenience caused. At the moment, we are considering the possibility of about 70 such centres, as I said.

In line with an amendment suggested by Baroness Anelay, parties to a marriage will be required to give notice of their marriage together at the designated centres. That will give registrars the fullest possible opportunity to identify any suspicious behaviour, such as how couples interact—the kind of behaviour that currently leads registrars to report couples under section 24. The crucial difference under the new provisions is that registrars and the immigration service will be better able to take appropriate action before the couple can wed.

Subsection (3) of the new clause requires that before notice of marriage involving a non-EEA national can be entered into the marriage book, the superintendent registrar must be satisfied by the provision of specified evidence that the non-EEA national has entry clearance for the purpose of marriage, has written permission from the Home Secretary, or is in an exempt category.

The requirement in new subsection (3)(a) to have entry clearance expressly for the purpose of marrying refers to entry clearance for fiancés and marriage visitors. Applications for such entry clearance will continue to be considered in the usual way under paragraphs 290 and 41 respectively of the immigration rules. It is envisaged that written permission from the Secretary of State, as provided in new subsection (3)(b), will normally be granted if a person has been granted more than six months leave since entering the United Kingdom and where that leave is extant. In addition, we would grant an application if it is considered that it would be unreasonable to expect a person to return home or travel abroad and apply for entry clearance.

The written permission will be known as a certificate of approval and all applications will be considered and determined in accordance with published guidance, which will set out the factors to be taken into account by caseworkers when determining such applications. If an application for a certificate of approval is refused, applicants will be free to challenge the decision in judicial review proceedings—for example, on the well understood and well known Wednesbury ground of unreasonableness.

New subsection (3)(c) confers on the Secretary of State the power to exempt in regulations categories of person from the requirement for entry clearance or for Home Office permission. We have not included those categories in the Bill as we think that secondary legislation would be a more suitable vehicle for introducing the exemptions, allowing full opportunity to consider changes in trends and future changes to the immigration rules. However, at this point we envisage that any person with settled status in the United Kingdom will be exempted under the provision.

As a result of the new measures, we would expect an increase in the number of forged documents being presented to registrars—both in respect of the new certificate of approval to be issued by the Home Office and in respect of documents confirming nationality—as those engaged in sham marriages seek to avoid having to apply to the Home Office for a certificate of approval.

After three months of experience as a Minister in the Home Office, I doubt very much whether there is any organisation better placed than the immigration service of the United Kingdom to identify forgeries. Those in the service have developed expertise in that area over the past number of years that is second to none. UK immigration officers with that expertise are now travelling the world, helping other immigration services to identify forged documents.

I am grateful to the hon. Member for Woking for his suggestion, but he can rest assured that, given the experience that we have in the Home Office and in the immigration service of how to combat forgeries, it was always our intention that the permission document would contain several security features. We intend that it will be granted in the form of a vignette. That will contain the same security features as our leave-to-remain vignettes, and will be equally secure. I am not sure at the moment whether it will have a specific identifying number, but it will have significant security features. Registrars at designated centres who do not have the ability at present will be trained to identify

[Mr. Browne]

those documents, including fake EEA documents, and will be well placed to gain experience in identifying them.

I want to make it very clear that the Government do not intend the new provisions to lead to a return to the rightly unpopular primary purpose rule. The principal objective of that rule was to attempt to judge whether the applicant was entering into marriage primarily to gain the right to reside in the United Kingdom. People get married for many different reasons, and it is not the Government's business to interfere in what those reasons are. The new provisions are not designed to do that, but they are designed to interfere with attempted avoidance of immigration control. They do not affect the grant or refusal of entry clearance, as the primary purpose rule did. They are simply intended to make it more difficult for those who are seeking to enter into a marriage for the purpose of avoiding immigration control so to do.

Hon. Members may be aware of the concerns of others that the new requirements are unnecessary in the light of existing provisions. The new requirements in subsection (3) of Lords amendment No. 21 are designed to prevent persons who are illegally in the UK, or in the UK on a short-term basis, from marrying where it is reasonable to expect them to return home and to apply for appropriate entry clearance.

Provisions in paragraph 284 of the immigration rules, as amended by the Government in April last year, require that anyone applying for leave to remain on the grounds of a marriage to a British citizen or a person settled here must themselves have extant leave to remain in the UK, and must either have entered as a fiancé or have been granted at least six months' leave since the date they were admitted to the United Kingdom. Where a person does not meet those criteria, they are expected to leave the UK and apply for entry clearance as a spouse.

The provision does not, however, apply to spouses of EEA nationals exercising treaty rights in the UK. In those cases, it is the act of marriage that gives a right of residence. As I have already stated, those marrying an EEA national do not need separately to obtain leave to remain on the basis of that marriage. They get that automatically. That is because the right of residence obtained through a marriage to an EEA national is the subject of European law, not domestic law.

The new provisions have been framed to apply both to those wishing to marry British citizens, and to those wishing to marry other EEA nationals. It is not unusual for a person to have dual status in the UK as both an EEA national and a person settled here under the immigration rules—Irish nationals being a prime example of that. If we were to apply the new provisions only to those persons marrying EEA nationals, we would leave the system open to abuse. The intended spouses of persons who hold such dual immigration status would be free to present themselves as the fiancé of a person with settled status in the UK, forgoing the requirements applying to EEA nationals, but then as soon as they were married they would automatically gain the right to reside in the UK as the spouse of an EEA national.

Moreover, we do not believe that we are placing too great a burden on the intended spouses of British citizens by requiring that they have more than six months' leave or entry clearance as a fiancé. Under paragraph 284 of the immigration rules, they are already required to meet that requirement in order to apply for leave to remain. The new provisions require simply that they provide for that in advance of their marriage, rather than in advance of their leave to remain application.

9.30 pm

Mr. Oaten: In connection with burden and fairness, *the Minister has said nothing* about the additional costs that might be involved in going through the new procedure. Is he in a position to outline those extra costs?

Mr. Browne: I shall come to that shortly.

If a person would not otherwise have intended to remain in the UK after their marriage, they would be free to apply for leave to enter as a visitor for the purpose of marriage. There is no unnecessary restriction on such persons.

By refusing permission to marry to those persons with less than six months' leave in the UK, we will prevent non-EEA nationals from legally entering the UK on a short-term basis, only for them then to enter into a sham marriage with an EEA national and thereby gain the right to stay in the UK. If a person is entering the UK for the purpose of marriage, the Government expect them to apply for entry clearance as a fiancé or marriage visitor. To answer the hon. Gentleman's question directly, it will cost people no more to do that than to go through the proper channels. Likewise, if a person enters as a visitor and subsequently meets someone whom they wish to marry, we do not believe that it is unreasonable for them to return home and apply for suitable entry clearance, given that their initial leave was granted on the ground that they would do precisely that—return home when it expired.

Concerns were expressed in another place about the prospect of registrars being turned into pseudo-immigration officers. I assure hon. Members that the Government have no intention of creating such a burden. By requiring non-EEA nationals to have either entry clearance as a fiancé or marriage visitor, a certificate of approval, or indefinite leave to remain in the United Kingdom, we are precisely limiting that burden on registrars. For that reason, we do not believe it would be sensible, as was suggested in the report by the Joint Committee on Human Rights, automatically to exempt all persons who meet the criteria required for certificates of approval under subsection (3)(c). It would be unreasonable and potentially unworkable to expect registrars to inspect the passports of all non-EEA nationals giving notice of a marriage for valid leave to remain, as that would require registrars to become familiar with every stamp, every vignette and every category of leave to remain. By creating the requirement for persons to apply first to the Home Office for a certificate of approval or to hold entry clearance for the purpose of marriage, we have considerably reduced that burden.

At this stage, let me deal with two further objections made by the Joint Committee on Human Rights. The Committee suggested that the proposals might be

vulnerable to accusations of discriminating, first, on the ground of nationality, and secondly—by virtue of exempting Church of England marriages—on the ground of religion. Each accusation lacks adequate and objective justification. As Lord Rooker made clear on Report in another place on 28 June, we are not seeking to discriminate against people who are members of a religion other than the Church of England.

There is no evidence of sham marriages taking place in the Church of England and the Government do not feel that abuse is likely in future. People who wish to marry in their parish church are normally known to the priest of the church. Although it is not a statutory requirement, there is an expectation upon couples to meet the priest to talk through why they wish to marry and to discuss church proceedings. The Government believe that that acts as a real disincentive to parties intending to engage in a sham marriage, and that it will continue to do so. The Marriage Registration Act 1836 provides for marriage in the Church of England and the Church in Wales to take place after either ecclesiastical preliminaries or civil preliminaries. The vast majority of Anglican marriages take place after ecclesiastical preliminaries—banns or common licence. All other marriages, whether civil or by other religious rites, must be preceded by civil preliminaries. The discrimination is therefore not new: that has been the position since the 1836 Act introduced civil marriage and civil preliminaries, and the Government do not feel that it is appropriate or necessary to change the position at this time.

As for the suggestion that the provisions discriminate on the ground of nationality, the crucial point is that the provisions are expressly aimed not at people of a certain nationality or nationalities, but at people who use marriage as a means of circumventing immigration control. Although we accept that we are treating persons who are subject to immigration control and their partners differently from other persons wishing to get married, it would be unlawful and disproportionate to impose such obligations on those couples where neither party is subject to immigration control, because there is no rational connection between the measures and those who are simply not subject to immigration control.

Lords amendments Nos. 23 and 25 contain broadly similar provisions for Scotland and Northern Ireland respectively. As there has been far less evidence of abuse in Scotland and Northern Ireland, these amendments have been drafted so that written notification of a marriage in Scotland and Ireland will continue to be an acceptable format. However, we will nevertheless require evidence under subsection (3) of the new clauses by way of a certificate of approval or otherwise, as is the case in England and Wales.

If there is evidence that the problem is being displaced to Northern Ireland, the Secretary of State will introduce the power laid down in subsection (2)(b) of amendment No. 25 and both parties will be required to attend the centres together in prescribed cases.

Scotland has a growing and lucrative marriage tourism industry, in which couples travel to Scotland as visitors to get married in scenic surroundings, with no intention to remain in the UK thereafter. The Government do not wish to jeopardise this industry and so we will not require persons to attend the centres in person, as is the case elsewhere in the UK. If there is evidence of abuse, the Scottish General Register Officer will move swiftly to designate register offices according to subsection (2) of amendment No. 23.

Lords amendment No. 27 grants the Secretary of State the power, by regulations, to charge fees for applications for written permission to marry in the UK. These applications will be charged for on a cost-recovery basis. Although we are not yet in a position to put an exact figure on this charge, we estimate that it will be similar to the charges for leave-to-remain applications. Applications for entry clearance as a fiancé and marriage visitor will continue to be charged at £260 and £36 respectively.

I will deal briefly with the amendments tabled by the official Opposition. Under amendment (a) to Lords amendment No. 21, parties to a marriage involving a non-EEA national would be able to give notice of a marriage in a designated centre only if they had been resident in that registration district for 14 days, rather than seven as at present. The Government do not feel that such a requirement is necessary. We do not believe that any purpose would be served by increasing this period and cannot support the amendment.

Amendment (c) to Lords amendment No. 21 would require superintendent registrars in England and Wales to maintain a record of refusals of notices by non-EEA nationals. Registrars would not accept notification of a marriage if they could not enter it into the marriage notice book. They would not be able to accept a notification unless the person met all the criteria—age, residence and marital status, for example. Only when those criteria were not met would a registrar not take notice of the marriage, and this is a question of an inability to do so rather than a refusal on their part. In this sense, registrars are not actually capable of refusing to accept notice of a marriage. Keeping a record of everyone who approaches a registrar but does not meet the criteria would prove to be a time-consuming task and would not help in combating sham marriages. For these reasons I will not be able to support the amendment. I hope that hon. Members will feel able to withdraw their amendments.

I do not feel that I need to summarise what I have had to say. I will close by reiterating my position, which is that the House agrees with the Lords on Government amendments Nos. 1 to 21 and 22 to 69 but disagrees with the Opposition amendments (a) and (c) to Lords amendment No. 21.

Mr. Malins: This has been a useful debate and I am grateful to the Minister for the careful way in which he has explained the Government's position. However, there are one or two matters that I hope to draw to his attention. Despite his full and helpful reply, I had hoped that he might have thought that there was a little merit in my amendment concerning 14 days. If there is not much point in 14 days, it is worth asking what is the point of seven days. I assume that the purpose of seven days is to—

Mr. Browne: It is existing law.

Mr. Malins: Quite; it is existing law. Somebody at some stage in the past must have justified seven days. I suppose that they did so on the basis that it is important that there be a residence requirement.

[Mr. Malins]

I think that we all agree that there should be a residence requirement. I thought that it would be quite a good thing to strengthen the requirement by making it 14 days. The Minister rightly pointed out, and perhaps he will confirm that I am right, that in the Church of England, where two parties wish to get married, one of them at least has to demonstrate quite a substantial link with the parish concerned—indeed, not just a link but a residence. My father is a vicar, and I am not entirely sure that any inquiry into the validity of my own marriage—he married my wife and me—would be productive. I remember that there was some strict residence requirement, and my father may have had to finesse the position very slightly. It was a long time ago, however, and I would not want to get him into trouble. *[Interruption.]* I probably just did so, but that is another question.

It came to my notice recently—I do not expect the Minister to deal with this point now—that once a marriage licence is granted, it is valid for one year. That strikes me as quite a long time, and I wonder whether the Home Office would consider taking a look at that issue.

The Minister's comments about the permission document and the watermarks, holograms and so on were very helpful. There are undoubtedly experts in the Home Office who will draw up some procedure that is as near to watertight as possible. I hope that he might pat me on the back for my personal idea of the unique serial number specific to a particular application.

Mr. Browne: I reassure the hon. Gentleman that, if we decide to number the certificates of approval, I shall ensure that he is given the credit for that very unusual suggestion.

Mr. Malins: Such is the Minister's charm at the Dispatch Box this evening that my hon. Friends and I, who were determined at one stage to test the opinion of the House on a number of amendments, have been persuaded by his arguments that it might not be appropriate to do so.

This has been a good debate, dealing with a problem to which I think the Government are attending. I wish them good luck in doing so, and I hope that they will involve a number of parties in the discussions. The clause was amended in another place, and it is now a good one. Apart from my 14-day proposal, even I can think of no way of improving it.

I beg to ask leave to withdraw the amendment.

Amendment, by leave, withdrawn.

Lords amendment No. 21 agreed to.

Lords amendments Nos. 22 to 27, 19, 20, 32, 40, 41, 33, 34, 1 to 13, 35 to 39 and 63 to 69 agreed to.

Patents Bill *[Lords]* (Programme) (No. 2)

9.45 pm

The Minister for Energy, E-Commerce and Postal Services (Mr. Stephen Timms): I beg to move,

That the programme order of 7th June 2004 in relation to the Patents Bill [Lords] be varied as follows—

Consideration and Third Reading

1. Paragraphs 4 and 5 (consideration and Third Reading) shall be omitted.

2. Proceedings on consideration and Third Reading shall (so far as not previously concluded) be brought to a conclusion at 1.30 p.m. on the day on which they are commenced.

The motion amends the allocation of time for proceedings on consideration and Third Reading of the Patents Bill set by the programme order of 7 June, and it is a small, technical measure that commands widespread support on both sides of the House.

In order to enable the Bill smoothly to complete its passage, time has been found this Wednesday to take the remaining stages in the House. The motion therefore deletes the relevant paragraphs of the earlier motion relating to the allocation of time for proceedings on consideration and Third Reading and makes new provision consistent with the time available on Wednesday. I hope that those arrangements will command widespread support on both sides of the House. The motion is set out on the Order Paper, and I will not rehearse its content. It curtails the allocation of time for consideration on Report and Third Reading provided by the programme order of 7 June, and it is my pleasure to commend it to the House.

Question put and agreed to.

DELEGATED LEGISLATION

Motion made, and Question put forthwith, pursuant to Standing Order No. 118(6) (Standing Committees on Delegated Legislation),

Northern Ireland

That the draft Solicitors (Amendment) (Northern Ireland) Order 2004, which was laid before this House on 24th June, be approved.—*[Mr. Heppell.]*

Question agreed to.

Motion made, and Question put forthwith, pursuant to Standing Order No. 118(6) (Standing Committees on Delegated Legislation),

Immigration

That the draft Immigration (Provision of Physical Data) (Amendment) (No. 2) Regulations 2004, which were laid before this House on 10th June, be approved.—*[Charlotte Atkins.]*

Question agreed to.

Motion made, and Question put forthwith, pursuant to Standing Order No. 118(6) (Standing Committees on Delegated Legislation),

Consumer Protection

That the draft Tobacco Advertising and Promotion (Brandsharing) Regulations 2004, which were laid before this House on 26th May, be approved.—*[Charlotte Atkins.]*

Question agreed to.

Motion made, and Question put forthwith, pursuant to Standing Order No. 118(6) (Standing Committees on Delegated Legislation),

SOCIAL SECURITY

That the draft Social Security (Income Support and Jobseeker's Allowance) Amendment Regulations 2004, which were laid before this House on 16th June, be approved.—*[Charlotte Atkins.]*

Question agreed to.

Examination of Classics

Motion made, and Question proposed, That this House do now adjourn.—*[Charlotte Atkins.]*

9.48 pm

Mr. Michael Fallon (Sevenoaks) (Con): I am grateful for the opportunity to raise the subject of the examination of classics tonight and for the support of some 37 colleagues from all parties who have signed early-day motion 1434.

The subject may initially appear to be an administrative matter but it raises important questions about the accountability of examination boards, the survival of minority subjects other than Latin and Greek and the genuine meaning of choice in our education system.

Britain's biggest exam board, the Assessment and Qualifications Alliance—AQA—has announced that it will no longer examine Latin and Greek at GCSE and A-level after 2006. In other words, those who start in September on GCSE or A-level Latin and Greek will be the last to be examined in two years' time. That deplorable decision was made without warning, without consultation with schools or university classics departments and even without consulting the board's subject advisory panel. My first question to the Under-Secretary, the hon. Member for Enfield, Southgate (Mr. Twigg), whom I welcome, is whether he joins me in condemning that lack of consultation. It is not enough for the Department for Education and Skills simply to say, as the Under-Secretary's colleague said in another place, that the lack of consultation did not go unnoticed. Will he join me in condemning that lack of consultation?

The decision appears to have been made without any real opportunity for appeal or accountability. In that sense, the exam boards appear to be masters in their own house, and beyond the effective supervision of the Qualifications and Curriculum Authority, which is answerable to Ministers. My second question is therefore: is the Under-Secretary satisfied that the QCA properly supervised and approved the decision? On what date were Ministers informed of it?

The accountability of exam boards matters because, unlike in the old days, when five, six or more existed, there are now effectively only two: the AQA and the Oxford, Cambridge and RSA Examinations board—the OCR. If one board drops a subject, it becomes de facto a monopoly of the other. There is therefore no more choice in the syllabus. That is especially important for minority subjects because they have no fixed place in the curriculum and they, unlike those that are specified in the curriculum, need syllabuses with greater, not less variety. If the AQA no longer offers Latin and Greek, we face the prospect of the OCR syllabus having to be adapted to offer what the former previously offered. Everybody loses out.

The problem does not affect only Latin and Greek. At the same time as the decision was announced, other subjects were chopped from the AQA list. They include: accounting, archaeology, Russian, home economics, social science and European studies. Some 11 subjects were chopped from the AQA list without warning or opportunity to appeal.

The point of the larger boards that have consolidated and taken over smaller boards is that they should be able to cross-subsidise some of the minority subjects. Of

[Mr. Michael Fallon]

course, those subjects, by their nature, do not apply to hundreds of thousands of entrants every year. However, a big board—the AQA is the biggest board of all—should be able to accept some cross-subsidy in examining subjects with smaller intakes. It should also be more careful about making decisions such as that that we are considering. Indeed, the AQA's justification for dropping Latin and Greek is worthy of examination. It said:

"Most centres entering for Greek also enter candidates for Latin, so to withdraw Greek only would have a significant effect on the entry for Latin."

It believes that that justifies scrapping both. If it has not properly consulted, how does it know? Why scrap both until it is absolutely sure?

Unlike those in relation to the other minority subjects that I have mentioned—Russian, accounting, European studies and so on—this decision by the AQA will have one very serious consequence for our education system: the AQA syllabus for Latin and Greek is used predominantly by state schools. More than 80 per cent. of Greek entries and more than 50 per cent. of Latin entries are from state schools. That is because the AQA syllabus is better designed for those who may come to the classics later, after the age of 13, and who may lack a previous grounding in the vocabulary required.

To give the Minister a specific example, for candidates for GCSE Greek, the OCR board demands knowledge of some 625 Greek words, against 350 required by the AQA. The OCR sets some 360 lines of text to be examined, against the AQA's number of 250. The OCR board requires twice as much prose as the AQA board. Therefore, if the two syllabuses are to be merged, the OCR syllabus would have to be significantly weakened, which in turn would disadvantage those who study it for longer.

Let the Minister be in no doubt: this mean-minded decision by the AQA will drive classics out of the state schools altogether, and confine Latin and Greek to the fee-paying sector. Is he content to see that happen? That has occurred at a time when all parties in the House have been repeating the mantra of more choice in education. It is at a time when the Government want all secondary schools to be free to specialise, to give their own emphasis to different aspects of the curriculum, and to favour minority subjects, whether music, arts or sport, and so on. Denying the choice of those two minority subjects, Latin and Greek, which it is possible for students to begin later, is a crime against our state schools.

One only has to consider the success of courses such as the wonderful Minimus to see the expansion of interest in the classics, sustained by films such as "Troy" "Gladiator", "Boudicca" and now "Alexander the Great". One only has to note that some 17,000 students are now studying one aspect of classics or another at our universities to see the damage that this decision will do to the survival of classics in our state schools.

I do not need to re-emphasise the importance of Latin and Greek in this Chamber tonight, or to mount some spurious claim for relevance: we are not discussing the disappearance of Hebrew from the curriculum or the ending of rhetoric in the mediaeval trivium. As well as the intellectual discipline that lies behind the two subjects, Latin and Greek are keys as much to our present as they are to our past—to how we got here, our heritage, our common European culture and our literature and art. Without Latin and Greek, and particularly without them in our state schools, our understanding of everything else, from Shakespeare to medieval painting, is limited and reduced.

Tim Loughton (East Worthing and Shoreham) (Con): I agree with everything that my hon. Friend has said. I must declare an interest as someone who achieved a Latin A-level at a state school and went on to read for a classics degree. Does he agree that it is ironic that at the same time as we are seeing an explosion in popular interest in some of the classical stories through film and other media, and when Ofsted is saying that we should return to some of the traditional studies in history, teaching in traditional subjects such as Latin and Greek, which have enormous relevance to so many different areas, is to be constrained within the state system?

It being Ten o'clock, the motion for the Adjournment lapsed, without Question put.

Motion made, and Question proposed, That this House do now adjourn.—*[Charlotte Atkins.]*

Mr. Fallon: I entirely agree. Indeed, my hon. Friend's example is all the more perturbing, given that he studied classics at a state school. This proposal means that a future generation will not be able to enjoy that particular privilege.

Without the foundation of Latin and Greek in most of our schools, we are in danger of raising the lexical bar, that most pervasive form of discrimination. It is just as serious, in a way, as racial or sexual discrimination. I refer to linguistic discrimination against those who cannot express themselves articulately or write correctly in their own language, and are thus denied, when applying for employment or other courses, the opportunities that they ought to be able to enjoy.

Unless reversed, this philistine decision will reduce choice in our schools. It will certainly eradicate all Latin and Greek from our state school system. Moreover, if it is accepted without protest, it will threaten any other minority subject—not just Russian, but the other harder languages—and it will, I believe, leave too much of the curriculum in the hands of a single examination board.

Monopoly in education is a very dangerous thing. I commend to the Minister the words of Symmachus, praefect of Rome:

"Uno itinere non potest pervenire ad tam grande secretum."

That can be translated as "It is not possible to attain such a great secret by one route only". And that is the argument for avoiding monopoly in education.

It is the way in which the decision was made, and the consequences that it will have, that justify our description of it as an act of educational vandalism. But I believe that it is almost worse than that. It is, I think, an omen of a darkening cultural winter. The path of learning needs many lamps, and in two years another lamp will have been extinguished. That deeper understanding of our past and our present will be further confined to the privileged and paid-for few. I cannot believe that that is something that the present Government would welcome, or indeed that they would stand idly by without intervening.

I do not think it is enough simply to say, as the Minister's colleague Lady Ashton did in another place, that the lack of consultation

"has not gone unnoticed within the department."—[*Official Report, House of Lords*, 28 June 2004; Vol. 663, c. 6.]

That is not enough. We now look to the Minister to explain what he can do to help get this deplorable decision reviewed and reversed.

10.3 pm

The Parliamentary Under-Secretary of State for Education and Skills (Mr. Stephen Twigg): I congratulate the hon. Member for Sevenoaks (Mr. Fallon) on securing this important debate. Let me begin by rising to his challenge. He asked whether I was content, and the Government were content, for classics to be driven out of the state sector. I want to put it on record that I certainly would not be content for that to happen.

I want to say something about Latin and Greek as subjects in the maintained school sector. It is widely accepted that it is important for schools to offer a broad and balanced education, providing appropriate opportunities for students to enjoy all aspects of the curriculum. For that reason, I am very glad that some state schools choose to offer classical subjects where the demand exists and where teaching staff have the necessary skills. I recall a visit last year to Archbishop Tenison's school, an inner-city school in the London borough of Lambeth with a predominantly black intake. The teenage boys there were taking Latin at lunchtime by choice. I took that as an excellent example of the keen response that will occur where such options are available.

Following some of the key stage 3 online pilots that the Department funded, Granada Learning developed the Cambridge Latin course e-learning resource, which was launched in May. It is an innovative resource that is designed to help both specialist and non-specialist teachers to teach Latin to key stage 3 pupils. It can also be used independently, with the help of an e-tutor service provided by the Cambridge school classics project. The resources contain media-rich content to engage the learner and feature a lesson planning system that allows teachers to select learning activities in sequence.

The hon. Gentleman referred to the "Minimus Mouse" cartoon teaching book, which is aimed at 10 to 13-year-olds. Indications are that it has seriously revived interest in Latin among some younger pupils. The first book sold about 50,000 copies world wide and a sequel was published in March this year. It is of course important not only that pupils have the opportunity to learn these subjects, but that their learning be recognised through the examination system. That should include the minority subjects in the various forms that they take.

The examinations regulator, the Qualifications and Curriculum Authority, has taken steps to maintain provision in small-entry subjects. For example, it has encouraged the awarding bodies to share small-entry modern foreign languages such as Arabic, Gujarati and Polish between them. Despite this, a number of "live" mother tongue languages that are spoken in this country, or which are being studied in schools or through further education, are not accredited through GCSE examinations. Examples include Kurdish, Somali, Swedish, Hungarian and Slovak. Through the national languages strategy, we are trying to encourage primary schools to teach a wide range of modern foreign languages.

As the hon. Gentleman rightly said, the AQA—Assessment and Qualifications Alliance—recently decided to withdraw Latin and Greek at GCSE and A-level. I want to put it on the record this evening that I am very disappointed by the AQA's decision. I absolutely share his concern about the failure to consult fully and in particular about the failure to consult the subject associations in the field of classics. I was also concerned to hear that the subject committee became aware of the decision only through media coverage. The situation could have been handled much better, and I am sure that the AQA noted the widespread criticism that it received as a result. I shall return to that issue in a moment.

The hon. Gentleman will be aware that there is little that I can do directly to intervene. Nevertheless, I share the concerns expressed by him and others, particularly with regard to the possible differential effect in the state sector. I urge the AQA to reconsider its decision in respect of classics, a point to which I shall return at the end of my speech.

My understanding is that the AQA has a minority of candidates taking Latin and Greek, and that that is certainly true of Latin in the state sector: OCR—Oxford, Cambridge and RSA Examinations—has some 59 per cent. of candidates studying Latin GCSE in the maintained sector. Nevertheless, there is an issue of choice, as the hon. Gentleman pointed out very well in his speech. The AQA's argument is that the small number of entries not only raised questions of financial viability, but made it more difficult to set and maintain standards over time. Of course, if the AQA had been the only body offering classical subjects, the QCA would have acted to ensure that they continued to be available, as it would with other minority subjects. The hon. Gentleman made the point powerfully that many state schools prefer the AQA specification because of the differences in emphasis that he described. The advice of the QCA is that there is no reason why that difference should make one specification more demanding than the other, but it is taking the issue seriously.

The hon. Gentleman asked whether changes could be made to the OCR specification. The QCA is in discussions with various relevant bodies, including the classics professional associations, which it will meet shortly. Additionally, OCR has said that it already offers support and guidance to schools and colleges that may wish to change to its specification.

I emphasise again that I have no direct powers to intervene. The hon. Gentleman and the House would agree that the system that we have makes sense, with regulated but independent awarding bodies taking responsibility for examinations. Nevertheless, I appreciate his concerns and for that reason, on the basis of the case that he and others have made, I am urging the AQA to reconsider its actions. There are good grounds for arguing that there may be a future increase in the number of candidates wanting to study Latin, in particular at GCSE, given the take-up, for example, of the key stage 3 resources to which both he and I referred.

[Mr. Stephen Twigg]

I assure the hon. Gentleman that, in view of that and the other arguments that he has adduced, I shall write to the AQA to urge it to reconsider its decision, particularly in the light of its failure to consult widely before reaching it. I want to make it very clear that as we pursue more broadly the secondary agenda—and 14 to 19 in particular—as far as I and the Government are concerned, there will still be a very important place for minority subjects, including classics, in the secondary school curriculum.

I thank the hon. Gentleman for raising this important issue. I hope that it will not only contribute to the public debate but perhaps bring about a reconsideration by the AQA of its decision.

Question put and agreed to.

Adjourned accordingly at twelve minutes past Ten o'clock.

House of Commons

Tuesday 13 July 2004

The House met at half-past Eleven o'clock

PRAYERS

[MR. SPEAKER *in the Chair*]

Oral Answers to Questions

FOREIGN AND COMMONWEALTH AFFAIRS

The Secretary of State was asked—

British Virgin Islands

1. **Mr. Anthony Steen** (Totnes) (Con): If he will make an official visit to the British Virgin Islands to discuss the savings directive. [183354]

The Parliamentary Under-Secretary of State for Foreign and Commonwealth Affairs (Mr. Bill Rammell): There are no plans for a Foreign and Commonwealth Office ministerial visit to the British Virgin Islands to discuss the EU savings directive, but my right hon. Friend the Paymaster General and I held meetings with BVI Ministers during their recent visit to the UK, at which we discussed this issue.

Mr. Steen: Why are the British Overseas Territories so disadvantaged with regard to the EU, when Britain is an EU member? They get none of the advantages, but all the disadvantages are thrown at them. What will the Minister tell the islands when the savings directive means that they will lose $40 million? That money will go to independent Caribbean islands. I am secretary of the all-party Caribbean parliamentary group. *[Interruption.]* I have yet to go to the British Virgin Islands, but what will be done when they lose $40 million a year because of the European directive?

Mr. Rammell: I do not believe that there is any evidence that it will be possible for the islands to sustain a loss on that scale. Whether or not the Caribbean overseas territories come under the ambit of the EU, it is manifestly in their interests to adopt the highest possible standards of international regulation and transparency. There is no evidence to suggest that businesses will relocate as a result of the directive. At a recent BVI financial services roadshow in the far east, there was much interest in doing business in the BVI. The directive was not mentioned once as a factor in location decisions.

Uzbekistan

2. **Mr. John Grogan** (Selby) (Lab): If he will make a statement on relations with Uzbekistan. [183355]

The Parliamentary Under-Secretary of State for Foreign and Commonwealth Affairs (Mr. Bill Rammell): The UK's relations with Uzbekistan are, in general terms, constructive, but we have serious concerns about the human rights situation and the lack of economic and political reforms. We press those concerns strongly, both publicly and privately, with the Uzbek Government.

Mr. Grogan: As regards Uzbekistan, who does my hon. Friend think has the better emphasis? Our splendid ambassador Mr. Craig Murray said recently in a speech that Uzbekistan was "not a functioning democracy", and he drew attention to the fact that there are between 7,000 and 10,000 religious and political prisoners there. In contrast, our esteemed ally Mr. Donald Rumsfeld said in a recent speech that US-Uzbek relations were growing stronger every month. He failed to mention human rights concerns.

Mr. Rammell: This Government have been extremely forthright in our criticism of the Uzbek Government's human rights record. Our ambassador's position on human rights has this Government's full support, as I and other Ministers have made clear. However, the US Government also express similar concerns. I hope that my hon. Friend will look at the annual human rights report from the US State Department, in which significant concerns about human rights in Uzbekistan are expressed. Both the US and UK Governments have a policy of constructive but critical engagement to try to improve the human rights situation in that country.

Tony Baldry (Banbury) (Con): Does the Minister accept that all the central Asian republics—including Uzbekistan but with the exception of Kazakhstan—are very poor, having depended for their income largely on the former Soviet Union? Will he and other Ministers use their best offices with EU partners to ensure that more of the EU's external affairs budget is focused on poor countries in central Asia, and on former eastern European states such as Moldova and others in the south Caucuses that are not part of the EU? If we are not careful, such states will become black holes—failed and failing states—in a few years.

Mr. Rammell: I certainly take the point that poverty is a major issue. We need to see what more we can do, bilaterally and through the EU, in terms of support and engagement. However, poverty, or any other problem, is never a justification for a poor human rights record. That is why we express concern about Uzbekistan in the way that we do.

Iraq

3. **Mr. David Stewart** (Inverness, East, Nairn and Lochaber) (Lab): What his assessment is of progress made so far by the Iraqi Interim Government. [183356]

The Secretary of State for Foreign and Commonwealth Affairs (Mr. Jack Straw): Good progress has been made since the Iraq Interim Government took over sovereignty on 28 June. Security remains the major challenge, but as Iraqi Foreign Minister Hoshyar Zebari spelled out to EU Foreign Ministers yesterday, the new sovereign Government are cracking down on crime and

terrorism, accelerating reconstruction, and preparing for elections by January 2005. We are proud to be a leading supporter of their efforts.

Mr. Stewart: Does my right hon. Friend share my view that the acid test of the Interim Government's success is how it changes the lives of ordinary Iraqis, such as those in Basra whom I visited last year? The key is to secure the economy by ensuring that the pipeline operates efficiently. The Iraqi Prime Minister has said that every bomb that blows up a pipeline takes food out of the mouths of ordinary Iraqi children. Does my right hon. Friend agree?

Mr. Straw: I entirely agree with my hon. Friend. The saboteurs, criminals and terrorists sought to justify their destruction of parts of Iraq's infrastructure on the basis that they were attacking the occupying forces of the United States and the United Kingdom. It was never true, but that excuse has now gone. They are attacking the lifeblood of the Iraqi people. Notwithstanding that, there has been a significant increase in oil production, an increase in electricity generation and a great improvement in the number of jobs generated in Iraq in the past year, and we look forward to the continuation of that success.

Mr. Andrew Mackay (Bracknell) (Con): Does the Foreign Secretary agree that an important aspect of the work of the Interim Government in Iraq is to ensure good relationships with the Kurdish north, to ensure that a devolved Administration works there and to ensure that senior Kurdish representatives are included in the Government not just now but for the future to maintain a united Iraq?

Mr. Straw: Yes. One of the striking things about the new Iraqi political sentiment is that ideas of Kurdistan becoming a separate sovereign country have disappeared almost altogether, and all the Kurdish representatives whom I meet are fully committed to maintaining Iraq as a sovereign nation within its existing borders.

Chris McCafferty (Calder Valley) (Lab): Given the increasing difficulties for women in Iraq, can my right hon. Friend tell the House what progress has been made towards registering women's votes? Will any special measures be introduced to enable women to vote safely when the full democratic elections take place in Iraq in January?

Mr. Straw: Of course we recognise the particular problems faced by women in Iraq, but one of the striking things about the new Government is their commitment, which they have put into practice, to increase women's representation. Six of the 30 members of the Government are women. That may not be a sufficient proportion, but it is greater than in many Governments across Europe.

The electoral process has been led by the United Nations and Mrs. Perelli. The election commissioners have now been appointed. There is a big challenge to register electors, both men and women, but I believe that the process will be undertaken sufficiently for elections to take place by the end of January.

Mr. Michael Ancram (Devizes) (Con): I join in wishing success to the Iraqi Interim Government in restoring control of Iraq to the Iraqis. However, it appears that recently considerable numbers of Iranians have entered Iraq, many through the British-controlled sector, and have remained there. Can the Foreign Secretary give any indication of their numbers? Are there any connections between them and recent incidents of terrorism and insurgency in Iraq? Does he agree that it would be highly damaging to the credibility of the Interim Government if Iran were in any way seeking to exercise undue influence over political developments in Iraq? How do the Government propose to help the Iraqi Interim Government to combat that?

Mr. Straw: I agree with the last sentiment expressed by the right hon. Gentleman. Generally, we have had good co-operation with the Iranians, including the establishment of border posts along the sector that we previously controlled. Following 28 June, the whole of the border is now under the control of the Iraqi Government; we are there as forces in support. All the neighbouring countries are seeking to exercise some influence over Iraq, but again one of the striking things about the Iraqis, including the Shi'a, is their own sense of being Iraqi and their wish to ensure that they determine Iraq's future, and that it is not determined by other countries.

Llew Smith (Blaenau Gwent) (Lab): As the Interim Government came about as a result of the war with Iraq, and as we went to war because we were told that the Iraqis had weapons of mass destruction that could be used within 45 minutes and were a threat to the world, if no weapons of mass destruction are found will the House be right in expecting resignations from some of the highest levels of Government?

Mr. Straw: I will not anticipate the outcome of the Butler report, which will be published tomorrow, but I remind my hon. Friend that we took military action because Saddam had flagrantly violated 12 years of Security Council mandatory resolutions and that the whole international community, including China, France, Russia and Syria as well as the United Kingdom and the United States, declared in Security Council resolution 1441 that Iraq posed a threat to international peace and security by reason of its proliferation of weapons of mass destruction, its long-range missile systems and its defiance of the United Nations. I believe that the international community was right to make that judgment when it did, in November 2002, and—in the light of subsequent events—it would be right to make that judgment today.

Israel

4. **Chris Grayling** (Epsom and Ewell) (Con): What recent discussions he has held with the Israeli Government about the border wall under construction in the west bank. [183357]

The Secretary of State for Foreign and Commonwealth Affairs (Mr. Jack Straw): My noble Friend Baroness Symons and I have discussed the issue of the barrier with Israeli Ministers on many occasions. I hope to talk to Israeli Foreign Minister Shalom later today. All of us understand Israel's need to take steps, within

international law, to protect itself from terrorist attack, but together with the European Union we have consistently made it clear to the Israeli Government that the barrier built on occupied territory is illegal.

Chris Grayling: Does the Foreign Secretary agree that the Israeli Government's decision this week to proceed with construction of the wall represents a serious and potentially lasting threat to any prospect of middle eastern peace? Is there anything that he or other western Governments can do to persuade the Israeli Government to back away from a course that appears to be utterly disastrous?

Mr. Straw: We have to continue with the process set out in the road map and get both parties back on track to implementing it. The road map places clear obligations on the Palestinians, in respect of security and taking action against terrorists operating within the occupied territory. It also places clear obligations on the Israelis. We welcomed the initial step taken by the Sharon Cabinet to withdraw from Gaza, although that is currently stalled, but I accept the burden of what the hon. Gentleman says. Taking territory from the Palestinians—and it is their territory—may be justified in the short term on the basis that it helps to maintain security within Israel. However, in the long term it is not in the interests of the Israelis, nor in the interests of the Palestinians, as well as being unlawful. The only way to secure a safe future for both sides is by the implementation of Security Council resolutions for a secure state of Israel and a viable state of Palestine.

Mr. Ernie Ross (Dundee, West) (Lab): I agree with all that my right hon. Friend has said. However, the ordinary person in the middle east sees Israel flouting international law again and the most powerful nation in the world—the United States of America—saying that the International Court of Justice is not the appropriate forum in which the matter should be decided, at the same time as doing little to move the road map forward. Can my right hon. Friend take further action with the American Administration to ensure that despite their internal problems, they do something to move the road map forward and—at least—send a message to the middle east that we are as concerned about Israel breaking international law as we are about anyone else doing so?

Mr. Straw: I shall be happy to pass on my hon. Friend's sentiments to the US Government and I think that they are widely shared on both sides of the House. I should say that the conclusions reached at the G8 summit in Sea Island last month were satisfactory and called on all sides to make further progress to implement the road map obligations. I understand the frustration expressed by my hon. Friend, and it is widely shared.

Sir Patrick Cormack (South Staffordshire) (Con): When the Foreign Secretary speaks to the Israeli Foreign Minister this afternoon, will he tell him that friends of Israel on both sides of this House are increasingly exasperated by the promises and actions of the Israeli Government and that we see their actions as the biggest single obstacle to peace in the middle east?

Mr. Straw: Yes, I shall be happy to do so.

Mr. Andrew Dismore (Hendon) (Lab): Two weeks ago, I visited Israel and the west bank and saw the fence for myself. Can my right hon. Friend confirm that in fact the fence is a fence, not a wall, for 97 per cent. of its length? I share some of my right hon. Friend's concerns about the line that the fence follows, but there can be little doubt that it has contributed to a significant reduction in terrorism within the borders of Israel. There have been very few attacks since May this year.

Mr. Straw: On my hon. Friend's first point, it is properly described as a fence for part of its line and properly described as a wall for another part, but it serves the same function—it keeps people out, where it runs. Our difficulty with the fence is not in the areas where it runs along what we regard as the international border—the 1967 line—but where it takes territory from the Palestinians. That is the problem. I understand, as we all do, the justification for putting up the fence, but I do not believe—nor, by the way, does the Israeli High Court appear to believe—that it was necessary to put it on that line in order to ensure the security that the Israelis justifiably require for themselves. While I understand the Israelis' concerns, however, it must be put on the record that in recent weeks although two Israelis have been killed in Israel and the occupied territories, 33 Palestinians have been killed. That may include some terrorists but it also includes six children and a mentally handicapped person.

Sir Menzies Campbell (North-East Fife) (LD): Can the Foreign Secretary explain to the House why the Government appear to have shown little enthusiasm for the recent judgment of the International Court of Justice? Can he also tell us what assessment has been made by the Foreign Office of the likely consequences for UK influence and interests in the middle east as a result of the Government's lukewarm response to that judgment?

Mr. Straw: The position we adopted in respect of the ICJ application by the Palestinians was common to all European Union countries; our submission was that although we regarded the wall as unlawful and illegal we did not think it appropriate for the court itself to make judgments, given that there was not consent from each party, which the right hon. and learned Gentleman will know is a major part of the process if the ICJ is to have any function other than simply declaring what all of us accepted. However, on 30 October 2003 the UK voted in the General Assembly of the United Nations for a resolution declaring the barrier—the wall—outside the 1967 line illegal. That remains our position and I am certain that that will continue to be the position of the EU as a whole.

Mr. Tony Clarke (Northampton, South) (Lab): Ariel Sharon's response to the ruling of the international court was both predictable and disturbing when he called for building work to be stepped up. Does my right

hon. Friend agree that the barrier is not a security wall and that it does not separate Israelis from Palestinians but separates Palestinians from Palestinians? Will he call for the UN Security Council and General Assembly to discuss the matter so that a ruling can be made?

Mr. Straw: We have to understand why the Israelis put up the barrier. They did so to protect themselves from the effects of terrorism; there is no question about that. It is a security barrier. We all understand Israel's concern about security and we are all aware of the figures, which are clear, on the reduction in terrorist attacks since the wall went up. We do not argue with Israel's need to protect its security, although that must be within international law; what we argue about is the route of the barrier where it diverges from the line established in the 1967 resolutions.

On the second part of my hon. Friend's question, I have no doubt at all that the barrier will indeed be discussed at the General Assembly, and possibly in the Security Council as well.

Mr. James Clappison (Hertsmere) (Con): In the same vein, when the Foreign Secretary meets the Israeli Government, will he communicate to them the anguish felt on both sides of the House at the suffering of people in Israel in the past as a result of the unremitting stream of suicide bombs directed at civilian targets in Israel? Will he reassure the Israeli Government that our Government and the EU will do all they possibly can to bring pressure to bear on the Palestinian Authority to bring to an end that stream of suicide bombers, without the need for a fence?

Mr. Straw: Yes, of course I will do that. We are doing a great deal to give support and encouragement to the Palestinian Authority in terms of advice and assistance in respect of their improvements to internal security so that they can better interdict the terrorists who are operating in the occupied territories.

David Winnick (Walsall, North) (Lab): Although I deplore all forms of suicide bombings—I hope that that is the view of all of us—would it not be useful if the Israeli Government were told that what happened over the barrier is totally unacceptable to the international community and, moreover, can only increase the anger and resentment of Palestinians who, seeing the absence of any political progress, only come to the conclusion, understandably but unfortunately, that they should give more support to terrorism? Sharon has brought misfortune on Israel and, undoubtedly, even more so on the Palestinian people.

Mr. Straw: There is no excuse at any time for terrorism, which always ensures that its victims are random and almost always innocent. That must be a rule that we apply without fear or favour, but I understand what my hon. Friend is saying when he suggests that there is very little political hope in the occupied territories, and the erection of the wall in plain contravention of international law obviously does not help those in the Palestinian Authority and the occupied territories who are seeking a political solution to those long-standing problems.

Mr. Gary Streeter (South-West Devon) (Con): Given that a likely condition of Shimon Peres re-entering the Israeli Government—we welcome that—is that negotiations with the Palestinians in one way or another are likely to be restarted, is it not now time for the security wall itself to be expressly included as part of the road map? Would that not recognise both the Israeli need for security and legitimate Palestinian concerns about the wall's route and impact, enabling a step-by-step approach to be taken so that, as suicide bombing and terror diminish, parts of the wall could be rerouted or dismantled? Is that not something that the Quartet might take forward?

Mr. Straw: That is an interesting suggestion, which we will certainly consider. As the hon. Gentleman is aware, the road map is an agreed document, so for that suggestion to be included in the road map would require the agreement of the Israeli Government as well as the Palestinian Authority and the other key members of the Quartet, but it certainly ought to be considered. Since Prime Minister Sharon himself has said that, when and if there is a political solution, the wall will have to come down—we welcome that—it is very clear that, even in his mind, an end to this line of the wall will have to form part of a final settlement.

Oil

5. **Harry Cohen** (Leyton and Wanstead) (Lab): What research he has commissioned on future international relations consequent upon demand, supply, distribution and trade in oil; and if he will make a statement.

[183358]

The Parliamentary Under-Secretary of State for Foreign and Commonwealth Affairs (Mr. Bill Rammell): The Foreign and Commonwealth Office White Paper entitled "UK International Priorities" identifies the security of UK and global energy supplies as a strategic challenge that, with our international partners, we intend to meet.

Harry Cohen: The Minister will be aware that current thought links energy security with industrialisation and modernity and that oil remains key to that despite its being a finite resource, but there is high demand for it, including from countries such as China, Brazil and India. Does he agree that it is a myth that such things can be controlled by the market and that, inevitably, military force will apply? Should not the Foreign Office commission a review now to seek some international order in oil supply and demand, rather than the current free-for-all, and to examine the United Kingdom's position, thus shifting us to more sustainable energy sources, less dependent on oil?

Mr. Rammell: If it comes to military action, we will certainly all be the losers in those circumstances. What we need is a comprehensive strategy that takes account of market conditions, whereby we seek to achieve greater political stability in energy-producing countries. We consider energy security, but we certainly consider sustainability. That is why our commitment to the Kyoto protocol and moving beyond that is particularly important, as is increasing our commitment to renewable energy, so our leadership in the renewable

energy and energy efficiency partnership internationally is a key component in what we are trying to take forward.

Richard Ottaway (Croydon, South) (Con): Has the Minister considered the foreign policy implications of the fact that we are about to become a net importer of energy over the next couple of years, much of it gas from Russia? If, for example, we wanted to invade a middle east country to remove its weapons of mass destruction, unless countries such as Russia agreed with us, they would turn off the gas. Given that the Government's energy policy is for us to become 70 per cent. dependent on gas in the future, does that not leave us rather exposed?

Mr. Rammell: The reason why we are pursuing such a comprehensive strategy is that we will become dependent on oil imports, for example, from about 2010. Our relationship with Russia is especially important, which is why we need to consider the security of supply, and the situation explains why it is such a key partner to us. There is no one simple quick-fix solution. The issue is extraordinarily complicated, so we need to take things forward on a variety of fronts.

Jane Griffiths (Reading, East) (Lab): When my hon. Friend considers these matters, will he pay particular attention to the south Caucasus, given the presence of President Saakashvili in London today, and especially to the continuing tension between Azerbaijan and Armenia, given that Azerbaijan has oil and Armenia has none?

Mr. Rammell: We certainly will take account of those issues. When I was in Georgia last week, we examined specifically the matter of the pipeline, which can be a significant component of the diversification of energy supply within that area. That is something that we must take forward, and I am sure that the Foreign Secretary and I will discuss it with President Saakashvili this afternoon.

Constitutional Treaty

6. **Mr. Win Griffiths** (Bridgend) (Lab): Whether he plans to discuss the constitutional treaty for the European Union with members of the Trades Union Congress. [183360]

The Secretary of State for Foreign and Commonwealth Affairs (Mr. Jack Straw): Yes, on Wednesday 21 July, when I shall meet the TUC executive committee.

Mr. Griffiths: Can my right hon. Friend confirm that he will encourage trade unionists to vote for the constitutional treaty when we have a referendum because it will provide a sound legal framework to enable trade unions to pursue their members' interests within the law in a beneficial manner?

Mr. Straw: Yes, indeed I will. That is one of the many reasons why I shall urge the TUC executive committee and the trade union movement more generally to support the constitution for the European Union when it is put forward in a referendum.

Angus Robertson (Moray) (SNP): Many thousands of workers in the onshore and offshore fisheries industries are gravely concerned by the incorporation of the common fisheries policy as an exclusive competence of the European Union. Many of them are trade union members who are worried that we will see the continuing decline of our coastal communities. Will the Foreign Secretary tell them whether he believes that that failed policy will lead to more or fewer jobs in the fishery industry in the future?

Mr. Straw: I think that members of the fishing industry are more concerned about the unconvincing dissembling of members of the Scottish National party over the issue, for which it received a disastrous result in the European parliamentary elections in June. As the erstwhile leader of the Scottish National party admitted to me, it is quite wrong for it to pretend that the conservation of marine biological resources is, for the first time, to become an exclusive competence under the constitution. It has been an exclusive competence ever since the European Union was established. The hon. Member for Moray (Angus Robertson) knows that, and he needs to spell it out to Scottish fishermen.

Mr. Peter Mandelson (Hartlepool) (Lab): Would my right hon. Friend accept that many of us regard the Government's achievement on the constitutional treaty as a considerable political and diplomatic coup in British interests? In that context, it was right for the Government to apply belt and braces to the charter of fundamental rights, but does he accept that by doing so, they gave the impression of giving too little weight to the social dimension in Europe? I think that that is an impression rather than a fact but, none the less, the Government would do well to redress it in the coming weeks and months.

Mr. Straw: I accept the compliments that my right hon. Friend offered in the first part of his question, and I understand the point that he makes. During my discussions with the Trades Union Congress next Wednesday—and in many other ways—we will certainly emphasise the benefits to British people and British trade unionists that have arisen over the past seven years and more of a Labour Government as a result of signing up to the social chapter. We shall continue with the agenda of social Europe.

On the issue of the charter, a bit of belt and braces was necessary to ensure that it remained for the British Parliament to determine our industrial relations laws, not the European Union. We have done that, but British trade unionists, especially, celebrate all the benefits that they have received as a result of our decision to sign up to the social chapter, including proper guaranteed holidays and parental leave. The previous Conservative Government denied all such things—they would deny them again—and we will certainly emphasise those points in the campaign for a yes vote to the constitution.

Mr. Richard Spring (West Suffolk) (Con): Given that the charter of fundamental rights in the constitution will assuredly, according to legal counsel and the European Commission itself, lead to the European Court of Justice overriding our asylum laws and make it easier for trade unions to call strikes, why on earth do we need it?

Mr. Straw: Were it true, there would be cause for worry, but both points that the hon. Gentleman raises

are nonsense. He will be aware that, under an existing article of the treaties, issues concerning negotiation of pay and the right to strike are specifically excluded from the European Union's competence and are a matter for national Governments and Parliaments.

Tyrannical Regimes

7. **Mr. Graham Allen** (Nottingham, North) (Lab): What plans he has to take further steps to seek to amend (a) international law and (b) the structures of the UN to deal with tyrannical regimes. [183361]

The Parliamentary Under-Secretary of State for Foreign and Commonwealth Affairs (Mr. Bill Rammell): This Government have led the international debate on improving collective action against tyrannical regimes. International law and the role of UN bodies are continually evolving to meet new challenges. We therefore fully support further reforms that strengthen the capacity of the UN and other bodies to deal with such regimes.

Mr. Allen: Does my hon. Friend accept that progressive opinion both inside and outside this House will judge our tenure in the Foreign Office against the criteria of whether we have been able to tackle tyrannies globally, first by strengthening international law and secondly by boosting global institutions so that we can effectively tackle tyrannies? Will he therefore redouble his efforts to seek humanitarian-based criteria for intervention in tyrannical regimes and report to the House on the current state of play in the high-level panel created by the Secretary-General of the UN to bring these matters to a serious conclusion, hopefully before the next general election in this country?

Mr. Rammell: I thank my hon. Friend for that question and for his interest in this issue, which I know is long standing. We have already taken significant steps, such as through our commitment and support for the International Criminal Court, but much still needs to be done. We need to work on developing an international consensus through the United Nations in terms of the circumstances that should justify intervention in a variety of forms to meet a developing humanitarian crisis. We are very strongly putting that view forward, and I believe that that argument is increasingly gaining ground in the high-level panel.

Mr. Desmond Swayne (New Forest, West) (Con): Does the Minister agree that there are two difficulties with this matter? First, tyrannical regimes do not tend to abide by the provisions of international law. Secondly, the United Nations is itself significantly populated by such regimes, which will define the criteria by which the law might be changed.

Mr. Rammell: In many respects, that is a counsel of despair. Historically, one of the biggest indictments of the whole international community and the United Nations was our failure to act in 1994 when genocide was taking place in Rwanda. I never want us internationally to face that situation again, which is why I believe that it is crucial that we take the agenda forward as positively as we can.

Huw Irranca-Davies (Ogmore) (Lab): I applaud the ministerial team for its efforts in taking this agenda forward quite boldly, especially with the high-level panel, but what hopes does it hold that we can effectively have charter change and accomplish a two-thirds majority, so that we can seek intervention on humanitarian grounds in exceptional circumstances? When I held a panel of sixth-formers on Monday morning, many of them were opposed to intervention in Iraq, but would also support such action and are frustrated when they look at other parts of the world and see the failure of the international community to intervene in exceptional circumstances.

Mr. Rammell: There is a developing consensus and we would be prepared to consider charter change, although given the requirement for a two-thirds majority at the General Assembly, that is a significant hurdle that we would have to overcome. If one looks at the history of the development of the United Nations, one sees that it has often been through a process of evolution. What gives me confidence, however, is that across the board internationally, there is a growing acceptance that we need to move forward on this issue. We are at the forefront of those arguments.

Iran

8. **Sir Teddy Taylor** (Rochford and Southend, East) (Con): If he will make a statement on relations with Iran. [183362]

The Secretary of State for Foreign and Commonwealth Affairs (Mr. Jack Straw): The United Kingdom's relations with Iran are based on a policy of constructive but conditional engagement. We aim to support Iranian efforts to reform, while making clear our concerns about Iran's policies in areas such as its nuclear programme, human rights and its attitude to the middle east peace process.

Sir Teddy Taylor: Does the Secretary of State agree that Iran, which has suffered so much from the brutal bomb attacks from members of the Mujaheddin e-Khalq organisation—the MKO—should have a meaningful role in discussions on the future of its 3,800 members who are housed in Camp Ashraf in Iraq, which is at present protected by US forces? Would not such a step improve relations between Britain and Iran and confirm the US's declared opposition to international terrorism?

Mr. Straw: I fully understand Iran's concern about the MKO, which I, when I was Home Secretary, declared to be a terrorist organisation following the passage of the Terrorism Act 2000.

On the detainees at Camp Ashraf, I should point out to the hon. Gentleman that they are a matter for the Iraqi Government and the United States authorities; the United Kingdom is not directly involved. However, I am well aware of the concerns of the Iranian Government. We have made proper representations in the past to the United States Government and to the Iraqi provisional Government, and we will make those too to the Iraqi Interim Government.

Mrs. Louise Ellman (Liverpool, Riverside) (Lab/Co-op): What specific representations has the Foreign

Secretary made to Iran in relation to its practical support for terrorist groups who oppose the existence of a state of Israel? Does he agree that support for terrorism by those who oppose the very existence of the Jewish state is the real barrier to securing a two-state solution to the problems in the middle east, not a defensive fence?

Mr. Straw: There are several problems in securing a positive and peaceful outcome to the problems in the middle east. One of those, as I accept, and always have, is the failure by some states, including Iran, properly to recognise the right of Israel to exist and to live in peace within its declared international borders.

On my hon. Friend's specific question, I have raised that issue on many occasions during discussions with my Iranian colleagues about the MKO, when I point out to them that I declared the MKO to be a terrorist organisation. I also say that we have a consistent and common definition of terrorism. In the same list under the Terrorism Act, as Home Secretary I declared organisations that it supports, such as Hamas and Islamic Jihad, also to be terrorist organisations.

Mr. Michael Ancram (Devizes) (Con): Nearly two weeks ago, we were told in a written ministerial statement that the deadline of 29 June for Iran to return the marine equipment and weapons that were illegally seized from our servicemen on the Shatt-al-Arab waterway had not been met. Two weeks later, it appears that they still have not been returned, yet the silence from the Government is deafening. I have to say that the Foreign Secretary's timidity on this matter is quite extraordinary. Of course, improving relations with Iran is important, but not at any price. Cannot he see that a relationship based on giving in to aggression will always be suspect, and that if Iran wants genuinely to lift the veil of suspicion that hangs over her, she should be publicly pressed to apologise and to return our equipment forthwith?

Mr. Colin Pickthall (West Lancashire) (Lab): Send a gunboat.

Mr. Straw: My hon. Friend says, "Send a gunboat." For the avoidance of doubt, we do not intend to do that.

I simply say to the right hon. and learned Gentleman that we make judgments about how best to maintain our relations on the basis of the best information available. Very occasionally, the use of a megaphone and a rant, which seems to be his approach, might be appropriate, but on this particular occasion neither a megaphone nor a rant will secure the return of the boats and equipment that are over there.

I also point out that we opposed very strongly, and I deplored, the masking of the service personnel. However, as a result of the diplomatic relations that we have with Iran we were able quickly to get the crew on those boats returned into United Kingdom presence.

Mr. Ancram: The Foreign Secretary may dismiss my remarks, but this is the first time that we have heard him make a statement at the Dispatch Box about the incident, three weeks after it took place. I find that extraordinary. Does not the fact that our servicemen were intercepted by Iranian forces while sailing legally in Iraqi waters, forcibly escorted into Iran, and there humiliated by being paraded blindfold constitute a grave and hostile act; and why will not the Government stand up for Britain and say so?

Mr. Straw: The right hon. and learned Gentleman should say what he proposes rather than simply increasing the volume. Does he propose military action against Iran—apparently not—or breaking off diplomatic relations? Neither proposal is sensible. The Government's approach is sensible and it is remarkable that the right hon. and learned Gentleman has not suggested a single constructive alternative to our approach.

Rob Marris (Wolverhampton, South-West) (Lab): The Iranian Government's record on human rights is poor to say the least. What representations have the UK Government made to the Government of Iran on human rights in that country, especially with regard to the Kurds?

Mr. Straw: We have a continuing human rights dialogue with the Iranians. It is one of the reasons for maintaining diplomatic relations with them.

Cyprus

9. **Bob Spink** (Castle Point) (Con): What recent representations he has received on solving the Cypriot problem. [183363]

The Minister for Europe (Mr. Denis MacShane): We remain in frequent contact with all parties to the Cyprus problem about the way ahead. On 1 July, the Foreign Secretary and I met Mr. Ali Talat, leader of the Turkish Cypriot community, in London. Yesterday, I met Greek Cypriot Foreign Minister, Mr. Iacovou at the EU General Affairs and External Relations Council in Brussels. I hope to visit the island shortly to urge both sides to move forward rather than remaining camped on the existing positions.

Bob Spink: Did the Minister manage to meet the mayors of Famagusta, Kyrenia and Morphou on their recent visit to the House? Does he agree that any settlement must include the right for people to return to their homes, businesses and properties? Does he welcome the fact that the three mayors are willing to work closely with Turkish Cypriots to rebuild their communities for the benefit of both communities on Cyprus?

Mr. MacShane: I commend that initiative and the hon. Gentleman's excellent speech in a debate on Cyprus in Westminster Hall last week.

It is vital that all barriers to trade and communication between the north and south are lifted. We want Mr. Talat to lift restrictions and President Papadopoulos to support the EU Commission's proposal to increase trade and transport links to the north.

Afghanistan

10. **Mr. Eric Illsley** (Barnsley, Central) (Lab): If he will make a statement on the funding of the proposed elections in Afghanistan. [183364]

The Minister for Trade and Investment (Mr. Mike O'Brien): The United Nations estimated total budget for the elections in Afghanistan is £106 million. The United Kingdom contributed £13 million of that. The UN has indicated that voter registration is now fully funded. It is confident that existing pledges from donors will cover the total cost of the election budget.

Mr. Illsley: When the Foreign Affairs Committee visited Afghanistan in May, we were somewhat surprised to learn that none of the funding that the United Nations had pledged in respect of the Afghan elections had materialised, given that voter registration is lower than was anticipated earlier this year and that the election timetable appears to be slipping. I urge my hon. Friend to put continual pressure on our international partners to ensure that the funding for those important elections materialises.

Mr. O'Brien: The UN has indicated that the funding is forthcoming. Not all of it has arrived but we hope that it will. Six million of the 9 to 10 million potential voters are registered in Afghanistan; 38 per cent. are women. The joint elections management board announced on 9 July the separation of the presidential and parliamentary elections. The presidential elections will be held on 9 October and the parliamentary elections will be held separately in spring 2005. The UN advised President Karzai that there was not enough time to organise more complicated parliamentary elections with 2,500 anticipated candidates. It was unrealistic in the time frame. However, we are satisfied that the presidential elections can go ahead and we hope that the parliamentary elections will take place in the spring.

Chagos Islands

11. **Jeremy Corbyn** (Islington, North) (Lab): In what circumstances Chagos islanders may visit the Chagos Islands. [183365]

The Parliamentary Under-Secretary of State for Foreign and Commonwealth Affairs (Mr. Bill Rammell): Under the immigration law of the British Indian Ocean Territory, all persons other than members of the United Kingdom or United States armed forces and Government officials require a permit to visit any part of the territory, including both Diego Garcia and the outer islands. With regard to the Chagossians, we have twice put in hand preparations to organise a visit for them to the outer islands—most recently in 2002. Those plans fell through for reasons beyond our control, but we remain genuinely prepared to reinstate the visit, should the Chagossians make such a request.

Jeremy Corbyn: Does the Minister not accept that the Orders in Council signed on 10 June, which prevent the Chagossian people from exercising the right to return to the islands that they won in the High Court in this country in 2000, is an absolute disgrace? Does he not also accept that this issue should be debated on a substantive motion before the House and not be hidden behind Orders in Council? The reality is that pressure from the United States on the British Government overturned the legitimate court order made in this country regarding the legitimate right of return of the Chagossian people. Is it not time that the Minister met representatives of the Chagossian community to sort this out, so that those people can exercise their legitimate right to return to the islands from which they were quite disgracefully removed in the 1970s?

Mr. Rammell: I have already met the legal adviser for the Chagossians. I have also met my hon. Friend and the Father of the House to discuss their concerns on this issue, and I am more than happy to meet any other representatives who have similar concerns. We cannot change what happened in the past. We are legislating on the situation as it is today, some 33 years after the islands were depopulated. Successive British Governments have compensated substantially in regard to this issue, and we are trying to take this process forward. We most certainly took this decision on our own account, and not because of any representations made by the United States Government.

Mr. David Heath (Somerton and Frome) (LD): Many in the House will find that very difficult to believe. Many people feel that the treatment of the islanders by the British Government has been shameful over many years, and this latest expedition just confirms how little the British Government have done to protect their interests. Would it not be more honest simply to cede sovereignty of the Chagos Islands to the United States, perhaps in return for an appropriate sum, rather than maintaining the pretence that we have any interest in serving their inhabitants?

Mr. Rammell: If that is a substantive contribution, I am not sure that it meets up to the situation that we are facing. I would ask the hon. Gentleman to reflect on what he would have done had he been in Government and been presented with the independently conducted feasibility study that made it abundantly clear that maintaining long-term inhabitation was likely to be prohibitive, and that resettlement of the islands would be precarious. In those circumstances, it would be unreasonable for any Government to permit repopulation 33 years after the Chagossians left the islands. I am not absolving the British Government of responsibility. As I said, successive British Governments have compensated substantially on this issue, but to allow a return at this stage would be unreasonable in the present circumstances.

Zimbabwe

12. **Mr. Andrew Turner** (Isle of Wight) (Con): What recent discussions he has had with Commonwealth leaders about democracy in Zimbabwe. [183366]

The Parliamentary Under-Secretary of State for Foreign and Commonwealth Affairs (Mr. Chris Mullin): We are in regular contact with our Commonwealth partners about Zimbabwe. My right hon. Friend the Foreign Secretary discussed the matter with the South

African Foreign Minister on 13 June, and will do so again when he visits South Africa next month. I discussed the issue at the African Union summit in Addis Ababa last week. We will continue to work for the restoration of democracy and the rule of law in Zimbabwe.

Mr. Turner: We hear about June, July and then August. It is not only my Zimbabwean constituents who are concerned about the situation in their country. Many people are concerned about the abuse of food aid as a political weapon, militia beatings, police-condoned assaults on Opposition politicians, and attacks on the press and judicial independence. Why is democracy in Zimbabwe apparently an optional extra for this Government?

Mr. Mullin: It is not, as the hon. Gentleman well knows. As I have said before—and as we said in the debate on this subject the other day, at which he was not present—hardly a day passes without the subject of Zimbabwe passing across my desk or that of one or other of my colleagues. We take the situation in that country very seriously, and we have made it clear to all parties that we want to see a return to democracy and the rule of law there.

Mr. Ian Davidson (Glasgow, Pollok) (Lab/Co-op): In his discussions with Commonwealth leaders, has the Minister analysed how we got into this terrible mess with Zimbabwe? Will he discuss with them ways in which the failure to address the land question can be avoided elsewhere in the Commonwealth and, in particular, ways in which similar issues that are now arising in Namibia can be dealt with?

Mr. Mullin: We have addressed the land issue, and we made it clear from the outset—and made money available some years ago to Zimbabwe to help it redistribute land through the rule of law—that we fully acknowledge the unfairness of land distribution in that country. What we do not accept, however, is the criminal way in which it has gone about redistributing land. It remains the case that we are ready to assist in the event that some future democratic Government in Zimbabwe set about trying to reform the land ownership structure in a responsible and democratic way.

Mr. Douglas Hogg (Sleaford and North Hykeham) (Con): Should we not be exploring how the Ministers and senior officials of Zimbabwe can be made personally accountable and ultimately criminally liable for their acts?

Mr. Mullin: Certainly, that is an issue that will arise after the return of democracy in that country, but it will ultimately be a matter for the people of Zimbabwe.

Mr. Peter Pike (Burnley) (Lab): Is it not a fact that each of the Commonwealth countries neighbouring Zimbabwe has a number of refugees from Zimbabwe? That spells out clearly the problems being faced by the people of Zimbabwe. Is it not time that President Mbeki took a strong lead to end the problems that the poor people of Zimbabwe are facing because of the regime there?

Mr. Mullin: The South Africans are under no illusions about the extent of the crisis in Zimbabwe. They have the best part of 2 million refugees from that country, and I am sure that they are as frustrated as we are by the lack of progress. I know that President Mbeki has been trying to achieve dialogue between ZANU-PF and the Movement for Democratic Change. So far, we see no evidence that that is working. As I said, I am sure that they are as well aware as we are of the scale of the problem, and they share our frustration.

Iraq

13. **Hugh Robertson** (Faversham and Mid-Kent) (Con): If he will make a statement on the Government's reaction to reported corruption at the UN during the oil-for-food programme in Iraq. [183367]

The Minister for Trade and Investment (Mr. Mike O'Brien): We support the high-level independent inquiry approved by the UN Security Council on 21 April into the administration and management of the oil-for-food programme. Obviously, it is inappropriate for us to comment on the specific allegations of wrongdoing until the investigation has been completed.

Hugh Robertson: I thank the Minister for that answer. But given that Iraqi sources estimate that $10 billion was corrupted by Saddam Hussein and his immediate entourage, and that that money is being used to fund the insurgency that is threatening both Iraqi civilians and our troops, can he give the House more details about when the Government were first aware of this scandal, and what specific moves they are making to support an investigation, independent of the UN, which cannot of course conduct an investigation into its own corruption?

Mr. O'Brien: The Government became aware of some allegations. We were able to take some action on those during 2001. Before that, there were rumours for some time of things happening in Iraq. We were aware that the way in which this operation was being carried on meant that it looked like some illegal surcharges were being placed on the price of Iraqi crude oil. It looks as though there were some illegal surcharges on humanitarian contracts through inflated prices, agreements with suppliers to supply inferior items at reduced price with refunds of the difference, and a US dollar fee for unloading and transporting goods within Iraq. A number of issues were therefore being examined. Certainly, it has become clear that the independent investigation must consider all of those. We support the work that Paul Voicker is doing in carrying that out.

Israel

14. **Dr. Brian Iddon** (Bolton, South-East) (Lab): What assessment the Quartet has made of Israeli plans to withdraw from the Gaza strip. [183368]

The Parliamentary Under-Secretary of State for Foreign and Commonwealth Affairs (Mr. Bill Rammell): The Quartet principals met in New York on 4 May and issued a statement in which they welcomed and encouraged Prime Minister Sharon's withdrawal plan, saying that it

"should provide a rare moment of opportunity in the search for peace in the Middle East".

They also set out how the international community should support the process, offer economic help to the Palestinian Authority, and provide input on security.

Dr. Iddon: Was not my hon. Friend at all concerned when Ariel Sharon unilaterally announced his Gaza withdrawal plan, apparently without consultation with the Quartet, or, more importantly, with the Palestinians? If and when the settlers are withdrawn, will he be pressing with the UK Government for the total withdrawal of the Israelis from Gaza, and especially of the Israeli defence force, which causes so much death and destruction there?

Mr. Rammell: I think the Quartet has made its position clear, and we support it. The Quartet welcomes the Israeli Cabinet approval of Prime Minister Sharon's plan, but sees it very much as a step along the path to implementation of the road map. Nothing in this process avoids the need for those road map commitments on both sides to be implemented, and the plan presented by the Israeli Government certainly does not avoid the need for final-status negotiations which, in particular, will include the issue of borders and refugees.

Hugh Robertson (Faversham and Mid-Kent) (Con): On a point of order, Mr. Speaker.

Mr. Speaker: Order. Points of order are always taken after statements.

Spending Review: ODPM Settlement

12.31 pm

The Deputy Prime Minister (Mr. John Prescott): I am delighted to welcome yesterday's announcement by my right hon. Friend the Chancellor of the Exchequer.

The 2002 spending review allows the Government to take the next steps towards the creation of sustainable communities across the country. By 2008 my office will have over £1.3 billion more to spend on our main programmes than it has this year, an average annual increase of 3.3 per cent. in real terms. By 2008 our spending on housing will also be £1.3 billion more than this year, an annual average increase of 4.1 per cent. in real terms. Since 1997, more than 1 million homes have been built, 1 million more homes have been made decent, and 1 million homes have gone into home ownership.

This is not just about housing, however. During the five years up to 2008, my office will spend £38 billion on creating sustainable communities. That is £16 billion more than the £22 billion in the sustainable communities plan that I launched in February last year.

As the Chancellor said yesterday, providing affordable homes for those who need them most is a key element of our programme to create sustainable communities. By 2008 the Government will have more than doubled spending on new affordable housing since 1997: it will have reached £2.25 billion. We will provide an extra 10,000 homes a year for social rent, 50 per cent. more than today, which means the provision of 75,000 new socially rented homes over the three years. On top of that, we will deliver more than 40,000 homes for essential public-sector workers, and low-cost home ownership in areas of high housing demand. Our programmes to increase the amount of affordable housing will also help to turn around the rising trend in homelessness.

The growth in affordable housing will be achieved over the next three years with money for the Housing Corporation and the regional housing boards, public finance initiative credits for new homes, and procurement savings. Altogether that is worth about £1.5 billion. Much of the new housing will continue to be on previously developed land. As the House knows, we set a target of 60 per cent. of new homes on brownfield land by 2008. We have already achieved 66 per cent., an increase on the 56 per cent. of 1997. At the same time, we are saving greenfield land by building at higher densities. I issued a direction to increase the density in London and the south-east from 25 to 30 homes per hectare, a rise of more than 20 per cent., and we are well on the way to achieving that.

A good example of our approach is the way in which English Partnerships is leading the transformation of the Greenwich peninsula, the most polluted, poisonous piece of land in London, into a sustainable community. The Greenwich millennium village has the best in new design, eco-friendly housing and open space. As a whole, the Greenwich peninsula will have 12,000 new homes—33 per cent. of which will be affordable housing—new schools, a health centre, new transport links and new public spaces. It will be only a couple of stops from the new channel tunnel rail link, which will be here in 2007 on the new part of the Jubilee line. That was possible only because the Government were willing to invest in cleaning up the land, which has unlocked a further £4.8 billion of public and private investment.

We have increased the size of the green belt by some 19,000 hectares since 1997—an area larger than Solihull. I see that the hon. Member for Meriden (Mrs. Spelman), the usual spokesperson, is not present. Where is she? We shall probably hear later. It seems that we have only the shadow shadow Minister, rather than the real one—but we can talk about that later. Our commitment to sustainable communities is underpinned by our fundamental reform of the planning system with new legislation, new guidance and new resources.

The sustainable communities plan recognises that different parts of the country face different problems and need different solutions. As hon. Members will know, and as the Kate Barker report confirmed, house prices in London and the south-east have been rising faster than wage rates, which denies people on moderate incomes a home of their own. The Barker report called for more housing supply and recognised that we have already begun to unlock the huge potential of our growth areas, such as the Thames gateway, to provide more private and public housing. This spending review means that we are on track to build an extra 200,000 homes in the growth areas to tackle the urgent need for more homes and to respond to further proposals for growth. That means a total of 1.1 million new homes across London and the south-east by 2016, an increase of 20 per cent. on the original plan.

Across Government, we are working in new ways to co-ordinate our approach and support innovative public-private partnerships. One example is the ambitious joint venture that English Partnerships and Bellway Homes are forming to develop Barking reach. Altogether, more than 10,000 new homes will be built, creating a new sustainable community with affordable and market housing. Today, I can announce that we will be doubling the Office of the Deputy Prime Minister's expenditure on the growth areas outside the Thames gateway to help prepare sites and improve local infrastructure so that we can unlock the land for development. Working with my right hon. Friend the Secretary of State for Transport, the ODPM is also creating a new community infrastructure fund to provide an extra £200 million for transport infrastructure in the growth areas over the review period.

In London and the south-east, our aim is to meet the pressing need for more affordable housing, but in other parts of the country, we face the challenge of housing market failure and surplus houses. Many hon. Members have welcomed the nine market renewal pathfinders set up in the north and the midlands under the sustainable communities plan. Those market renewal pathfinders aim to create vibrant and attractive communities, where people want to live and do not want to leave—as is currently too often the case. They have been designed to turn round declining communities and lift the value of land and homes through public-private partnerships.

We are beginning to see early signs of success in overcoming the massive problems of negative equity, exploitation by rogue landlords, and a deteriorating public realm. This year's settlement means that I am

[The Deputy Prime Minister]

trebling our spending on combating low demand and housing market failure from £150 million this year to more than £450 million in 2008. That will maintain the growth of the pathfinders, as well as widening our approach to other areas of low demand.

Creating sustainable communities involves not only building new homes, but improving the quality of existing homes. The refurbishment of an existing property may not show up in the statistics as a new house, but to the people who live there it is a new home. Many of us take facilities like modern kitchens, bathrooms, insulation and central heating for granted, but they mean a huge amount to people who do not have them.

In 1997, we inherited a £19 billion backlog of repairs in the public sector, which the previous Government left to deteriorate. With the help of our partners in local authorities and housing associations, we have made excellent progress in ending the appalling neglect of publicly owned housing. We have reduced the number of non-decent homes in the social sector by 1 million since 1997. The spending review will allow us to reduce that figure still further, by another 600,000 homes.

By 2008, more than 2.5 million people will have benefited from our decent homes programme. We have delivered that programme by increasing the funding that local authorities have available to repair and improve their properties through a programme of transfers, PFIs and arm's length management organisations for those authorities that want further investment to improve housing. We have committed £3.4 billion to PFI projects and ALMO programmes since 2002, and £5.3 billion of private sector finance has been raised since 1997 to fund repairs and improvements to homes transferred to new landlords. There have been 153 ballots for ALMO and transfer schemes, and 82 per cent. of them resulted in a yes vote. The settlement allows us to continue that ambitious programme, and I will make an announcement on the details in due course.

A number of local authorities and tenants have experienced a funding gap between income from rents and the cost of renewing homes. I can announce that we expect to provide £180 million for gap funding to enable transfers to proceed. I also welcome the fact that my right hon. Friend the Secretary of State for Environment, Food and Rural Affairs will be delivering an additional £95 million a year by 2008 for the Warm Front programme, to help end fuel poverty for vulnerable households by 2010. Since 2001, we have doubled the amount of new social housing provided in small rural settlements. Rural areas will also benefit from the substantial increase in social housing in this settlement.

Our drive to create sustainable communities is about more than a roof over people's heads; it is also about people taking pride in the place where they live, so that they can feel confident and secure in their own neighbourhood. So as well as providing new and improved homes and infrastructure, we are determined to provide high-quality living environments for people to enjoy. Under the sustainable communities plan, we are already investing more than £200 million to help create cleaner, safer and greener communities. This will be measured by a new liveability target, as part of our public service agreement.

In addition, I can announce that my right hon. Friend the Home Secretary and I will bring together existing funding streams amounting to at least £660 million, in order to create a new safer and stronger communities fund. This will improve the quality of people's local environment and their safety. Such schemes, to which Members have previously referred, have been successful. This money could, for example, be used to provide up to 5,000 new wardens.

Tackling disadvantage is one of the key themes of this spending review. My right hon. Friend the Chancellor and I have been working with Government Departments to ensure that their new public service agreement targets help to close the gap between the most disadvantaged people and the rest of society. Again, this initiative will be welcomed. I am delighted to announce that we are maintaining the neighbourhood renewal fund, which the press predicted would be cancelled, at £525 million a year, alongside our continuing 10-year commitment to the new deal for communities. Such schemes have also been discussed in this House, and the National Audit Office found them to be very successful. Indeed, the NAO recently acknowledged the success of our approach to neighbourhood renewal by saying that the NDC has brought "significant benefit." That is indeed true.

We are convinced that creating sustainable communities is not simply a task for the Government. I want to thank a range of regional and local partners in the public and private sector who are delivering substantial change on the ground. The Housing Corporation and English Partnerships are finding imaginative ways to create new homes and communities. Regional assemblies, regional development agencies and the Government offices for the regions, all of which the Opposition want to scrap, are also critical to the success of our agenda. They are key delivery agents in the drive to achieve greater sustainable growth and regeneration throughout our English regions.

As the Chancellor said yesterday, the northern regional development agencies, supported by our Government offices for the regions, are working on a "northern way" growth strategy to help the north to achieve its full potential. Just think: if our three northern regions raised their performance to the national average, the gross domestic product would be £35 billion higher, and 200,000 more people would be in work. That is a huge prize worth working for, but the Opposition want to throw it away by scrapping the successful regional bodies, which will deliver jobs and growth. As my right hon. Friend the Secretary of State for Trade and Industry will outline in due course, we will be providing the RDAs with £4.7 billion over the next three years. Our funding of RDAs in 2007–08 will be virtually double the amount that they received in 2001.

Local government has a crucial role in supporting the development of sustainable communities and tackling disadvantage. Since 1997, we have increased grants to local government by 30 per cent. in real terms, which has contributed to rising standards in local services; 55 per cent. of councils are now "good" or "excellent". And we

will provide an extra £7.2 billion in general grant by 2008 compared with this year—an annual growth rate of 2.7 per cent. in real terms.

My right hon. Friend the Minister for Local and Regional Government is making a written statement today about the outcome of the spending review for local government. We are having ongoing discussions with colleagues in local government about a 10-year vision for the role of local authorities and our relationship with them.

One key element of our approach is to simplify funding and bureaucracy. As my right hon. Friend the Chancellor said yesterday, there will be three-year budgets for local authorities, which they have been requesting for a good period of time. We will also pilot local area agreements to simplify the central Government funding streams going into those areas.

The House will also be aware of the concern that we should recognise and deal with the new threat from terrorism. The spending review will allow us to continue investing in the modernisation of the fire and rescue service. It will give increased funding to strengthen the ability of the service to counter terrorism. That will deliver a fire and rescue service fully equipped and trained to decontaminate and rescue the public in the event of a major terrorist incident, a new national communications system by 2008 and regional fire control rooms in each of the English regions.

A lot has already been done since I launched the sustainable communities plan in February 2003. We know that there is still a great deal more to do, and I shall publish a five-year strategic plan for my Office in the autumn, setting out in more detail our plans to create sustainable communities across the country. The spending review will allow us to move up a gear. We will be spending a record sum of £38 billion over five years on new homes, new infrastructure and new open spaces, as well as rebuilding and renewing existing towns and cities.

That is our agenda for reform and renewal. We aim to bring prosperity and pride across all regions, to work harder for the most vulnerable people in society and to create sustainable communities for all.

Mr. Bernard Jenkin (North Essex) (Con): We certainly share the Government's stated objective of creating sustainable communities for all, but where is the evidence, on the basis of their past record, that the Government will ever achieve that? All the increases would be welcome if we could have real confidence that the money would be spent efficiently and that the Government knew how it would be paid for.

The Deputy Prime Minister claims that there will be efficiency savings in his Department of £6.45 billion by reducing waste in government. Conservative Members have been complaining about waste under the Labour Government ever since the Government were first elected. Why is the Deputy Prime Minister currently wasting £6.45 billion, unless it is as a result of his sheer profligacy and incompetence over the past seven years? How can we have any faith in his latest promises to save money when he has presided over an average 70 per cent. increase in council tax—a tax not mentioned in his statement, and I wonder why. Will the Deputy Prime Minister confirm that the spending review means that the council tax will rise again by 7 per cent. next year, the year after that and the year after that—at three times the rate of inflation as it has every year since 1997?

This is a tax-and-spend Government, and this spending announcement means that taxes will rise again. No doubt the Deputy Prime Minister will, in a moment or two, accuse us of threatening cuts as our alternative, just as the Chancellor of the Exchequer did yesterday. Let us go through it all again. Let me tell the right hon. Gentleman what our alternative actually is. As my right hon. Friend the Member for West Dorset (Mr. Letwin) said yesterday, it is indeed cuts. We will cut bureaucracy; we will cut inefficiency; we will cut quangos, regulations and the hordes of interferers who do nothing good for this country. We will cut borrowing; we will cut waiting lists; and we really will cut homelessness, as we did under the last Conservative Government. We will cut failure in schools and the £1 billion local government inspection regime. We will cut crime; and we will really cut this big fat Labour Government down to size.

Pride of place in the Deputy Prime Minister's statement goes to his housing announcements. Having presided over a 40 per cent. slump in social house building, an erosion of the green belt and a 27 per cent. increase in homelessness, he now expects plaudits for trying to unravel some of the damage that he has done. The increase in funding for social house building is welcome, but the Minister for Housing and Planning has rightly questioned whether we are getting value for money from this budget by channelling the funding through the Housing Corporation. Why is there no word in the Deputy Prime Minister's statement about the reform of Housing Corporation funding mechanisms?

The communities plan will chew up vast swaths of greenfield land, and concentrating house building in the prosperous south-east will widen the gap between north and south. The Deputy Prime Minister says that he is protecting and even increasing the green belt, but we all know that he is increasing it in places where there is less development pressure, while sacrificing it in areas where it was doing the job of preventing urban sprawl. His regional planning guidance is removing green belt designations. He says that 60 per cent. of homes will be built on brownfield land, but his definition of brownfield land includes the leafy suburbs and back gardens treasured by so many people in our cities.

The Deputy Prime Minister says that the comprehensive spending review will secure the implementation of the communities plan with its 200,000 additional homes in the south-east, but how will his £150 million community infrastructure fund begin to deliver the infrastructure required, when the Housing, Planning and Local Government Committee estimates that it will cost at least £20 billion?

On regional government, we welcome the proposal that local business people should help decide investment priorities throughout the country. We have not said that we will scrap the regional development agencies; I have never said that. *[Interruption.]* It is incumbent on the right hon. Gentleman to accept that I have never said it and it is not our policy. Perhaps he will correct the record. We want to reform the RDAs, not destroy them. What is the point of increasing the so-called "single pot" for the RDAs if the RDAs, like the rest of the increasing

[Mr. Bernard Jenkin]

bureaucracy of regional government, are more and more dictated to by Ministers with targets, performance agreements, interference and diktats? That is centralisation, not decentralisation.

How can we take Labour seriously on decentralisation in England when elected regional assemblies will control less than 2 per cent. of the public money that they will be spending in those regions? The powers that they will exercise are not taken from central Government; they are stolen and stripped away from local government, which is increasingly controlled by central Government.

What do the Government mean by—I quote from the document published yesterday—

"strengthening the conversation between central and local government on shared priorities"?

What does it mean when the Deputy Prime Minister wants to strengthen the conversation with local government? What sort of conversation is it when local government representatives' pleas for real freedom and flexibility so that they can innovate and lead their communities are answered by a punch in the face from the Deputy Prime Minister in the form of rate capping, comprehensive performance assessments and best value? How will he reduce the regional disparities that he talks about, when he is concentrating so much of the investment that he announced today in the south and the south-east?

Under Labour, fake savings are matched by fake decentralisation. Nothing the Government announced this week is designed to have any real impact before the general election. What the country needs is not more fictional figures and fake savings from failed Ministers, and not more synthetic statements leaked in advance to the press to win votes in the short term. Why does the statement fail to address so many of the real problems—soaring council taxes, urban sprawl in the countryside, the growing burden of central Government, growing bureaucracy and the ever-growing burden of taxation, which the people of this country will still be paying long after the Deputy Prime Minister has become the ex-Deputy Prime Minister?

The Deputy Prime Minister: Have I got to reply? That was pathetic. That response probably makes the shadow Chancellor look quite effective. I do not know where the real spokesman for the Tory Opposition is today, but she would have done a lot better than that.

Let me try and answer some of the points that the hon. Member for North Essex (Mr. Jenkin) made. I shall answer with the evidence of what occurred under the previous Administration—that is the only way we can judge the Opposition. The hon. Gentleman asks about the sustainability of our seven-year programme. Millions more of our people are back at work, and more are in education and in our hospital services. More houses are being built and more communities are being developed. All that is about sustainability and we have achieved it in seven years. In the years before, we had the boom and the bust, record unemployment and cuts in local authorities. It is a bit of a cheek for the hon. Gentleman to tell us that he is a friend of local authorities when, in the last four years of the previous Administration, their grants were cut by 7 per cent. in real terms, whereas we have increased grants by 30 per cent. in real terms. That is one of the realities.

If the hon. Gentleman wants to talk about tax, how much waste resulted from the poll tax? Everyone agrees that billions of pounds were spent on the poll tax, the Tories' alternative for the local authorities. How much was wasted in the millions unemployed under the previous Administration? The debts and the interest payments to meet the debts to pay for the unemployment were greater than the education budget. That is not only waste, but a wrong priority.

On council tax, I have heard the arguments over the course of the past few years. For example, last year the hon. Gentleman and his friends often predicted that the rise in council tax would be 15 or 20 per cent. In reality, it ended up at 5.9 per cent. on average, with Tory councils charging a lot more than Labour councils. We will wait and see what happens to council tax in the future.

The hon. Gentleman said, as did the shadow Chancellor, that the Conservatives were the party of cuts. We entirely agree. They are the party of cuts—cuts in support to local authorities, and cuts that went on in education, health and housing. In the last five years of the previous Administration, they halved the budget for housing. As I understand it from what the shadow Chancellor said, he intends to cut housing and local authority expenditure again, by a total of £18 billion in the first two years, and £400 million of that will be the housing programme, which he does not say much about. We on the Labour Benches all agree that the Opposition were the party of cuts in the past and they intend to be the party of cuts in the future—no doubt about it. We must take into account what they did in the past.

Let me deal with the point about brownfield land. The cheek of the hon. Gentleman to talk about brownfield and building on greenfield land! Does he understand that when we set a target for brownfield, that means the rest is greenfield? Has he worked that out? There is no pink or yellow land. It is brown or it is green. If he had a brownfield target of 50 per cent., as he did, that meant that the other 50 per cent. was on greenfield. As we set the target at 60 per cent. and it is now 66 per cent., he will be able to work out that we are building fewer houses on greenfield land and more on brownfield, despite his record. It is one hell of a comparison.

As for green belt, the previous Administration built more houses on greenfield and green-belt land than has ever happened under the present Administration. We have 20,000 more hectares of green-belt land in seven years, despite all the talk, which is just a load of rubbish.

On regional government structure, I shall look up the quote. We read it before. The hon. Gentleman is now saying that the Tories will not get rid of the RDAs. We welcome that, but will they keep the budget, which we have doubled? He had better talk to the shadow Chancellor of the Exchequer about that. Will he get rid of the regional assemblies, if many Tories are sitting on them, which they are apparently prepared to do?

Mr. Jenkin *indicated assent.*

The Deputy Prime Minister: The hon. Gentleman is nodding: he will get rid of the regional assemblies. Will

he get rid of the regional government offices as well, as was predicted? They were set up by the previous Administration with no political accountability. The hon. Gentleman talks about decentralisation. It is a load of poppycock. It is a load of rubbish—typical of the Tories. They do not know what they will do in the future. If he has been brought on to give a better answer than the person who is supposed to be in charge of the Department, goodness knows what she would have said. The hon. Gentleman has shown that he does not understand and that he does not have an alternative. The people of this country will recognise that what we are proposing is in their interest.

Mr. Edward Davey (Kingston and Surbiton) (LD): I thank the Deputy Prime Minister for his statement and for that response, which we all enjoyed. I welcome at least one element of the statement—the three-year settlements for local government revenue and capital. We have long championed that and it is very welcome.

Can the Deputy Prime Minister say how much of their new three-year budgets councils will be free to manage? Will ring-fencing go up or down as a result of the review? How does he reconcile his previous rhetoric on new localism with the increased centralisation that we have seen from the Government in recent days? How does he square massively reducing the role of local education authorities with the aim of giving councils more power?

On local government budgets, can the Deputy Prime Minister confirm that in a press release yesterday, the Office of the Deputy Prime Minister is assuming a 7 per cent. average increase in the unfair council tax next year? Can he also confirm that the Treasury is assuming that councils will raise local tax and charges by 8 per cent. in years two and three of this review? Given that, does the Deputy Prime Minister still intend to cap councils that do not keep rises to low single figures next year?

The Deputy Prime Minister has made pledges on cleaner, greener and safer public spaces. How does he square them with the real-terms cut in councils' environmental services grant? The Deputy Prime Minister may put a target on liveability, but district councils will have to live with that grant cut.If the difference is to be made up from central Government's new safer and stronger communities fund, how much of the cash allocation for that fund is new money, as opposed to money recycled from old schemes?

On efficiency savings, how does the Deputy Prime Minister propose that schools make the 40 per cent. efficiency savings earmarked for them? Will head teachers have to make 2.5 per cent. year-on-year efficiency savings in school budgets?

In total, the Chancellor is asking local government to make one third of the £20 billion in efficiency savings recommended by Gershon. How will that be delivered under new localism? How many local civil servants are to be sacked?

On housing, the Deputy Prime Minister was expansive in his boasts, but will he confirm that he proposes to build fewer than half of the new social homes demanded by the Barker review? Will he admit that more than half of the extra housing cash comes from an unsigned programme of private finance initiative borrowings, and an unproven programme of £355 million of efficiency savings? Will any of the PFIs be with Jarvis plc? How much of the PFI money is already signed for?

What discussions has the Deputy Prime Minister had with registered social landlords about the efficiencies that he assumes that they will make? What penalties will they face if they do not make those savings? Will the right hon. Gentleman say what the implications for his housing investment figures are if the efficiency savings are not made?

On the regions, the minor extra devolutions that have been announced—such as the Business Link service—are marginal to the real challenge involved in taking power away from Whitehall. What is behind paragraph 23.7 of the spending review, the most intriguing of all? It states:

> "The Government will also consider whether devolution on transport could be accelerated in regions which vote for Elected Regional Assemblies."

Is it the Deputy Prime Minister's objective to devolve transport budgets? Will people in the three northern regions hear about the proposals before they vote on 4 November, or afterwards?

The Deputy Prime Minister would have been better advised not to make a statement today. He is sandwiched between the Chancellor yesterday, and the Prime Minister tomorrow. He and local government have been kebab'd in the spending review.

The Deputy Prime Minister: It would be a pretty expensive kebab if that were the case. Anyway, the amount of money at stake is more than local government was given when the hon. Gentleman's party was last in power, in 1913 or 1914 or whenever it was.

The hon. Gentleman made some fair and proper points about my statement and the role of local authorities. Many of the matters that he raised were covered in the written statement on local authority expenditure from my right hon. Friend the Minister for Local and Regional Government. However, I shall answer some of the points that the hon. Gentleman raised, which are now under active discussion as a result of the Government's statements.

The hon. Gentleman was right to say that local authorities wanted the three-year review. I welcome that. I campaigned for the review, as did my right hon. Friend the Minister for Local and Regional Government. The review is what councils wanted: they have accepted it, and it is a good step forward.

Local authorities have received considerably more in resources, but the hon. Gentleman was right to point out that costs have to be met and that that will affect next year's council tax levels. I repeat that the Government expect that council tax rises will be confined to low single figures again next year. We were told that the target would be impossible this year, but the hon. Gentleman will agree that we achieved it—even though, unfortunately, Liberal Democrat councils set higher levels than we wanted. Perhaps he will help us and ensure that those councils set council tax at the levels that we want. I look forward to his assistance in that respect. He knows that there is an ongoing discussion

[The Deputy Prime Minister]

between Government and local authorities on these matters, and today's written statement is another contribution to that.

The hon. Gentleman is right that efficiency savings depend on taking money from back-line services and giving it to front-line ones. My right hon. Friend the Chancellor made that clear yesterday, and I have confirmed it today. The Government have a part to play in that, and local councils will make a contribution equivalent to the money that they receive under the spending review—that is, they must make savings of about one third. We will begin discussions with them as to how that will be achieved.

The hon. Gentleman was right to say that the Barker report contained higher figures for social housing. There remains a long way to go. Ms Barker recommended that there should be between 17,000 and 25,000 new houses a year, and we have doubled the number being built to 10,000. We are studying how to achieve the Barker target. She made recommendations about extra resources, and I want to point out, helpfully, to my right hon. Friend the Chancellor that that is something to which we should give fair consideration. I think that we need to provide more than the 10,000 new houses that we are at present achieving, even though that is a doubling of the number being built and is a step in the right direction.

I note that Ms Barker has welcomed today's statement as a good step forward to achieving her targets. Also, the organisation Shelter has welcomed the progress being made—which is more than it ever did about the Tory Administration's approach to housing investment.

The hon. Gentleman was a bit unfair about Business Link. It is an important initiative, but I think that he was really asking about its powers. He must wait for the statement to be published shortly on what powers the Bill will contain. Also, there will be a debate in the House next week about some of the orders that will be brought in.

The hon. Gentleman also asked about transport. As I have said to him before, my right hon. Friend the Secretary of State for Transport has suggested in several statements to the House that he wants the regions to take more account of their expenditure in that area. I cannot pre-empt the statement that my right hon. Friend will make next Tuesday, but the Government are concerned to achieve a better balance in the resources given to the regions for that purpose, and better accountability.

Several hon. Members *rose—*

Mr. Speaker: Order. I inform Back Benchers that they must ask only one supplementary question.

Andrew Bennett (Denton and Reddish) (Lab): I congratulate my right hon. Friend on getting the extra money for housing, and especially the amount needed to ensure that the decent homes target is achieved for the vast majority of people in rented accommodation. However, will he look again at the small number of tenants in local authority housing who have voted not to transfer their stock and who would like their homes to reach the decent homes target by borrowing money against future rent income? Is it not time we let them have the same benefits as other tenants?

The Deputy Prime Minister: I thank my hon. Friend for his fair comments about what we have achieved in the spending review. He raises a serious point, over which he and I differ. When I faced the £19 billion disinvestment in housing, I had a choice: either I could get the money from tax and public sector borrowing, or I could raise it in other ways. In the end, I have done both. The amount of money given to local authorities for housing maintenance and management has increased, but I also offer different alternatives to those wanting to improve their properties at a faster rate. Those alternatives include the PFI and the transfer plan, but then I also introduced the new scheme involving arm's length management organisations. Under that scheme, houses still belong to the local authorities, which can then vote on what happens to them. Of those that voted, 82 per cent. voted to make improvements to housing—in kitchens and so on—at a faster pace than would have been allowed by borrowing through public expenditure in the normal way.

The hon. Member for Kingston and Surbiton said that a minority voted against that option, and he is right. We have asked the few who did to rethink, but the rules must be fair to all authorities. If I changed the rules half way through the process, why should authorities not say that they preferred to do things in another way?

The ALMO programme is owned by the local authorities, and tenants are represented on the decision-making body—

Mr. Ken Purchase (Wolverhampton, North-East) (Lab/Co-op): No!

The Deputy Prime Minister: Whether I like it or not, I am bound to say that administrative efficiencies of between 10 per cent. or 15 per cent. have been achieved. That means that I have more money available for housing, and that less is lost in administration.

Gregory Barker (Bexhill and Battle) (Con): In point 8 of his statement, the Deputy Prime Minister blatantly admitted that homelessness had continued to rise, on trend, over the past seven years. Is not that a terrible indictment of seven years of Labour Government? If homelessness continues to rise, why should we expect that the crew that failed to tackle the problem over the past seven years should be any more successful in the future?

The Deputy Prime Minister: It is a fact that homelessness has continued to rise. It doubled under the previous Administration, but that does not help us. The Government intend to reduce—and probably eliminate—the homeless by 2008. *[Interruption.]* I am sorry, but the House knows that I have problems with English. I did not go to public school, so there is a limit to what I am able to say. Opposition Members can be such twits. We believe that we can eliminate the problem of homelessness by providing more resources, which is precisely what we are doing.

I do not think that the record of the previous Administration is anything to shout about. We inherited a tremendous amount of homelessness. We also inherited a tremendous number of families living in bed-and-breakfast accommodation, whom we have now put into proper accommodation. Homelessness is still a problem for us, and we are dealing with it.

Mr. Purchase: I welcome the additional expenditure that has been announced. On a narrower point following on from what my hon. Friend the Member for Denton and Reddish (Mr. Bennett) said, does my right hon. Friend remember a famous socialist, Aneurin Bevan, saying that he would have to stuff the mouths of the doctors with gold in order to bring health services under democratic administration? Does he understand the disappointment felt in the Labour movement as a whole that we are stuffing local authorities with refurbished kitchens and bathrooms in order to take housing out of democratic administration?

The Deputy Prime Minister: If I remember rightly, Aneurin Bevan resigned because of the difficulties of finding the resources to meet that programme.

Mr. Purchase: Didn't they all?

The Deputy Prime Minister: That may well be, but I remind my hon. Friend of the problems even for Aneurin Bevan of making public resources meet public priorities. On his general point about democratic accountability, the houses managed by arm's length management organisations are owned by the local authorities. The ALMOs put tenants on the board, which councils do not do. That allows tenants to take part in the administration of the housing and the organisations are allowed to borrow from the public sector under certain conditions. That is probably a proper compromise. It is one that I thought was important to deal with public accountability. It is one of three measures that has led to a tremendous improvement.

My hon. Friend should not be too dismissive of the fact that people will have a decent kitchen and a decent home to live in. It is something that they welcome and it is why they are voting in overwhelming numbers for it.

Mr. John Horam (Orpington) (Con): The Deputy Prime Minister referred to quality of life in his statement, and most of us would agree with what he said. Does he realise that in suburban areas he is reducing quality of life by, in practice, giving the green light to any developer who wants to grab any back garden or greenfield site, regardless of the quality of the development or the effect on the environment?

The Deputy Prime Minister: I recognise the point that the hon. Gentleman makes. There has been some speculation in the press about this. It is a point that has normally arisen under the planning rules when the grounds of some big houses have become available. Residents have complained that houses are being built in an area where they did not expect them. However, we are getting land used much more effectively than before, and that should be welcomed.

Suburban sprawl happened at a tremendous rate under the previous Government. If I remember correctly, the hon. Gentleman was a member of that Government. The number of out-of-town shopping centres increased from 150 to 1,050, and that aided suburban sprawl. We are now changing that. More people are coming back to the cities, we have increased the density of housing and we are getting more houses built on less land. That is something that the hon. Gentleman should welcome.

Helen Southworth (Warrington, South) (Lab): I welcome my right hon. Friend's statement. He is well aware that in the north-west Warrington is a high-growth area. In my constituency, demand for affordable housing greatly exceeds supply. Will he invest in shared ownership schemes and other measures that allow affordable houses for sale to be kept within the affordable sector?

The Deputy Prime Minister: My hon. Friend makes a good point. What she says is true in both the north and the south. I am well aware that Warrington, where I started work, is a tremendous growth area—another success of Labour party policies. But that has created real problems in providing affordable homes. We are increasing the amount of money for affordable homes on a scale that has not been achieved before. Hopefully, that will help. As my hon. Friend knows, the Dean report suggests different ways in which people may be able to purchase their homes. We shall be reporting on that shortly. We have put some of the measures in the Housing Bill, and we hope that they will bring about an improvement. We are giving a tremendous amount of attention to our policy on affordable homes, because an awful lot of people have the desire to own a home but simply cannot afford one. Our doubling of the social housing programme will help in that.

Mr. Roy Beggs (East Antrim) (UUP): I welcome the commitment to building new homes and improving existing stock. Those fortunate enough to get new or improved homes will no doubt have enhanced health in the future, and that will be a good contribution to the nation. Will the Deputy Prime Minister accept that the right to buy and access to home improvement grants in Northern Ireland have helped to transform estates and rural housing? Will he commit to further promoting those opportunities here on the mainland?

The Deputy Prime Minister: I do not know the exact details for Northern Ireland, but in the parts of the country for which I have responsibility, I am not sure that the right to buy has necessarily helped solve the problems in rural areas. In fact, people constantly complain to me that the right to buy is taking public housing away and denying people who wish to live in the area the opportunity to do so. The rule should have been that those who bought a house intended to live in it, but in my experience houses are purchased at the highest price by someone who lives in the area—that was one of the conditions laid down by the previous Administration—but they then rent it out as a holiday home. That denies people public housing.

Most of the £40 billion that was used to subsidise the right-to-buy programme simply led to the current £19 billion disinvestment in public housing. That is why we

[The Deputy Prime Minister]

brought in certain restrictions on the right to buy. We do not deny that people want to buy their homes. One million people have bought their homes under the various measures that we have available. We will improve on that, but at the end of the day the right to buy has to be taken into account in acknowledging the right of people to live in a decent house.

Mr. Jim Cousins (Newcastle upon Tyne, Central) (Lab): My right hon. Friend is to be congratulated on the introduction of the neighbourhood renewal fund and the housing market pathfinders. They were his personal initiative and they have proved their value. Does he think it is time to consider extending those schemes to whole areas such as Tyneside, Sunderland and Teesside rather than confining them to patches of those areas? Does he think that it is time to give the private as well as the public sector a strong signal to relocate in those neighbourhoods?

The Deputy Prime Minister: I am well aware from discussions with my hon. Friend of his concern for making sure that development does not all take place outside the inner cities. We have discussed some of those aspects as they apply to Newcastle. But at the end of the day, the £2 billion programme in the 39 new deal areas has proved successful. The neighbourhood renewal programme has also been successful; that is why we have announced another £500 million for it, when much of the press was predicting that it would be cancelled. We have found such schemes to be very successful. My hon. Friend's request that we extend them is limited by resources. We have set up a 10-year programme for the new deal. I will take into account what my hon. Friend says, but it is always about measuring how we can put resources into certain areas.

I am aware that when an area that is not getting such funding is next to an area that is, it causes tension. We are trying to do something to help, but I cannot promise that we will extend the programme in any major way.

Mr. David Curry (Skipton and Ripon) (Con): Will the Deputy Prime Minister accept that one of the most important things that he has announced today is the gap funding to enable the transfer of estates with relatively low value cash flows and in large need of repairs? Is he concerned about the flagging transfer programme, as opposed to the ALMO programme, which scores against the public sector borrowing requirement? Does he hope that his announcement will accelerate the transfer programme? Will he send a clear message to those Labour Members of Parliament who wish to see councils funded to keep homes in their own management and bring them up to the decent homes standard that they are knocking their heads against a brick wall and that councils have no choice but to go in for transfers, ALMOs or PFIs on a small scale, unless they have the resources to improve housing by themselves?

The Deputy Prime Minister: I agree with the right hon. Gentleman, who shows a great deal of expertise and understanding of the judgments that we make about public expenditure, which are at the heart of the argument. The money that we raise from the private sector does not count as public expenditure and does not count towards our judgments about the handling of the economy, debt, interest rates and everything else. So we have to make a balanced judgment.

ALMOs are measured against public expenditure. If all 153 authorities that took up the proposal had gone ahead, it would have put billions on public expenditure. We had to make a choice about that. The right hon. Gentleman is right to say that the £180 million for gap funding is important. My hon. Friend the Member for Bethnal Green and Bow (Ms King) is very much responsible for pressing us on that matter. On some estates, the rent flow is not sufficient to raise the money that is necessary to make improvements and we thought that such estates were being penalised. That is why we announced the £180 million. But yes, we did take it off public expenditure. I have heard a great deal about it, but I have to say to my colleagues that the fourth option that they talk about is not an option.

Mr. Gordon Prentice (Pendle) (Lab): My right hon. Friend knows that we have 80,000 low-demand properties in east Lancashire, 79,000 of which are in the private sector. That is why I welcome the trebling of resources for the pathfinder areas. However, can he give me some indication of the picture at the end of the review period in 2008 in east Lancashire? How many of those properties will be turned round?

The Deputy Prime Minister: I welcome the comments by my hon. Friend, who has been somewhat critical of the programmes and thought that they might not work. Indeed, until they begin to do so, it is difficult to judge, so he is right to have some reservations. The programme in north-east Lancashire has met with considerable acceptance. I thought that I had some information for my hon. Friend, but I have lost it. Many houses will be demolished, some will be improved and some will be rebuilt. I will write to him with the exact figures and I apologise for not being able to supply them at the moment.

Mr. Nick Gibb (Bognor Regis and Littlehampton) (Con): Is the Deputy Prime Minister aware of the enormous concern in Felpham and Bersted in my constituency about the imposition of 1,350 new houses on what is mostly grade 1 agricultural land? Those new houses would put an enormous strain on the infrastructure and the effectiveness of the flood plain. There has been a huge amount of house building in Bognor Regis in the past 30 years, but local factors are ignored when allocating housing numbers to counties. Should not more say and power be given to local people when making those important decisions, because they directly affect the quality of life of people in those communities?

The Deputy Prime Minister: That question is frequently asked in the House and I have to tell the hon. Gentleman that the decisions about house building are partly taken by local authorities, working to the planning agreements that we make with them, and by central Government, who decide a number for the whole area. That is how we settle demand for housing, and we have to take proper account of the environment and the

infrastructure. In the final analysis, we have to settle on a figure that meets demand in the areas in question. That question usually arises in southern areas, and people seem to suggest that the sons and daughters of local people who grew up in the area cannot live there. I do not accept that proposition and that is why we are increasing housing.

Mr. Chris Mole (Ipswich) (Lab): I welcome the extra 10,000 homes a year announced in the statement, but I also note the doubling of spending on housing support in growth areas outside the Thames gateway. Can my right hon. Friend confirm that the new housing support will be available not only in growth areas, but to support significant development of affordable homes to rent in towns such as Ipswich, which are outside the growth areas but have been identified regionally as locations with strong growth potential?

The Deputy Prime Minister: I assure my hon. Friend that the support will be provided for all areas. As he knows, responsibility for housing was transferred to the regional bodies and they will make the decisions about distribution in their areas.

Mr. Desmond Swayne (New Forest, West) (Con): Does the Deputy Prime Minister understand the frustration of residents in New Milton, Milford-on-Sea and Lymington about the transformation of their neighbourhoods for the worse by the application of densities that might be appropriate for urban redevelopment on brownfield sites but are inappropriate in suburban and more rural areas?

The Deputy Prime Minister: The consequence would be the need to use more greenfield areas for building. I thought that the Opposition's feeling was, "Please keep development off greenfield sites. Don't let Prescott and his bulldozer concrete over the south-east." I notice that the Barker report, which emphasises the increasing demand for housing, says that less than three quarters of 1 per cent. of land would be needed. Leaving that argument aside, the answer to the hon. Gentleman is that the density arguments are as applicable in towns as outside them.

Ms Oona King (Bethnal Green and Bow) (Lab): I shall skip over the trauma of listening to the Conservatives talk about homelessness, when their Government removed the rights of homeless people—

Mr. Speaker: Order. The hon. Lady should indeed skip over that matter and ask her question.

Ms King: I shall skip quickly on to the subject of gap funding, which is so important in areas such as Tower Hamlets. I put on record my thanks to my right hon. Friends the Deputy Prime Minister and the Minister for Housing and Planning, but I would ask that they maximise the proportion of family-sized affordable housing for rent, improve security arrangements and provide decent homes, so that we can also tackle antisocial behaviour.

The Deputy Prime Minister: I am advised by my right hon. Friend the Minister for Local and Regional Government that those matters are under active consideration. Around 30 per cent. of expenditure will go on three-bedroom homes. We are aware of the issue and discussions continue. We have made some progress, but we are aware of the sensitivities that my hon. Friend has pointed out.

Mr. Steve Webb (Northavon) (LD): The Deputy Prime Minister mentioned the regional control centres for the fire service. If he is determined to pursue that policy, I draw his attention to the situation in the south-west, where the Avon fire brigade headquarters at Lansdown has the capacity to serve the entire south-west, but because it is a public sector building the Government may insist on a PFI and refuse to use an existing public sector asset. Can he assure us that if a good public sector asset exists and could be used, he will use it?

The Deputy Prime Minister: The hon. Gentleman makes a fair point, as he often does on such matters. We are looking at a range of options, although some fire authorities have developed more centralised control rooms and that will have some influence on our judgments for each region.

Ms Karen Buck (Regent's Park and Kensington, North) (Lab): I warmly welcome the extension of the neighbourhood renewal fund and the additional investment in housing. In my constituency, half of our council housing stock has been lost over the years and former right-to-buy properties resell for up to £400,000. My constituents face a crisis of affordability, overcrowding and homelessness. Can my right hon. Friend assure me that the extra investment will be distributed fairly within regions? Will he ask for an urgent review of the sub-regional allocations to ensure that constituents such as mine benefit properly from their share of the extra housing investment?

The Deputy Prime Minister: My hon. Friend makes some important points about new neighbourhood development and housing, and I am well aware of them. We will increase social housing from 19,000 to some 29,000, which is a fair increase. We are aware that the problem is huge and we will try to find what resources we can to meet it. To be honest, I know that what I have announced today will not solve every housing problem, but it will be a major step towards doing much more about it.

Mr. Michael Jack (Fylde) (Con): At a recent meeting of Members from both sides of the House, support was given to the Deputy Prime Minister's objective of increasing the supply of affordable housing in the north-west. At the same meeting, concern was expressed that outside the renewal pathfinder area, his policies on new housing starts were inhibiting the flow of affordable housing. Will he review that policy, so that affordable housing stock can increase all over the north-west?

The Deputy Prime Minister: As I understand it, no moratorium is suggested and 13,000 or more could be built. The resources available are an important factor, as are the prices and subsidies we provide. The level of efficiency will determine the amount of resources. As the

[The Deputy Prime Minister]

right hon. Gentleman knows, many of the decisions will be taken by regional boards. The north-west wants more accountable decision-making, and that is why we will decentralise decisions to the regional housing boards.

Lynne Jones (Birmingham, Selly Oak) (Lab): The additional 10,000 new social homes will be a good start, but even my right hon. Friend has accepted that that figure is inadequate. In Birmingham alone, we need an extra 3,000 homes a year for the next five years. Those needs are urgent: when will the Government produce their proposals for meeting the Barker recommendation of 26,000 new social homes a year?

The Deputy Prime Minister: That too is a matter of resources, as my hon. Friend well knows. I have got a good deal from my right hon. Friend the Chancellor, given the resources that have been available. We are on the way to achieving the lower end of the Barker recommendations, but as the report said, if we want to achieve the recommended numbers by 2016, we will need to obtain increased resources from different sources. Kate Barker suggested one or two methods of funding which I favour, but my right hon. Friend the Chancellor has not yet made his mind up. We will continue to have discussions through the usual channels to see whether we can achieve what Barker said was necessary in social housing. The problem is the resources.

Angela Watkinson (Upminster) (Con): The Deputy Prime Minister has announced additional investment in the fire service. He will recall the pay dispute in 2002 that was resolved by the promise of an additional 16 per cent. to be paid in three stages. The first stage, 4 per cent. in November 2002, was paid. The second stage, an additional 7 per cent. in November 2003, was not paid because of a dispute over working practices. The third and final stage is due now, in July 2004. Can he confirm that it has been paid or, if it has not, will he tell us what he will do to avoid another pay dispute that neither firefighters nor the taxpayer can afford?

The Deputy Prime Minister: The hon. Lady will know from the many debates that we held on the unfortunate dispute in the fire service that we came to an agreement, accepted by the Fire Brigades Union, that the increase in wages would be financed by changes and modernisation. That is a matter for local authorities and fire authorities but unfortunately it is still in dispute, although talks are continuing. There are threats of a fire dispute. I hope that that does not come about and that the talks, in which I think the TUC is involved, are successful. We are clear, however, that payment of the money will depend on modernisation.

Dr. Alan Whitehead (Southampton, Test) (Lab): I congratulate my right hon. Friend on the introduction of the idea of three-year funding for revenue and capital settlements for local authorities. I warmly welcome that move. Will he introduce in his Department, and prevail on other Departments to introduce, a no-surprises regime to ensure that orders or legislation with an impact on the revenue and expenditure of local authorities during the three-year periods are synchronised with the three-year funding cycles?

The Deputy Prime Minister: My hon. Friend has considerable experience in local government and we listen carefully to what he says. I am grateful for his endorsement of the three-year rule that local authorities have been asking for. He raises an important point about orders and new burdens for local authorities during the three-year periods. As he knows, there is an understanding that new burdens will not be put on local authorities once the standards have been set and I make that point vigorously to my colleagues. Nevertheless, I shall bring my hon. Friend's point to the attention of the Chancellor and others, and we shall redouble our efforts to try not to impose unnecessary extra burdens, through orders of the House, on local authorities after deciding on a financial agreement.

Mr. Damian Green (Ashford) (Con): I am sure that the Deputy Prime Minister is sincere when he says that he wants to build sustainable communities, but will he consider one of his four high-growth areas—my constituency of Ashford? Despite his efforts and the very good efforts of Ashford borough council and Kent county council, although we are building 1,000 houses a year we are creating only 300 jobs a year, and thus creating a commuter dormitory town. What is there in his statement to help Ashford remain a sustainable community so that it does not become merely a dormitory town, which would be against the wishes of the vast majority of people in Ashford?

The Deputy Prime Minister: When I visited Ashford some time ago, the local authority made the useful point that we need to make sure that transport connections are included, as well as increased housing. We all agree that road connections are important and negotiations with the highway authority are in their final stages. Transport infrastructure is one of the aspects of the new funding and we are talking about it. Unless we achieve it, we cannot expect those new areas to be opened to housing.

The hon. Gentleman is also concerned about developing new jobs. We have been talking to local authorities and they feel that, once they are more connected to the system, that will help in developing jobs, which are a necessary aspect of sustainability, along with infrastructure investment, housing and education. Without them, we cannot achieve the sustainable communities that we are committed to providing.

Mr. Harry Barnes (North-East Derbyshire) (Lab): Does my right hon. Friend remember Clay Cross and the Housing Finance Act 1972? Clay Cross is in my constituency and people are getting increasingly agitated about the absence of the option 4 that my right hon. Friend has unfortunately dismissed. As 70,000 new social rented houses will be built over three years, is there not scope—where it is wanted—for an element of council house provision and council house refurbishment under council control? That is what people in some areas want.

The Deputy Prime Minister: I tried to set out to the House the balance between private and public money in

achieving a faster rate of property improvement. My hon. Friend asked whether part of the new housing could be council-owned. That is the case under arm's length management organisations: housing is council-owned and there is representation on the board. Council tenants own the properties.

I do not know what has happened in Clay Cross. My hon. Friend the Member for Bolsover (Mr. Skinner) has left the Chamber, thank goodness, so I do not have to face him, because I well remember the battle over Clay Cross with the then Member for Grimsby. Where there has to be a fourth option, give people the choice—choice is in, I hear. Let them choose the scheme they want—

Mr. Ken Purchase (Wolverhampton, North-East) (Lab/Co-op): That is all they want—a choice.

The Deputy Prime Minister: Wait a minute. The figure is 83 per cent. They can either own their homes through the ALMO or go through the older system where the council owns and administers the houses, but the council has to be good at administration. Whether I like it or not—and I am not too happy about it—it is a fact that administration costs are between 10 and 15 per cent. less. I do not know why that is, but why pay more money for one form of house ownership when an ALMO is much more efficient?

Mr. Henry Bellingham (North-West Norfolk) (Con): Is the Deputy Prime Minister aware that in King's Lynn in my constituency there are several council estates where a small number of drug addicts, hooligans, litter bugs and graffiti artists make life a misery for the vast majority of tenants? What will he do to ensure that housing associations get a grip on that problem? Will he come down to King's Lynn—

Mr. Speaker: Order.

The Deputy Prime Minister: As the hon. Member for North-West Norfolk (Mr. Bellingham) knows, antisocial behaviour orders are important in dealing with that problem. Another way, especially in private property, is licensing by local authorities, which is embodied in the new Housing Bill.

James Purnell (Stalybridge and Hyde) (Lab): My right hon. Friend's announcement on gap funding will be very welcome in Hattersley where our previous transfer fell through due to a gap of £35 million. We are about to present my right hon. Friend with a new proposal and a new partner, so will he arrange for officials from the ODPM to talk to officials from Tameside and Manchester councils about whether that gap funding will be available?

The Deputy Prime Minister: I have always believed that it is good to talk, so I shall see whether we can arrange those discussions. I do not know the full facts of the case but I shall certainly see whether my officials can arrange to hold discussions on that matter with people from my hon. Friend's constituency.

Motor Vehicle Manslaughter

1.37 pm

Jim Knight (South Dorset) (Lab): I beg to move,

That leave be given to bring in a Bill to create offences of motor vehicle manslaughter and aggravated motor vehicle manslaughter; to amend the law relating to road traffic; and for connected purposes.

In bringing this Bill before the House I am building on the work done by RoadPeace and other groups that have, through their hard work, put this important issue on the political agenda. *The Sun* newspaper has also been running a vigorous campaign, with its readers, against drivers who kill and maim.

Since I was elected to the House in 2001, three cases relating to this matter have been brought to my attention. My constituents Anthony Wakelin, Tom Dowdney and Claire Clements were killed on the roads due to the negligence and dangerousness of drivers, who in turn escaped with fines in the magistrates court. I am aware that many right hon. and hon. Members have equally tragic stories of families whose lives have been similarly affected by death on the roads, and I am grateful for their support.

About 3,500 people die each year as a result of traffic offences. More than 500,000 people are injured and more than 100,000 are seriously injured. There is a genuine challenge for us to reduce the number of deaths on our roads and I welcome moves by the Government to introduce higher penalties for various driving offences and to increase the general safety of drivers, which will, we hope, lead to fewer accidents on our roads. But we need to go further and change the law, so I propose replacing the existing offence of death by dangerous driving with two new charges of motor vehicle manslaughter and aggravated motor vehicle manslaughter.

In October 2002, a 15-year-old boy, Anthony Wakelin, was killed by a speeding motorist while cycling in his home village of Wool in my constituency. The driver concerned, James Boffey, already owed £1,400 in driving fines from previous convictions and had no driving licence or insurance. At Wareham magistrates court, Boffey admitted careless driving, plus driving without insurance or a licence, and was subsequently handed a £200 fine and a two-year driving ban.

James Boffey had a string of previous convictions. Despite the fact that he never passed his driving test and has been convicted nine times of driving without a licence or insurance, he was still only charged with careless driving. Plainly, the punishments that Boffey received previously did not provide the necessary deterrent, as is evident from the fact that he continued to drive while disqualified. He continues to stick two fingers up at the law.

Anthony's mother, Sarah, and sister, Natalie, were obviously shocked and confused that the Crown Prosecution Service and the police elected for the charge of careless driving. The public would naturally assume that, when a persistent offender who has been banned from driving kills someone on the road, it would constitute dangerous driving, but to bring a charge of dangerous driving, the prosecution is required to prove that the driving itself constituted dangerous driving. As

[Jim Knight]

it could only be proved that Boffey was travelling at a maximum of 43 mph, the prosecution could not proceed with the charge of dangerous driving.

Magistrates say that they cannot take account of any fatality or injury but must consider only the driving error itself. In other words, a motorist who kills an innocent party through negligent driving can be sentenced only for that driving, not for the resulting death. As a result, the death or injury is sometimes not even mentioned by the prosecution in court, and when it is mentioned, defence lawyers and magistrates labour the point that it can have no influence on the sentence passed.

The police and the CPS are often reluctant to use the charge of causing death by dangerous driving, despite their desire to secure justice for the victim and their family. Why? Because the prosecution must prove that the driving was dangerous, but what constitutes dangerous driving? What is good driving and what is careless driving, and how does that differ from dangerous driving? How do we agree what is well below the driving standard expected? That allows clever barristers a field day. All those loose definitions make it very difficult to agree on a charge and therefore, by default, the lesser charge of careless driving is more often than not used to ensure at least some sort of conviction.

The Bill would remove that argument over definitions. It would provide a better solution than the offence of death by careless driving that some suggest, which would involve the same problems about defining an adjective. The term "manslaughter" is understood, as is "aggravation". That clarity would make the offence more robust and increase confidence in the system. That leads me to perhaps the most important reason why we need to change the law: the Government have stated their commitment to reform on behalf of victims and witnesses, putting their needs at the heart of the criminal justice system. The new charge would give recognition that a death has occurred. That is very important for victims and their families. At present, there is a deep sense of grief and inadequacy among friends and victims about the way in which they are treated by the criminal justice system.

Let me tell the House about the second case, that of Tom Dowdney—again, a young constituent of mine. Tom died after a road traffic accident that took place on 14 October 2003. The CPS could not prove the allegation that the car was travelling in excess of 100 mph. The driver of the car in which Tom was a passenger was charged with careless driving. He was fined £100 and disqualified from driving for 12 months.

I have spoken to Tom's mum, Susan. In her letter to me, she mentions her anguish that the offence that killed her son is

"without the recognition of Tom's death"

and that

"it is the fact that it will not be recorded that he"

—the driver—"has killed Tom" that particularly grieves her. Tom's mum was not even told by the police and the CPS that the case was going to court. She heard by hearsay that her son's killer had got off with a fine. That is not putting victims at the heart of the criminal justice system.

The other case is that of 17-year-old Claire Clements from Preston road in Weymouth. Claire was a passenger in a car that was travelling north on the M6 in April last year. All three in the car were cadets in the Merchant Navy. They were travelling to Scotland to visit family for Easter. As they drove up the motorway in Cumbria, the driver lost control of the vehicle while overtaking at speed on the outside lane of the motorway. The vehicle drifted across the three lanes of the motorway and down the embankment. Claire was thrown from the car some distance, hit her head on a post and died instantly.

The driver had a previous conviction for driving at 71 mph in a 30 mph zone. He was driving at between 80 and 85 mph when he hit the motorway kerb and crashed. He was fined £500, given a six-month ban and ordered to take a retest after being found guilty of careless driving. In that case, the CPS charged the driver with death by dangerous driving but, because he could not remember how the accident happened, they could not prove dangerousness beyond reasonable doubt. He was only convicted of careless driving. The gulf between careless driving and dangerous driving is so huge that it makes the whole process completely unworkable.

Claire's father, Mike Clements, told me, "It has left Barbara, me and Claire's brother, Jack, with a feeling of being let down by the courts and we feel that there is something fundamentally wrong with road traffic law and the way their particular offence is perceived."

What I am ultimately seeking is a change in our attitude towards road traffic accidents where serious injury or death occurs. It is nonsensical that the fact that a death has occurred is not taken into account. The US has an offence of vehicular manslaughter. In most European countries, the law addresses the death first. We must change the law so that such cases are given the priority that they deserve in our judicial system. We can then retain flexibility over sentencing, to allow judges to consider the individual circumstances of each case.

The new offences that I propose will also help to deter persistent offenders. Where individuals knowingly commit a criminal offence, even if it is driving without insurance or while disqualified, they would know that they would go to Crown court, with a higher chance of receiving a custodial sentence under the charge of aggravated motor vehicle manslaughter. I hope that the likes of James Boffey, who killed Anthony Wakelin in Wool, would then think twice.

The current offence of death by dangerous driving could not take all of James Boffey's criminal history into account. A charge of aggravated motor vehicle manslaughter would ensure that his lack of a licence or insurance would have formed a central part of the prosecution's case. Other aggravating factors could include, but not necessarily be limited to, driving while already disqualified, failing to stop for the police, driving under the influence of drink and/or drugs, having no insurance, driving a stolen motor vehicle, failure to stop or driving a class of vehicle for which no licence had ever been held.

At this point, it is worth mentioning that this is not and should not be seen as yet another attack on the motorist. Sixty per cent. of those who die on the roads are car occupants, so such new legislation is very important for motorists themselves. The heart of this proposal is to preserve life and prevent disability and

death on the roads, but under the new legislation, people must be responsible and accountable for deaths. Justice is essential. Changing the law cannot by itself change attitudes, but bad law reinforces unacceptable conduct.

Those injustices have embittered fair-minded, upstanding and law-abiding citizens who, because of their experience on the receiving end of car crime, have become convinced that the current law is ineffective at deterring reckless driving and is too weak to deter persistent car criminals. The Bill seeks to restore the credibility of the criminal justice system in this area. It seeks justice for the families of victims like Anthony, Tom and Claire.

Question put and agreed to.

Bill ordered to be brought in by Jim Knight, Mrs. Alice Mahon, Ian Lucas, Mr. Andrew Miller, Bob Russell, Tim Loughton, Mrs. Louise Ellman, Mr. Denis Murphy, Mr. David Kidney, Mr. Alan Campbell, Clive Efford and Mr. David Amess.

MOTOR VEHICLE MANSLAUGHTER

Jim Knight accordingly presented a Bill to create offences of motor vehicle manslaughter and aggravated motor vehicle manslaughter; to amend the law relating to road traffic; and for connected purpose: And the same was read the First time; and ordered to be read a Second time on Friday 15 October, and to be printed [Bill 139].

Orders of the Day

Statute Law (Repeals) Bill *[Lords]*

[Relevant document: The First Report of the Joint Committee on Consolidation, &c., Bills, Session 2003–04, on the Statute Law (Repeals) Bill [HL], HC 403.]

Read a Second time.

Motion made, and Question put forthwith, pursuant to Standing Order No. 58 (Consolidation Bills),

That the Bill be not committed.—*[Jim Fitzpatrick.]*

Question agreed to.

Read the Third time, and passed, without amendment.

Energy Bill *[Lords]*

As amended in the Standing Committee, considered.

1.49 pm

Mr. Alex Salmond (Banff and Buchan) (SNP): On a point of order, Mr. Deputy Speaker. We are about to begin consideration of the Energy Bill, the timetable for which was agreed at an earlier stage. Additional information has come to light since the Committee stage that influences several amendments that Mr. Speaker, with his normal great wisdom, has selected under the heading "Distribution costs and transmission charges." The amendments address future electricity generation in Scotland and the future of the Government's renewable targets, so they are of vital concern. Is there anything that we can do to guarantee that those vital amendments will not be talked out due to the timetable that was produced at an earlier stage of the Bill, given their huge importance to Scotland?

Mr. Deputy Speaker (Sir Michael Lord): The hon. Gentleman will appreciate that the Chair has no control over the length of time for which hon. Members speak, and is bound by the Programme Order that the House has already agreed.

New Clause 4

MICROGENERATION

'(1) The Secretary of State—

(a) must prepare a strategy for the promotion of microgeneration in Great Britain; and

(b) may from time to time revise it.

(2) The Secretary of State—

(a) must publish the strategy within 18 months after the commencement of this section; and

(b) if he revises it, must publish the revised strategy.

(3) In preparing or revising the strategy, the Secretary of State must consider the contribution that is capable of being made by microgeneration to—

(a) cutting emissions of greenhouse gases in Great Britain;

(b) reducing the number of people living in fuel poverty in Great Britain;

(c) reducing the demands on transmission systems and distribution systems situated in Great Britain;

(d) reducing the need for those systems to be modified;

(e) enhancing the availability of electricity and heat for consumers in Great Britain.

(4) Before preparing or revising the strategy, the Secretary of State must consult such persons appearing to him to represent the producers and suppliers of plant used for microgeneration, and such other persons, as he considers appropriate.

(5) The Secretary of State must take reasonable steps to secure the implementation of the strategy in the form in which it has most recently been published.

(6) For the purposes of this section "microgeneration" means the use for the generation of electricity or the production of heat of any plant—

(a) which in generating electricity or (as the case may be) producing heat, relies wholly or mainly on a source of energy or a technology mentioned in subsection (7); and

(b) the capacity of which to generate electricity or (as the case may be) to produce heat does not exceed the capacity mentioned in subsection (8).

(7) Those sources of energy and technologies are—

(a) biomass;

(b) biofuels;

(c) fuel cells;

(d) photovoltaics;

(e) water (including waves and tides);

(f) wind;

(g) solar power;

(h) geothermal sources;

(i) combined heat and power systems;

(j) other sources of energy and technologies for the generation of electricity or the production of heat, the use of which would, in the opinion of the Secretary of State, cut emissions of greenhouse gases in Great Britain.

(8) That capacity is—

(a) in relation to the generation of electricity, 50 kilowatts;

(b) in relation to the production of heat, 45 kilowatts thermal.

(9) In this section—

"consumers" includes both existing and future consumers;

"distribution system" and "transmission system" have the same meanings as in Part 1 of the 1989 Act;

"fuel poverty" has the same meaning as in section 1 of the Sustainable Energy Act 2003 (c. 30);

"greenhouse gases" means—

(a) carbon dioxide;

(b) methane;

(c) nitrous oxide;

(d) hydrofluorocarbons;

(e) perfluorocarbons;

(f) sulphur hexafluoride;

"plant" includes any equipment, apparatus or appliance.'—*[Mr. Timms.]*

Brought up, and read the First time.

1.50 pm

The Minister for Energy, E-Commerce and Postal Services (Mr. Stephen Timms): I beg to move, That the clause be read a Second time.

Mr. Deputy Speaker: With this it will be convenient to discuss the following: New clause 2—*Annual report on energy efficiency*—

'The Secretary of State shall publish in such form as he sees fit an annual report setting out what steps he has taken and proposes to take to secure carbon savings from domestic energy efficiency of 5MtC per annum by 2010 and a further 4MtC per annum by 2020.'.

New clause 3—*Duties relating to energy efficiency and carbon savings*—

'(1) It shall be the duty of the Secretary of State to—

(a) promote energy efficiency generally; and

(b) in particular, implement energy efficiency measures that will—

(i) assist with the achievement of carbon savings from domestic energy efficiency by 2010 over and above the 4.2MtC savings specified in the Energy Efficiency Implementation Plan; and

(ii) achieve carbon savings of 5MtC by 2010 from energy efficiency in the domestic sector.

(2) Action taken pursuant to this section shall be commenced as soon as is reasonably practicable.

(3) In this section, the "Energy Efficiency Implementation Plan" is the document entitled "Energy Efficiency The Government's Plan for Action" published by the Department for Environment, Food and Rural Affairs in April 2004 (Cm 6168).'.

New clause 6—*Amendment of Sustainable Energy Act 2003*—

'(1) After section 2 of the Sustainable Energy Act 2003 there is inserted—

"2A Energy Efficiency of Residential Accommodation: UK Policy Goal

(1) For the purposes of this section the 'UK policy goal' is the amount of carbon savings from energy efficiency of residential accommodation specified by this section.

(2) Subject to subsection (5) below the UK policy goal for energy efficiency of residential accommodation shall be the achievement of 5MtC savings by 2010 and a further 4MtC savings by 2020.

(3) The energy efficiency aim set pursuant to section 2 of this Act shall be the achievement of such percentage of carbon savings of the UK policy goal that in the opinion of the Secretary of State ought to be delivered by measures relating to England.

(4) Where an aim has been set pursuant to section 2 of this Act that does not reflect the percentage of the UK policy goal to be delivered by measures relating to England, then within six months that aim shall be changed in order to reflect that percentage and the Secretary of State must take reasonable steps to achieve that changed aim.

(5) The Secretary of State may at any time designate an increase in the UK policy goal and any such designation must be published in such manner as the Secretary of State deems appropriate and in such case any aim set pursuant to section 2 of this Act shall be reviewed and if necessary amended to reflect the percentage of the new goal that in the opinion of the Secretary of State ought to be delivered by measures relating to England.

(6) The Secretary of State shall report annually to Parliament on steps that he has taken and proposes to take to assist with the achievement of the UK policy goal.

(7) In this section 'residential accommodation' has the meaning given by section 2(9) above."

(2) After section 9(3) of the Sustainable Energy Act 2003 there is inserted—

"(3A) Section 2A(1), (2), (5), (6) and (7) extends to England, Wales, Scotland and Northern Ireland.

(3B) Section 2A(3) and (4) extends to England only."'.

New clause 19—*Renewable heat obligation*—

'(1) For the purpose of encouraging the generation of renewable heat in order to reduce carbon dioxide emissions, provide employment in UK agriculture and improve energy security, the Secretary of State may, by order impose on each supplier of fossil heating fuels falling within a specified description (a "designated heating fuel supplier") an obligation to do what is set out in subsection (3).

(2) The descriptions of heat supplier upon which an order may impose the renewable heat obligation are those supplying fossil heating fuels—

(a) in Great Britain;

(b) in England and Wales; or

(c) in Scotland,

excluding such categories of supplier (if any) as are specified.

(3) Subject to the provisions of this section the renewable heat obligation is that the designated heating fuel supplier must, before a specified day (or before each of several specified days, or before a specified day in each year), produce to the Authority evidence of a specified kind showing—

(a) that it has supplied to customers in Great Britain during a specified period such amount of heat generated by using renewable heat sources as is specified in relation to such a supplier; or

(b) that another heating fuel supplier has done so (or that two or more others have done so); or

(c) that, between them, they have done so.

(4) If the order applies only to fossil heating fuels suppliers in part of Great Britain, it may specify that the only heat supplied which counts towards discharging the renewable heat obligation is heat supplied to customers in that part of Great Britain.

(5) Evidence of the supply of renewable heat may not be produced more than once in relation to the same heat.

(6) In the case of heat generated partly by renewable sources and partly by fossil fuel, only the proportion attributable to the renewable sources can count towards discharging the renewable heat obligation.

(7) Before making an order, the Secretary of State must consult—

(a) the Authority;

(b) the Council;

(c) the fossil heating fuels suppliers to whom the proposed order would apply;

(d) the generators of heat from renewable sources; and

(e) such other persons, if any, as he considers appropriate.

(8) In this section—

"fossil heating fuels" means coal, substances produced directly or indirectly from coal, lignite, natural gas, crude liquid petroleum, or petroleum products sold for the purposes of generating heat energy;

"natural gas" and "petroleum products" have the same meanings as in the Energy Act 1976;

"renewable heat sources" means metered sources of heat energy other than fossil fuel or nuclear fuel, but includes biodegradable waste;

"specified" means specified in the order.

(9) An order under this section shall not be made unless a draft of the instrument containing it has been laid before, and approved by a resolution of, each House of Parliament.

(10) The order may provide for the Authority to issue from time to time, in accordance with such criteria (if any) as are specified in the order, a certificate to the operator of a renewable heat installation or to a renewable heat supplier.

(11) A certificate is to certify—

(a) that the operator of a renewable heat installation or in the case of a renewable heat supplier, a renewable heat installation specified in the certificate, has generated from renewable sources the amount of heat stated in the certificate; and

(b) that it has been supplied to customers in Great Britain (or the part of Great Britain stated in the certificate).

(12) If a heat supplier produces a certificate to the Authority, it is to count for the purposes of subsection (3) as sufficient evidence of the facts certified.

(13) The order may provide that instead of producing evidence under subsection (3), an electricity supplier may discharge (in whole or in part) its renewable obligation (or its obligation in relation to a particular period) by making a payment to the Authority.

(14) The order may make provision—

(a) as to the sum which for the purposes of subsection (12) is to correspond to the supply of a given amount of heat;

(b) for different such sums in relation to different periods;

(c) for different such sums in relation to heat generated in different ways specified in the order and

(d) for any such sum to be adjusted from time to time for inflation by a method specified in the order (which may refer to a specified scale or index or to other specified data of any description, including such a scale or index or such data in a form not current when the order was made, but in a subsequent form attributable to revision or any other cause and taking effect afterwards).

[Mr. Deputy Speaker]

(15) The Authority must pay the amounts received to renewable heat suppliers in accordance with a system of allocation specified in the order.

(16) The system of allocation specified in the order may provide for payments to specified categories of renewable heat supplier only.'.

New clause 20—*Electricity to be exempted when determining electricity supplied*—

'In section 32A of the 1989 Act, after subsection (1)(h), insert—

"(i) that electricity generated by a generating station producing a heating or cooling effect in association with electricity shall not count towards the amount of electricity supplied by an electricity supplier that is subject to the obligation.".'.

New clause 21—*Further amendment of the 1989 Act relating to combined heat and power*—

'In section 32A of the 1989 Act, after subsection (1), insert—

"(1A) For the purpose of securing that the amount of electricity generated under the obligation is not reduced by the exercise of powers contained in subsection (1)(i), the Secretary shall have the additional power to vary an order under section 32 so as to vary the obligation requirement, based on either the previous calendar year's production of electricity generated by the combined heat and power process or else by his estimate of that which will be produced by the same process in the current year.".'.

Government amendment No. 1

Amendment No. 20, in page 64, clause 81, leave out lines 2 to 24 and insert—

'(1) The main duties of the Secretary of State and the Gas and Electricity Markets Authority (in this Act referred to as "the Authority") in carrying out their respective functions under this Part are—

(a) to protect the interests of consumers in relation to electricity conveyed by distribution systems, wherever appropriate by promoting effective competition between persons engaged in, or in commercial activities connected with, the generation, transmission, distribution or supply of electricity or the provision or use of electricity interconnectors;

(b) to carry out their respective functions under this Part in the manner which he or it considers is best calculated to further the duty set out in paragraph (a), having regard to—

(i) the need to secure that all reasonable demands for electricity are met, and

(ii) the need to secure that licence holders are able to finance the activities which are the subject of obligations imposed by or under this Part, the Utilities Act 2000 or Part 3 or 4 of the Energy Act 2004; and

(c) to ensure that there is no detriment to the promotion of—

(i) renewable energy, and

(ii) sustainable development.'.

Government amendments Nos. 2, 13, 14 and 8 to 10.

Mr. Timms: I hope that we will be able to make brisk progress to cover the topics before us. I shall begin by speaking to new clause 4 and the Government amendments in the group, and I hope to catch your eye later, Mr. Deputy Speaker, to speak to amendments and new clauses tabled by other hon. Members.

There is no doubt that microgeneration has an important role to play in reducing greenhouse gas emissions. As the Under-Secretary of State for Trade and Industry, my hon. Friend the Member for Edinburgh, South (Nigel Griffiths) said in Committee, we are already supporting microgeneration to the tune of £35 million through our funding of the major photovoltaic demonstration programme and the clear skies initiative, which provide grants towards the cost of residential or community renewables projects. The distributed generation co-ordination group, which was established by the Department of Trade and Industry and the Office of Gas and Electricity Markets, already specifically examines the integration of microgeneration. We have recently legislated to make it easier for small renewables generators to receive renewables obligation certificates so that they may benefit from such arrangements.

The clause on a strategy for microgeneration that was originally proposed in the other place caused us some difficulties. For example, the inclusion of a duty to set specific targets for the small-scale generation of electricity could have conflicted with other commitments in the White Paper. However, it is clear that there would be distinct benefits if we were to have a clear strategy for microgeneration. Lord Ezra, among others, put it to me that a legal duty to establish a strategy would give confidence to the industry and potential investors, and I accepted that argument before I tabled new clause 4. The provision will impose a clear duty on the Government to publish a strategy on microgeneration within 18 months of its commencement and then to take steps to ensure its implementation.

Government amendment No. 10 is a consequential amendment that will ensure that the microgeneration strategy does not cover Northern Ireland, given that energy is a devolved matter. However, we will remain in close touch with Northern Ireland colleagues as we take the work forward.

On Government amendments Nos. 1, 8 and 9, I do not think that there is much difference between the intention of several Members of this House and the other place and what the Government want to deliver. The aim of the original draft of clause 81 and amendment No. 20, which was tabled by my hon. Friend the Member for Brighton, Kemptown (Dr. Turner), was to ensure that there was a commitment to the development of renewable energy sources and to the principles of sustainable development. I agree with those aims, but if clause 81 remained in the Bill—even as amended by amendment No. 20—it would cause serious problems.

When we published the Green Paper "A Fair Deal for Consumers" in 1998, we made it clear that protecting the interests of consumers would be at the core of independent economic utility regulation, and that was reaffirmed in the Utilities Act 2000. Clause 81 represents a drastic move away from that principle, so it would not be appropriate to adopt it without the minimum requirements of consultation and a full regulatory impact assessment. I argue that Ofgem's current principal objective provides the right balance between existing and future consumers while maintaining the competitive position of the industry. One problem is that clause 81 would be likely to lead to higher electricity

prices, which would increase the problem of fuel poverty. Alan Asher, the chief executive of Energywatch, said that the clause would

"have grave consequences for consumers."

We have delivered a long-term framework that will allow investments to be made with confidence, including those in renewable energy.

Brian White (Milton Keynes, North-East) (Lab): My hon. Friend is aware that regulators primarily look at the face of statutes rather than at their detail. Given that there have been problems with sustainable development in certain parts of the industry, how does he intend to address such regulatory barriers?

Mr. Timms: I suggest to my hon. Friend that Ofgem is starting to address effectively the challenges of sustainable development in precisely the way in which all of us would wish. That is happening under the arrangements that we have in place, and I shall say a little more about those in a moment.

Clause 81 specifically addresses renewables, but we have a strong and effective renewables policy in place. The renewables obligation is incentivising unprecedented investment in the sector. The British Wind Energy Association estimates that some 350 MW of capacity will be built this year, which is more than three times as much as last year. More than 2,000 MW of wind generation projects have already received consent, and a recent Ernst and Young report ranked the UK as the place with the most potential to invest in new wind energy capacity, and as the second country out of 17 for renewables investment as a whole. The policies that we have in place are delivering the results that we all want to achieve.

The commitment in clause 81 on sustainable development that my hon. Friend underlines is already built into existing energy legislation, which is demonstrated by what is happening at the moment. Both my right hon. Friend the Secretary of State and Ofgem must have regard to environmental matters when carrying out their functions under part I of the Electricity Act 1989. In practice, Ofgem produces regulatory impact assessments for key proposals, including assessments of any impact on the environment. It publishes an annual environmental action plan, and "helping protect the environment" is one of the seven themes of its new corporate strategy. We can see progress made on the social aspects of sustainable development by examining Ofgem's annual social action plan. Ofgem is actively taking forward its brief on environmental and social concerns, so I put it to the House that a sustainable development commitment already exists.

Mr. Robert Key (Salisbury) (Con): I am grateful to the Minister for giving way on the question of Ofgem's environmental concerns. An independent panel of environmental experts has been established to guide Ofgem's green agenda. The environmental advisory group is made up of policy experts from government, industry and green groups to advise the regulator on the priorities for its work in relation to the environment. However, I was surprised to learn that the nuclear industry, the electricity generator that produces a quarter of our electricity—the most environmentally friendly electricity because it is carbon free—is not part of that green committee. Why not?

Mr. Timms: The hon. Gentleman helpfully—from my point of view—underlines the strength of Ofgem's commitment to address the issues seriously. We all recognise that the nuclear industry produces a substantial amount of carbon-free electricity, which represents a valuable contribution. Of course, there is a question whether we will have new nuclear capacity in the future, and I know that that topic is close to the hon. Gentleman's heart. I say to him, as the Prime Minister said to the Liaison Committee last week, that there are serious barriers to address. We must consider the economics of new nuclear power and whether people will be prepared to invest in it. Some major issues on nuclear waste also need to be addressed. I welcome the fact that Ofgem has put in place the advisory group to which the hon. Gentleman referred.

Mr. Michael Weir (Angus) (SNP): Will the Minister give way?

2 pm

Mr. Timms: I think that I need to make a little progress, particularly in view of the points made by the hon. the Member for Banff and Buchan (Mr. Salmond) about the need for us to be brisk.

Government amendments Nos. 8 and 9 are consequential amendments that are necessary following the deletion of clause 81. Both amendments reinsert parts of other clauses that were deleted in Committee as a result of the introduction of clause 81.

Government amendment No. 2 ensures that the annual reports to be produced under the Sustainable Energy Act 2003, for which my hon. Friend the Member for Milton Keynes, North-East was responsible, cover the implementation of the technologies specified, as well as progress made in research and development. That captures the intent of the amendment tabled by my hon. Friend the Member for Brighton, Kemptown in Committee. There has been a slight change from his original wording—he mentioned deployment—in respect of the phrase "bringing into use", which was included as a result of legal advice. I hope that he will agree that the meaning remains the same.

Government amendments Nos. 13 and 14 are important amendments that seek to improve investor confidence in the renewables market by taking further steps to reduce the impact of a future shortfall in the renewables obligation buy-out fund. During the passage of the Bill, there has been some debate about whether the moves now represented in the amendments can be made. In Committee, we agreed to consider an amendment on this issue tabled by the hon. Member for Hazel Grove (Mr. Stunell). As I said at the time, the case for mutualisation or recovering some or all of a shortfall after it had arisen has been made here and in another place. We have listened to those arguments and taken account of developments in the market, some of which have strengthened the case for mutualisation in recent months.

I should make it clear that while our amendments go further than the existing provisions in clause 116 in reducing the impact of a supplier shortfall, I am under

[Mr. Timms]

no illusion that they will remove the risk of a shortfall altogether. The renewables obligation is a market mechanism. There is inevitably an element of risk as companies can and do fail. What we want to achieve is a balance between reducing the risk and impact of shortfalls and not placing undue additional burdens on consumers or adversely affecting competition.

Mr. Andrew Stunell (Hazel Grove) (LD): I thank the Minister for tabling the amendments. Is he entirely satisfied that the mechanics that they set out will deliver the benefit that he asserts they will? There seem to be some technical problems, about which I have received representations, and I would be grateful for his reassurance on that point.

Mr. Timms: I think that the amendments deal with those issues, and if the hon. Gentleman wants to put to me a detailed point about mechanics, I shall be happy to look at it.

The amendments need to be seen as part of a set of measures to address the problem of supplier defaults, sitting alongside the measures already set out in clause 116 to address reductions in the length of obligation periods and impose surcharges on late payments. Together, those provisions are a sensible response to the problem of supplier default, and a balanced one that provides a measure of protection for the buy-out fund at an acceptable cost to consumers.

Mr. David Drew (Stroud) (Lab/Co-op): Does my hon. Friend accept that one of the problems during the period of default of a major supplier is that the administration process may not prioritise the renewables obligation certificate? Will he talk to his friends in the Department to ensure that we clarify the situation with regard to the administrative process, with particular regard to this aspect of energy production?

Mr. Timms: I shall be happy to talk to my officials along those lines, although I am not sure whether anything further can be done on that front. I pay tribute to my hon. Friend, who has followed the matter with close interest and raised it frequently with me. I think that he will welcome the steps taken in the amendments as an effective response to the problem.

In broad terms, Government amendment No. 13 gives the Secretary of State power to introduce an order requiring licensed suppliers to make additional payments following a shortfall. A number of detailed issues will need to be addressed, such as how the payments are assessed, when the suppliers need to make them and over what period and at what level they need to be made. Perhaps the issue that my hon. Friend has just mentioned will also arise. Those will all be the subject of a statutory consultation exercise later this year, before the detailed changes to the renewables obligation can be made. The amendments enable us to introduce mutualisation to recover part or all of a shortfall, and so give some additional confidence to the renewables market.

I hope that the House will welcome those amendments, and the other Government amendments and new clause.

Mr. Laurence Robertson (Tewkesbury) (Con): It is a pleasure to follow the Minister in speaking to the amendments.

The Bill was greatly improved by Members of the other place and was the subject of interesting debate in Committee. It started off as a necessary and functional Bill when the Government introduced it into another place, but their lordships greatly improved it by introducing a number of measures that went beyond the original content. One of those measures was a clause relating to microgeneration.

It would indeed be a useful step forward if every household in Britain could generate electricity as well as use it, particularly if they could do so from renewable sources. Such electricity could be used as it was generated or sent to the grid for use by business at that time. The household could perhaps draw other electricity later in the day when it needed to do so.

Obtaining maximum benefit from such an arrangement would probably require a change in building regulations. Although their lordships' amendment did not go so far as to make such a suggestion, it was very useful in that it sought to require the Government to produce a strategy on microgeneration—a strategy that could perhaps include an intention to amend building regulations to require all new houses to be fitted with solar panels, for example.

Their lordships' amendment also included a requirement for the Government actually to set targets for microgeneration. I understand that the Government have varied the amendment slightly and are saying that specific targets for microgeneration would cut unhelpfully across other commitments in the energy White Paper relating to renewables and combined heat and power. That is their reason for attempting to change the original Lords amendment. I think that that is a little unfortunate, because I do not see how that could happen. In many ways, those strategies are very different. However, we are where we are, and given that new clause 4 is the only one available for the House to consider today, we will support it.

I should like to spend a little time speaking to new clauses 20 and 21, however, which were tabled in my name and those of my hon. Friends. New clause 20 attempts to put back into the Bill another amendment that was made in another place, introducing a clause that attempts to increase the use of combined heat and power—a process that is more efficient than other forms of generation, because it uses the surplus heat that is used for generation in the first place.

In respect of a number of combined heat and power proposals, planning permission has been obtained, but nothing has yet been built, and a number of CHP plants are running at below capacity. I understand that is the case because there is a lack of confidence and investment in generation at the moment, which is a general problem that must be addressed. However, given that we all want to cut emissions and that it is recognised, certainly by the Opposition, that there may be a problem with security of supply in the medium term due to that lack of investment, a greater contribution from CHP would be

very good news indeed. The Government must have recognised that that was the case when they set the CHP target of 10 GW by 2010, but the industry is apparently on course to realise between only 7 and 8 GW by that date unless something is done to help it along. That is what new clause 20 is all about.

My discussions with the Combined Heat and Power Association have led me to believe that excluding CHP from the renewables obligation calculation would in fact provide sufficient encouragement to the industry, enabling it to have a more realistic chance of reaching the Government's own targets. In Committee, however, the Government had the original clause removed, basically because they claimed that removing CHP from the renewables obligation calculation would have an adverse impact on the use of renewables. The CHPA disputes that fact. New clause 21 would give the Secretary of State the power to amend the renewables obligation target if necessary, based on the previous year's or the present year's CHP production, to counter any possible adverse effects on renewables. That is complicated, but I am sure that the House is with me.

I accept that that arrangement could cause a seesawing of production from each source, but that is unlikely once the investment in each has been made. It would move us along towards cutting our emissions, again in the way that the Government say that they want to do; otherwise, we may have a problem in meeting the emissions targets by making the cuts in emissions that we all want. Renewables, which we all support, are struggling along, and most commentators feel that the 2010 and 2015 targets are challenging, to say the least. Over the next 20 years, the nuclear industry will be reduced to providing just 2 per cent. of our electricity generation from its present output of 22 per cent., unless there are extensions or new build. Even if renewables entirely replaced nuclear—and there has to be a big question mark over that—we would have gone absolutely nowhere on cutting carbon emissions, because, as the Minister acknowledged, nuclear emits no carbon. That point is frequently made by my hon. Friend the Member for Salisbury (Mr. Key).

Combined heat and power can make a contribution in that situation. However, the Government seem to be saying, "Carbon emissions bad, no carbon emissions good." That is true, but surely lower carbon emissions, as with CHP, represent a move in the right direction. It is wrong to say that because it is not a zero-carbon process it should not be encouraged, because if it emits less carbon, it is better than those methods which produce much carbon.

I am disappointed that the Government chose to strike out the help and encouragement that we are trying to give to the CHP industry. If they believe that our amendments were and are imperfect, I regret that they did not and have not proposed their own, nor have they proposed any form of assistance to the CHP industry. That will be a great disappointment to it.

I should like to give encouragement to the Labour Members who, in Committee, proposed the amendment on clause 81, which deals with the principal objective to promote renewable energy. I have no intention of stealing their thunder by speaking against Government amendment No. 1, which seeks to undo all their good work, but I assure them that if they oppose that amendment and force a vote, they will find us in the same Lobby. *[Interruption.]* I remind Labour Members that we won that vote in Committee, so there is all to play for.

On the new clauses relating to the renewables obligation, we support moves to strengthen the security of the obligation in terms of moneys paid in, or due to be paid in, and we recognise the Government's attempts to achieve that through new clauses 13 and 14. Although, like Liberal Democrat Members, we have one or two concerns, we recognise the need to improve that obligation and accept that the Government are doing their best to move in the right direction in that respect.

I do not intend to say much about new clauses 2 and 3, which deal with energy efficiency. Indeed, I should like to draw attention to the fact, almost as a point of order, Mr. Deputy Speaker, that this morning we were informed that my hon. Friend the Member for Vale of York (Miss McIntosh) would be able to move those new clauses, but it subsequently turned out that that advice was incorrect. I regret that, because she would have spoken with far more eloquence and knowledge than I could possibly muster.

Mr. Deputy Speaker: Order. The hon. Gentleman appears to be combining a point of order with his speech. It is for Front Benchers to decide which Front-Bench spokesmen will deal with the debate—it is not a matter for the Chair.

Mr. Robertson: I was advised only this morning, Mr. Deputy Speaker, that two Members could speak from the Front Bench on this particular group of amendments—probably because it comprises such a broad range of amendments and new clauses. That advice turned out to be wrong, but I will not detain the House any further on the matter.

2.15 pm

If my hon. Friend had spoken, her main point would have been that we are puzzled as to why a Government who love setting targets have removed their very targets relating to household energy efficiency. Will the Minister explain that about-turn?

We support the clause requiring the Government to produce and implement a microgeneration strategy, although we regret the slight weakening of its original proposal. Will the Minister explain why the Government are opposed to the amendments relating to combined heat and power? If he intends to say that the amendments are imperfect, what strategy will the Government develop to help the CHP industry to contribute to the clean and efficient generation of electricity, and how they will move that industry forward to give it the confidence that its representatives say that it needs?

Brian White: The amendments reflect key debates in Committee on a range of subjects. New clause 6 tries to take forward the issue of energy efficiency in relation to debate on the old clause 3, as it came from the House of Lords. It would establish the concept of a policy goal across the United Kingdom, an aim that differs slightly from that of the Sustainable Energy Act 2003.

[Brian White]

The Tory amendments put me a position that I do not much like. I must have forgotten the first rule of politics, which is never to trust a Tory promise. What is worse, that allows my Whips to say, "I told you so." I suppose that lessons are always worth reinforcing. What saddens me about the amendments and the incompetence with which they were moved is that, as was amply demonstrated, the Conservatives see the matter as one for point scoring, not one of taking forward a serious issue. As for the hon. Member for Tewkesbury (Mr. Robertson) trying to tempt us to vote with the Tories, any chance of my doing that went out the window with his opening speech. I shall try to touch on some of the real issues involved in energy efficiency, combined heat and power, and the way in which renewables and micro-generation need to develop.

When we originally discussed the energy White Paper, the then Minister, my right hon. Friend the Member for Cunninghame, North (Mr. Wilson), cited 20 per cent. as the contribution that could be made by energy efficiency. That translated into 5 megatons of carbon savings, but we are now talking about 4.2 megatons, or about 16 per cent., of savings. The White Paper said that residential energy efficiency was the cheapest, cleanest and safest way to achieve CO_2 emission reductions. It seems absurd to reduce our key target for achieving our carbon-saving objective. Surely we should be setting challenging targets, not reducing them. That has an impact on the energy efficiency savings industry, which sees it as one of the key things that it can take to the market in developing its investment strategies, as was made clear in a letter to the Prime Minister on 11 May, in which the industry stated:

"we cannot stress highly enough the seriousness of the blow dealt to the energy efficiency industry by this . . . reversal of Government policy"

the reduction from 5 megatons to 4.2 megatons. The letter continues:

"This has caused a major crisis of confidence."

How do we ensure that the industry makes investment, that we do not repeat the mistakes of the past and that the industry can move forward? I question the figures on which the Minister has based his judgment about the 4.2 megatons.

The Energy Savings Trust, which had worked on the figures for some months, gave evidence to the Environmental Audit Committee on 25 May, stating:

"We were involved in developing the Plan . . . we . . . did not have the final decision and we do not agree with it."

It gives several reasons for that, and I am sure that the Minister has examined the evidence. The trust claims that some matters were not taken into account, such as a recurring annual saving. Several other measures were not factored into the plan.

I stress that I appreciate that the Minister has to take the flak, I understand that the Department wants to do as much as possible for energy efficiency, and I thank him for his work since Committee. However, many people support a challenging aspiration. They say that the key way in which to achieve our carbon savings is through energy efficiency. I hope that our debate will allow the Minister to take the matter forward and work with the industry to ensure that savings from the residential energy efficiency sector can be more than the proposed 5 megatons.

Government amendment No. 1 would remove clause 81. In an intervention, I asked the Minister how he intended to implement something that was not on the face of the Bill. There is a problem, which applies to several independent regulators. How can we square Government policy with the role of an independent regulator? Bryan Carsberg, the first telecoms regulator, said that the regulator would always go back to the statute book. That constitutes the regulators' terms of reference. If a provision is not on the statute book, a barrier is created.

What happened to combined heat and power after the introduction of the new electricity trading arrangements is an important indicator of the impact that a regulator can have. Those events could be repeated. I understand that the Minister wants to ensure that they are not, but the regulatory framework that could allow that to happen still exists.

The problems in the renewables industry do not arise because the companies are not viable or because they do not do good work, but because of the regulatory hurdles that it has to overcome. The Sustainable Energy Act 2003, which introduced regulatory impact assessments into Ofgem's work, has improved matters. At a meeting of the Liaison Committee, the Prime Minister said:

"We believe we will meet the target for renewables, but it is challenging and I think that there is a need, as we are doing, to step up investment in renewables . . . and it is one of the issues that we will be raising in the context of our G8 chairmanship next year . . . This requires an awful lot of investment in research and development."

He is right that a step change is required, and for that to happen, we must remove some existing barriers. One such is Ofgem's terms of reference. I appreciate that the Minister has to ensure, in removing clause 81, that the barriers are not replicated.

We need to ensure that there is a public awareness campaign for energy efficiency. We need to build capacity in the industry and to stimulate uptake. Those are important issues but they all come back to the way in which Ofgem interacts with Government policy. We have given Ofwat a sustainable development duty, but it does not apply to Ofgem. The question of whether environmental issues are at the heart of government needs to be answered in the context of regulators' duties. If we are adequately to tackle sustainability, consistency should apply to water, electricity and all the other regulators. As the Government remove clause 81, I urge them to consider the way in which we remove regulatory barriers.

We have a history of targets for combined heat and power. Representatives of the industry have been to see the Minister, and there is a crisis of confidence about investment, including in micro combined heat and power. In Committee, the Minister made several comments, with which I shall deal shortly. First, though, I thank him for being prepared to meet industry representatives and for the meetings that he has held since Committee. They have been helpful, and I place my thanks on the record.

In Committee, the Minister said that removing the renewables obligation on CHP would mean an impact of less than 0.3 MW. The Combined Heat and Power

Association said that more than 2,000 MW of CHP plant is currently on hold and that much of it could be realised if such a provision was in place. If we are not to introduce such an exemption, it is incumbent on us to find other mechanisms to ensure that the CHP industry can move forward.

Many hon. Members wish to speak, and we have already heard a point of order on that. I shall therefore be brief. We need to ensure that the energy efficiency, CHP and renewables industries have open-door access to the Minister. The key players in each industry are the same. Their investment decisions will determine whether we are successful. It is immaterial whether the amendments are successful. What matters is the Government's interaction with the industry. I urge the Minister to accept that dialogue with the industry on microgeneration, the renewables obligation and energy efficiency is critical and needs to be taken forward.

Norman Baker (Lewes) (LD): I acknowledge that the Bill is a better measure than some of us might have dared to hope. That is partly because it was well scrutinised in Committee by members of all parties, including Labour Back-Bench Members, such as the hon. Member for Milton Keynes, North-East (Brian White). In addition, the Government have listened to several points, and some Government amendments reflect our discussions in Committee. Those of us who are ready to criticise the Government regularly for failing to listen should give credit when there is evidence that they have listened. That is not to say that the Government amendments are perfect, that everything will be hunky dory or that energy efficiency, combined heat and power and renewables will take off like a jet liner, but it is to say that the Minister and his colleagues are willing to understand the arguments. I want to put that on the record.

Government new clause 4 on microgeneration is welcome. Although it does not go as far as some of us would like, it is a step in the right direction. I am worried that we are not maximising opportunities for microgeneration. For example, we have not yet found a method of ensuring that the million meters that are replaced each year are two-way meters so that net metering is maximised. The Minister knows that British Gas has mothballed micro CHP design because it cannot envisage a market for the project. There are problems with microgeneration but we are making some progress.

We have not made sufficient progress on energy efficiency. Hon. Members of all parties are disappointed by the downgrading of targets. The Minister was prepared to endorse in Committee the reduction in expected energy efficiency savings from the domestic sector. When he was challenged, he said that the industrial sector was run rather better and that the Government did not worry too much about the matter. That response was complacent and inappropriate because his point should be perceived as an extra gain rather than a substitute. I fear that he is getting into the position of identifying what is happening in the market and subsequently setting a target to reflect reality rather than setting a target that requires a change of policy. That is a fundamental mistake when it comes to something as powerful and important as energy efficiency. After all, there is a drastic need to reduce carbon emissions in this country as well as globally.

The 20 per cent. target for carbon emissions to which the Government are adhering is very challenging, and I regret that we do not appear to be able to meet it. The Minister will be aware that, in the six years since his Government came to power, we have seen a net reduction in carbon emissions of only 0.2 per cent., so it is difficult to imagine that we can achieve 20 per cent. from such a low base. One way for the Minister to get there, if he tries hard, is to use energy efficiency to its maximum capacity. To do that, we need to set challenging targets.

2.30 pm

Energy efficiency is the best of the options. It is clearly better than fossil fuel burning. It is also better than nuclear power, which the hon. Member for Salisbury (Mr. Key) promotes so assiduously. Nuclear power has a number of downsides, which we might discuss later. Energy efficiency is even better than renewable generation, because that, too, has downsides, as Conservative Members in particular are keen to point out whenever the opportunity presents itself. Energy efficiency and conservation seem to offer a wonderful solution, because they reduce the amount of energy consumed. The Minister ought to be championing those causes, but I do not think that he is.

I am disappointed that the target has been downgraded, and if the House votes today on any of the amendments that seek to reinstate a higher one, my colleagues and I will be happy to support them. I would say to the hon. Member for Milton Keynes, North-East that we would do that on the basis of sensible policy rather than on the basis of point scoring. He would acknowledge that that is where we are coming from, at least on this issue. I would like to put it on the record, by the way, that I have signed his new clause and the one tabled by the Conservatives, both of which point in the same direction. We are happy to secure energy efficiency gains, wherever they come from, and we are prepared to have some very odd bedfellows in order to achieve the target that we want.

New clause 19 appears, mistakenly, in the amendment paper to have been tabled by the hon. Member for Angus (Mr. Weir). It was in fact tabled only by my hon. Friend the Member for Hazel Grove (Mr. Stunell) and me, although I am delighted that the hon. Gentleman has joined us. I do not really mind whose name the new clause is in, provided that the Government accept it. It is our proposal for a renewable heat obligation, which is a serious matter. The Minister will know that energy for heat makes up approximately one third of the UK's demand for energy. The Government recognise the contribution of renewable heating systems to the UK's climate change programme but having recognised it, they have not introduced a dedicated policy to support the low-cost, proven carbon abatement option. That shows a gap in their energy strategy.

Perhaps the Minister will have recognised by now that we are collectively trying to turn the Bill—which is actually a nuclear bail-out Bill with some wind energy tacked on—into a proper, sustainable, comprehensive energy Bill. We have made some progress on that, and new clause 19 would go further. The Minister will be aware that the case for extending the concept of the renewable obligation to include renewable heat and

[Norman Baker]

creating similar incentives for industry to those operating in the electricity industry was put forward by the Royal Commission on Environmental Pollution, in its May 2004 report on biomass as a renewable energy source. Page 39 of that report states:

"It has become clear to us that the most obvious gap in the current support schemes is the lack of any mechanism for supporting the generation of renewable heat energy comparable, for example, to the renewable obligation scheme for renewable electricity. We recommend that the Government introduce such a support mechanism."

The new clause gives voice to the commission's recommendation, and I hope that the Government will therefore be minded to support it, or at least to tell us how they intend to take forward that proposition.

It is not enough to allow the market to fill the gap. There is a proper role for markets. Indeed, these days, there is considerable consensus across all three parties—or perhaps all four or five—on the role of the market in energy. That debate, which was quite lively 10 or 15 years ago, has largely dissipated. However, there is an issue over the extent to which Government policy should drive markets or set down the railway lines along which they travel. There was some discussion about that in Committee between the hon. Members for Southampton, Test (Dr. Whitehead) and for Milton Keynes, North-East, myself and others.

If the Minister wants renewable heat to play a significant role in the Government's energy policy, which I suspect he does, he will have to do rather more than he has done so far, because it is not happening in any meaningful way. The Government need to intervene, at least to set the framework in which things can happen. In regard to the operation of CHP plant, the year after the new electricity trading arrangements—NETA—were introduced, CHP output fell by 15 per cent., and 2002 saw the first fall in CHP capacity since the electricity sector was privatised. Indeed, many people believe that NETA continues adversely to affect the operation of CHP plant, and little has been done to overcome that. That is a serious issue, and I hope that the Government will address it.

The Minister referred earlier to Ofgem's duties and responsibilities—they are two different things. He picked up a point made by the hon. Member for Milton Keynes, North-East about what the duties should be, and whether they should be put into legislation. I concur with the view that something set down in legislation does not carry the same weight as guidance, speeches by Ministers or comments on television and radio programmes. We need something about this issue in the legislation. If some provisions are included in the legislation and others are not, it will be natural for Ofgem, or any regulator, to interpret those two kinds of provisions in different ways.

In the electricity legislation, there is a duty on Ofgem to look after consumers. Indeed, in its whole history, Ofgem has operated in the way the legislation established it to do. I am not criticising that in any way. Ofgem was established to liberalise markets and to drive down the price of electricity. That is what it was set up to do and, by and large, that is what it has done. While those outcomes are not undesirable, however, it has never had a primary duty to act in a sustainable way.

There has been so much criticism of Ofgem from so many quarters for failing to act in a sustainable way that it is now, belatedly, identifying ways of doing so. It has moved in that regard, and I do not wish to pretend that it has not. However, unless the legislation contains a primary duty to take sustainability into account that is of equal weight to Ofgem's requirement to act in the interests of consumers, it will not give the same weight to that duty. I believe that hon. Members would like it to accept such a primary duty and, frankly, it should be required of it if we are to have an energy policy based on sustainable outcomes that optimises energy efficiency and seeks to reduce consumption in a sustainable way, and to drive forms of energy that are less polluting and environmentally damaging than those on which we currently rely for the majority of our energy needs. Will the Minister think again about how we can get Ofgem not only to recognise this issue but to put it on the same level as some of the other activities with which it has been charged by existing Acts of Parliament?

I welcome the fact that the Government have listened to some of the points raised in Committee. I believe that they did so partly because those points were well put, and also—I hope that I can say this without sounding patronising—because Labour MPs were able to articulate sensible policy points without being disloyal to their Government. I think that that sharpened minds at the Department of Trade and Industry. We have a better Bill as a consequence, and better amendments before us today, but there are still gaps. More work is needed on energy efficiency, and I hope that the Minister will return to the Ofgem issue in some form.

Mr. Brian Wilson (Cunninghame, North) (Lab): I will speak briefly, because I very much endorse the points made at the opening of these proceedings on the need to make time for a full discussion of the last group of amendments later on. It would be scandalous were there not time left for discussion of those important issues.

Briefly, I want to support the new clause on micro-generation. In doing so, I declare a relevant interest, as contained in the register. My real interest, however, is to allow the largest number of individuals to participate directly in the growth of renewable energy. Up until now, that has been almost entirely missing. Millions of people support renewable energy, and want to participate in it, and every petition against renewable energy and every campaign locally or nationally against renewable energy opens with the preamble, "While I am in favour of renewable energy in principle . . ." What we want is an opportunity for people to participate in practice.

Perhaps it would be easier to introduce a large number of small renewable energy units than it is proving to be to get a relatively small number of very large renewable energy units. The references in today's debate to combined heat and power offer a timely warning: setting targets, commissioning reports, and doing all the mechanistic things to show good intent are easy, but they do not in themselves deliver a single watt of electricity. While the targets for CHP were more ambitious than those for renewables—which is not widely realised, because they were expressed in quantity terms rather than percentage terms—when I was in the job that the Minister for Energy, E-Commerce and Postal Services now holds, the actual performance was

going down rather than up. Setting targets is not much good in itself. For any of those things to be effective and to be implemented, they must be carried through on a cross-government basis. Every propeller must turn in the same direction if there is to be delivery as opposed to fine words and poor outcomes.

In commending my hon. Friend for the new clause on microgeneration, I want to raise one issue, which is crucial to delivery of the good intentions—planning. Unless something is done on a radical scale, and rapidly, about planning, it will end up in the same impasse in which so much else in relation to renewable energy is currently languishing. What is needed, whether people want to install wind, solar or any other micro-units in their homes, is some simplified, generalised planning procedure on the same principle as that for satellite dishes. We need a general permitted development order rather than the absurd situation in which local authorities must deal with every application on an individual basis, making the whole process unwieldy and unviable.

I cannot resist returning to a story in relation to the protestations of the hon. Member for Lewes (Norman Baker). In a similar debate, I remember drawing attention, in a ministerial capacity, to the antics of Lewes district council, of which he has some knowledge. While the Liberal Democrats were marching round the country preaching higher renewables targets, Lewes district council, under Liberal Democrat control, was busily turning down applications for solar panels in people's houses on the grounds that they were unsightly. I believe that the council mended its ways subsequently.

Norman Baker: I am grateful to the right hon. Gentleman for raising that issue while I am in the Chamber. When that application first came in, I wrote to the Government for advice on it. I wrote to the Department of Trade and Industry and the Office of the Deputy Prime Minister about what advice the Government could give to local authorities. The Government refused to say that local authorities should give permission to such applications. That advice was passed on to Lewes district council. He ought to examine ministerial advice before he attacks a particular council.

Mr. Wilson: I think that the hon. Gentleman is confused. I do not want to get into that argument, but my precise point is that if it is left to individual councils to make individual decisions, the result will be the sort of ideological confusion displayed by his local council. There must be some general principle. Government must be more proactive in giving guidance to local authorities to make that happen, rather than leaving it to the foibles of individual local authorities. As a follow-through to the welcome new clause, there must be rapid communication with the ODPM.

2.45 pm

To reinforce that point, someone who had written to the ODPM about the installation of small windmills received the following reply:

"I believe that the issue at stake is whether their design would require planning permission or whether it would fall within the remit of 'permitted development rights'. This is not something on which ODPM can advise you. Such a decision could, ultimately, only be made in the courts, but in the first place it would be a decision for the local planning authority, taking into account the location, size and surroundings of the proposed siting, together with the Government's planning and energy policies encouraging the use of renewables."

If that is to be the approach, we can have as many targets and as many reports back as we want, but in practice not very much will happen.

All that I ask for is a logical follow-through from the good will that has been expressed by the Minister today. Let us make this happen so that millions of people can participate directly in renewable energy.

Mr. Key: It is a particular pleasure to follow the right hon. Member for Cunninghame, North (Mr. Wilson), whom I had the pleasure of shadowing when he was a Minister, and we rarely disagreed about anything. Of course, that may be the reason why he is no longer the Minister. It is also a pleasure to have the current Minister here today—

Mr. Wilson: Has the hon. Gentleman considered the possibility that it is also the reason why he is no longer shadowing anyone?

Mr. Key: The right hon. Gentleman is very kind, and we go back a long way.

The present holder of the office, however, has helped us in admirable ways through the passage of this Bill, but it is nevertheless good to hear the common sense being spoken by the right hon. Gentleman. Of course, he is right about planning. For all sorts of reasons, it was a great disappointment to me that the Government produced a Green Paper on planning that looked as if it was going to move forward, and within months, all the things that would take us forward had been abandoned and taken out of the original proposals.

I want to support Government new clause 4, for the reasons that my hon. Friend the Member for Tewkesbury (Mr. Robertson) has suggested, and his new clauses 2 and 3. I feel that combined heat and power has been neglected for far too long. I have thought that for a very long time, and I have been disappointed that the Government have not seemed to know quite what they are doing about it. It must be some four years since I visited the combined heat and power plant at Slough estates, for example. Since then, the situation has steadily deteriorated. If we see what is happening on the ground on such an estate, and if we listen to the day-to-day problems in relation to the sources of fuel, rules and regulations, and different tax levels depending on what waste is being burned on a particular day, we realise that it is not being addressed seriously.

I was therefore particularly sorry, but by no means surprised, to read in *Hansard* this morning, in a written answer, in a section on combined heat and power, at column 878W, that the study on combined heat and power potential due for release in January 2004 will be published shortly. Come on!—January 2004 was the date when we were told that it would be published, and it still has not happened. In the same section, there is a question from a Member asking whether the Secretary of State

"will publish details of the Combined Heat and Power Quality Improvement Programme mentioned in the CHP Strategy."

[Mr. Key]

The DEFRA Minister replied:

"In common with the other measures set out in the strategy that have not yet been implemented, this programme is currently in development."—[*Official Report*, 12 July 2004: Vol. 423, c. 878W.]

Here we are, in the closing stages of the Energy Bill, and the Government have simply not decided what to do about combined heat and power. I regret that very much, because it is extremely important.

I also want to support new clause 19. There was an interesting little dispute earlier—a little flurry. The Liberal Democrats showed a bit of amour propre, feeling that their new clause had been pinched by a Scottish Member. There is a lot of thinking behind it, from Friends of the Earth among others. If Friends of the Earth think that the Liberal Democrats can deliver anything at all in terms of energy policy, they are making a sad mistake—but of course they do not think that, so they are not making a sad mistake.

Many good Conservatives in my constituency support a number of Friends of the Earth's objectives. I just wish that Friends of the Earth would go a step further. Go the extra mile, Friends of the Earth, and admit that we cannot reach our emissions targets over the next 20 years unless we embrace a new generation of nuclear power. It cannot be done: there can be no argument about that. Come on, Friends of the Earth, get real. Then we can make some progress instead of sniping from the sidelines.

What I like about new clause 19 is the provision relating to employment in the United Kingdom's agriculture industry. That is hugely important, especially in constituencies like mine. Opportunities for the rural economy would be revolutionised if our farmers could produce crops for energy, not just for fuel, subject to the vagaries of the international markets. That would also make a real contribution to the energy security of our country.

Heat accounts for roughly a third of our demand for energy, and renewable heat is a low-cost way of reducing carbon emissions. Currently, however, it receives no dedicated support in the marketplace. There is no doubt that energy policy in this country is skewed in all sorts of ways, not least because we do not have a carbon tax. I do not think we believe in a carbon tax, but in my opinion we should reconsider. One reason for the imbalance is that energy policy supports renewable sources of electricity, but not of heat. As I have said, a third of our demand is for heat.

We are a long way from our national climate change target. Emissions levels since 1997 have remained virtually unchanged. Renewable heat is a low-cost form of carbon abatement. Under the climate change levy, tax on heating fuels is a third of that on electricity, 0.15p per unit compared with 0.43p. That implies that the buy-out price of a unit of renewable heat would be only a third of that for renewable electricity—£10 per megawatt hour. The Government could achieve carbon savings at minimal cost to the consumer and to industry. The new clause is an enabling provision which does not appear to commit the Government to any action, but maximises the legislative opportunity provided by the Bill. The results of consultations on renewable heat could be quickly enacted by means of secondary legislation.

Sources of renewable heat use proven technologies and can be quickly deployed. They include wood-fuelled boilers, biogas, solar thermal and ground source heat pumps. I am particularly keen on the latter. We have heard nothing about them during the Bill's passage so far, but we need only cross the English channel to see them being developed on the continent. There are one or two exceptions in this country: I believe that Leicester is using ground source heat pumps in municipal developments, and other towns may be doing the same.

Dr. Alan Whitehead (Southampton, Test) (Lab): The hon. Gentleman may wish to visit Southampton and see the geothermal energy project at work.

Mr. Key: I am delighted to hear that that is happening in Southampton, which is just down the road from Salisbury. Such technology, however, is having a minimal impact, and not many people know about it.

Unlike, for example, direct solar panels on roofs, ground source energy is already there. As we have seen in Canada, heat can be extracted from soil whose temperature is below freezing. It is a remarkable technology, and we should take it more seriously. Long-term investment is required, but it is certainly a possibility. We need this enabling legislation, which is supported in recent reports including one from the Royal Commission on Environmental Pollution. Page 39 of "Biomass as a Renewable Energy Source", published in May, states:

"It has become clear to us that the most obvious gap in current support schemes is the lack of any mechanism for supporting the generation of renewable heat energy, comparable for example to the Renewables Obligation scheme for renewable electricity. We recommend that the government introduce such a support mechanism."

The Department for Environment, Food and Rural Affairs commissioned a report from Ilex Energy Consulting in December 2003. That report, entitled "Policy Mechanisms to Support Biomass-Generated Heat", states:

"Ilex recommends that the government focus on the option that appears to be the most effective in terms of delivering significant quantities of renewable energy at least cost. In Ilex's view this would be some form of obligation mechanism with tradable certificates similar to the existing Renewables Obligation."

Those strike me as pretty good reasons for supporting new clause 19.

In the spirit of the national interest rather than party policy, I am prepared to support new clause 19, which I find interesting. Above all, however, I hope that the message sent during the closing stages of the Bill's progress will be that we must all get real, and stop sniping at each other about whether we are greener than the next man or woman. That is not really relevant. We need to get together, and conclude that of equal value in tackling the problems of global warming are nuclear energy and renewables of all kinds, including tidal movements. If we could make some progress, even at this late stage, it would be very welcome to our constituents.

Dr. Desmond Turner (Brighton, Kemptown) (Lab): I thank my hon. Friend the Minister for accepting the principle of my amendment in Committee and incorporating the progress on deployment of renewable energy in his reports relating to the Sustainable Energy Act 2003.

There is no disagreement between the Government and me—and, probably, many other Members—on what we want done to encourage the use of renewable energy. We want to ensure that there is a stable, friendly environment in which investment in renewable energy can take place and that investors can feel confident that that environment will continue for some time. We are talking about long-term investments that carry high risks, apart from regulation. We want that to be absolutely clear.

It is one thing to have an environment that is suitable for investment in wind power, as we currently have, but if we are to achieve our renewable energy targets we desperately need to use other technologies, notably our marine technologies, the risks of whose initial deployment will be very much higher, and hence the challenges to investors will be very much higher as well.

The message that I receive from serious players in the energy market—not just people in sandals—is that investors regard Britain as a difficult market for investment in renewable energy. Their greatest concern is a political one, involving the regulator. That is probably very much coloured by the history of the regulator. I am glad to note that, since Ofgem's reconstitution last autumn, it has been an entirely different animal, behaving in an entirely different way. It has been taking serious note of the guidance issued by the Minister. A disjunction still exists between what the legislation states is required from the regulator, what the Government are asking the regulator to do and what the regulator currently does. That is fine, so long as the relationship between the Government and the regulator is good, and that they both agree and work to the same agenda. Sadly, such a relationship cannot be agreed for all eternity. In my view, it is common sense to bring the statutory duties of the regulator—clause 81 couples the regulator with the Secretary of State, so the regulator would not act on its own—into line with future objectives.

3 pm

I freely admit that clause 81's drafting goes too far, because it makes renewable energy the sole primary purpose. The regulator responded to clause 81 by saying, "Ah, if you are going to make that my prime duty, I will do nothing else and the market will pay", despite the fact that clause 81 states that the change should occur with due regard to other factors such as competition, consumer protection and security of supply, which are also part of the regulator's duties. The primary duties stated on the face of the Bill are important and the regulator cannot get away from them. Amendment No. 20 attempts to get round that problem by maintaining the current primary duty of the regulator and associating it with security of supply and the protection of sustainable energy, which it makes primary duties too.

The DTI helpfully provided me with its technical analysis of my amendment, which it does not agree with, although one would not expect it to. It points out that the amendment relegates consumer protection from being the principal duty to being one of a number of duties, but I think that that is sensible. What do we mean by consumer protection? We are all consumers and, as a consumer, I want not only the cheapest possible unit of electricity, but to be sure that the lights will not go out, so I am concerned about the security of supply, which is also a matter of consumer protection. I also want protection from climate change, which is a long-term consideration and the ultimate in consumer protection.

Brian White: Does my hon. Friend know that the Communications Act 2003 recognises the difference between a consumer and a citizen and that the Water Act 2003 recognises the role of sustainable development as distinct from consumer protection?

Dr. Turner: I was not aware of that detail, but I am grateful to my hon. Friend for pointing it out, because it makes sense and provides a precedent for amendment No. 20.

I am happy for clause 81, in its current form, to go—I will not oppose the Government amendment to delete it—but I hope that the Government will think seriously about the principles behind amendment No. 20. As it happens, DTI officials also pointed out that having a number of similarly weighted duties would make it difficult for the regulator to balance priorities, but the Government and the regulator must balance priorities anyway—if they did not do so, we would return to the situation under the previous regulator, when market prices dominated everything to the detriment of renewable energy and combined heat and power. The balancing act is inevitable and we cannot get away from it. We must get the semantics right and the Electricity Act 1989 must be amended.

Officials also pointed out a technical drafting flaw in my amendment, and they are right, which is a slight problem, so I will not take up the invitation of the hon. Member for Tewkesbury (Mr. Robertson) to set off a rebellion. However, I know that my hon. Friend the Minister agrees with me on the intentions behind regulation and I earnestly hope that he will undertake to re-examine the regulator's current statutory duties and make it clear to market investors that they can invest with confidence in the regulator. Investors will have enough problems in financing the development of new technologies to a commercial level and in moving the technology into the harsh marine environment, so let us make sure that neither Government policy nor the regulator's interpretation of Government policy is ever allowed to form a barrier to them.

Mr. Richard Page (South-West Hertfordshire) (Con): I shall start by taking up the point made by the hon. Member for Banff and Buchan (Mr. Salmond), who spoke about the time available on Report. The 11 Government new clauses, plus two Government amendments that are long enough to be clauses, are unacceptable and should be considered in Committee. This important Bill has been through a gestation process in a Department, a Green Paper, the other place and here, so the amount of material in front of us today is

[Mr. Richard Page]

not right. However, given the Government's power and huge majority, I shall get on with the few points that I intended to make in the first place and not delay the House long, otherwise the fears of the hon. Gentleman will be realised.

I welcome new clause 4, which clarifies the purpose of a microgeneration strategy and provides a clear definition. I want to discuss the removal of the duty on the Secretary of State to impose targets. In a letter to members of the Committee on 28 June, the Minister for Energy, E-Commerce and Postal Services stated that the removal of targets constituted

"the only fundamental difference from the original clause"—

clause 120. I must delicately point out that one or two more fundamental changes have also occurred. Why has the time scale for the publication of a strategy been extended to 18 months? Surely the Government have had long enough—I mentioned the process earlier—to implement the strategy. Why can the strategy not be published in one year rather than 18 months? It is up to the Government to explain why a longer period is needed.

The definition of "micro-generation" in clause 129 applied to the generation of energy by means of equipment installed in or for use by a single unit or a small number of units of office or residential accommodation. To judge by the comments already made today, it seems that such a provision is basically welcomed and encouraged. The new definition in new clause 4 relies on the definition of specific sources or technologies of a set capacity, as set out in subsections (7) and (8).

Such an approach is much wider, and it might apply, or come to apply, to units of office or residential accommodation that are well above the size envisaged in the original clause. Is that a deliberate or accidental move? The Government have changed so much of the Bill that it would not surprise me if they wanted to make further changes. Either way, is the consequence that might flow from that approach desirable?

My hon. Friend the Member for Tewkesbury (Mr. Robertson) and the hon. Member for Milton Keynes, North-East (Brian White) touched on targets. All of us in Committee, excluding, of course, the Minister and his loyal Parliamentary Private Secretary—and perhaps the hon. Member for Milton Keynes, North-East, who might want to be a PPS one day—felt that we should have targets and milestones through which we can measure how we are getting on. I understand the Government's worry. The House will remember that, when they took office, they produced targets as if they were going out of style. There were targets for this, that and the other; indeed, every single Department had them. Most were missed, leading to subsequent embarrassment, so I can understand why the Government are running away from the idea of ever having a target again.

I shall not transgress into the territory of the short debate that will take place on new clause 5 and security of supply, but if we do not get that issue right, we could face blackouts or brownouts. My hon. Friend the Member for Salisbury (Mr. Key) said that we have got to get together and look at all possible sources of energy, so that we can supply the needs of this nation and he is absolutely right. I hesitate to say that I am as enthusiastic a supporter of nuclear energy as he is—I am more of a political coward than him. He is bigger than me, so he can batter his way through; I might get bounced around a little. That said, I am with him, in that this Government are displaying enormous cowardice by not coming forward with a nuclear strategy.

As night follows day, I cannot see how this country can get by and meet its energy demands without having a nuclear strategy at some point. I wish that we did not need one, but the reality is that we do. If someone asked me whether I would rather have a power station belching out smoke or a nuclear power station, I know which I would choose and I know which is more detrimental to our health. Some of the environmental groups that have been mentioned are being less than honest in their proposals. They simply are not recognising the realities.

I want to finish by touching on combined heat and power plants, which have already been mentioned. As this House learned when the Utilities Act 2000 went through, for some reason, the exports of electricity from CHP plants were included in the renewables obligation structure. I do not know whether that was deliberate or an oversight, but it has had a hugely detrimental effect on CHP plants. In effect, one low-carbon technology—CHP—is facing an additional cost burden to support another low-carbon technology, which is predominantly wind power. As we all know, an amendment was introduced in the House of Lords that the Minister then wiped out with a cavalier flick of his hand in Committee. As a result, we are now without any form of support for CHP.

The CHP industry has advised the Government that, in the past couple of years, we have fallen some 2,000 MWe short of the target of 10,000 MWe. The Government do not want targets, and if such shortfalls are going to happen in other fields of energy generation, I can understand why, because they would be hugely embarrassing. We are talking about a 20 per cent. drop compared with the original figure. That decline has led to an extremely difficult period for the industry. Even the DTI's own statistics show that CHP capacity and output have fallen.

3.15 pm

I shall not go through all the reasons why CHP is a good thing, because other Members have done so. The Government's own drive to install CHP has stalled, and action is needed now to rebuild confidence and to get things going again. I welcome new clause 4 and the consequences flowing from it, but I am sorry to learn that the Minister is running away from targets. We need targets to know where we are and to measure what we have to do if we do not meet them. When the right hon. Member for Cunninghame, North (Mr. Wilson) was a Minister, he was an enthusiastic advocate of a target of 10 per cent. renewables by 2010, but he always fell a little short in terms of how that would be achieved. We have taken a small step—and I mean a small one—towards achieving that target, but I am desperately worried that there will be a shortfall. I do not want the people of this country to experience blackouts or to run short of

power. It is up to the Government to ensure that they have targets, so that we know where we are, where we are going and what we need to put right.

Ms Joan Walley (Stoke-on-Trent, North) (Lab): It is always a pleasure to follow the hon. Member for South-West Hertfordshire (Mr. Page). He and I go back a long way, but I should point out that I do not share his conviction concerning a nuclear future. I want the Government to do everything that they can with renewables and energy efficiency, so that we can get to where we need to be. The Bill, and the new clauses and amendments that we are discussing, which were quite controversial in Committee, are all about security of supply. We must take the right action now to get us to where we need to be. We must avoid going down the nuclear route, and ensure that we have what we need when we need it.

The amendments and new clauses before us deal with perhaps the most complex and central issue of our time: how to provide the energy that we need. As was pointed out, there was a rebellion in Committee—we do not want another one this afternoon—but the Minister has listened to many of the arguments. It has been pointed out that the debate seems now to be about semantics rather than anything else; I hope that that is so, and that we are showing that this is an ongoing issue and campaign. We need to get the legislation right. We need to provide the tools to achieve the necessary investment in renewables, so that we get the energy policy that we actually need.

The debates in Committee centred on two main themes: residential energy efficiency, and the power of the regulator. The Government rejected a residential energy efficiency target, clause 3 was withdrawn, and there was a vote on clause 81. Many of us felt that that was a way of dealing with an issue that should have been dealt with in a more up-front way through clause 3. The most important point is that it is possible that existing carbon savings are simply not being counted. There was a great deal of frustration among many members of the Committee, including hon. Friends who are far more conversant with these issues than me, that the carbon savings had not been properly counted. In Committee it seemed wrong to go for a lesser target than that which we already had.

That is why I support my hon. Friend the Member for Milton Keynes, North-East (Brian White) as he continues to try to drive the agenda forward. He has tabled new clause 6, which deals with a policy goal. I do not mind whether something is a "target" or a "policy goal", but I do mind that we should have a Minister who aspires to make the carbon savings that we really need.

Mention has already been made of evidence given to the Environmental Audit Committee. We heard, for example, from the Energy Saving Trust and it is clear from its evidence that savings have been made, but are simply not being counted. There may be a role for the Sustainable Development Commission working with officials from the Department of Trade and Industry and, by that means, we could reach the stage that we should have reached in respect of energy efficiency. I believe that 5 megaton of carbon savings is absolutely on the cards, and we could achieve it quickly. I hope that in further discussions in the other place and in the Minister's ongoing policy work—I do not mean only when he speaks on the "Today" programme, defending his policy so admirably at whatever time in the morning—the necessary action will be taken forward. We want the Minister to make the carbon savings that we absolutely need and ensure the security of energy supply that we also absolutely need.

The role of the regulator is important. New people are responsible for the regulator's work and we may never go back to the days of Clare Spottiswoode, when we were categorically told that there was no way that environmental sustainability issues could be taken into account. It may not be necessary to have everything built into the legislation, and I hope that the Minister can provide us with an assurance that a change of direction has already taken place. The Sustainable Development Commission, under the chairmanship of Jonathon Porritt, could be more actively involved in ensuring that the regulators are conversant with the way in which the new duties have been spelled out in respect of the Government's and the Minister's long-term objectives.

The Deputy Prime Minister made a statement earlier today in which he referred to the new programme of house building across the country, which I believe that hon. Members on both sides of the House support. The extent of new house building and modernisation and investment in our existing housing stock will make it more important than ever that we have joined-up thinking across government. We need to ensure that we consider the impact of the energy systems in new residential properties, which could be significant in terms of carbon emissions. We need to promote joined-up thinking through the Green Ministers Sub-Committee and we need much tighter regulations from the Office of the Deputy Prime Minister on energy efficiency. We might then be able to start to deliver some of the policy goals set out in the new clause proposed by my hon. Friend the Member for Milton Keynes, North-East.

I believe that the Government have an opportunity to drive this agenda further forward. The thrust of legislation on energy efficiency and renewables is right. I welcome the provisions on microgeneration, which will also help. The day-to-day implementation will be crucial and the devil will be in the detail of how we get to where we want to be in respect of averting global warming and meeting the Government's Kyoto commitments. The Prime Minister has pledged himself to meeting them and will speak at the G8 talks next year. I hope that our consensual debate means that progress will be made on those most important issues.

Mr. Weir: I shall be brief in the vain hope that we might reach the last set of amendments in due course, but I should like to make a few points about this important group of amending provisions. I support new clause 6 and new clause 19—despite its proprietorial implications, as pointed out by the hon. Member for Lewes (Norman Baker).

New clause 19 is, in fact, supported not only by Friends of the Earth, which the hon. Member for Salisbury (Mr. Key) mentioned, but by the National Farmers Union, Slough Heat and Power, the Renewable Power Association and many others. They all support it because it deals with an issue that is vital

[Mr. Weir]

to rural as well as urban areas. The renewable heat obligation provides the opportunity for biomass to contribute to our energy mix, which could be important for our farming communities as they look for new work to replace traditional work whose economic importance is not as great as it used to be. It also provides an opportunity for the forestry industry in Scotland, for example, to have an outlet for much of its produce.

I have already said that I support Government new clause 4, though I am slightly disappointed that its terms have been watered down. We debated an earlier draft in Committee, and I prefer the original wording. Microgeneration could be important in rural areas of Scotland where there is considerable interest in it, particularly on the part of those who have very expensive oil-fired central heating. Microgeneration provides an opportunity for replacing that fuel with a renewable source of energy, which would help many of our rural areas. It will become a very popular option if clauses 176 and 177 are passed in their present form and it will impact on many areas of Scotland.

I want to deal briefly with the regulator, particularly Ofgem, which the hon. Members for Milton Keynes, North-East (Brian White) and for Brighton, Kemptown (Dr. Turner) mentioned. I strongly agree that some guidance should be given to the regulator about how best to interact with Government policy, although I do not share the view expressed about the supposed improvement in Ofgem. My hon. Friend the Member for Banff and Buchan (Mr. Salmond) and I met representatives of Ofgem yesterday and, frankly, I was shocked at the fact that they did not seem to take any cognisance whatever of Government policy on renewable energy. Ofgem's entire raison d' être seemed to be to deal with markets and with what it saw as consumer protection. It did not take into account anything to do with renewable energy. In its calculations it did not seem to take into account what the Government are trying to achieve—an increasing element of renewable energy in our energy mix, which we all support.

That is a serious defect. By passing the Bill in its present form without addressing that problem, we are in danger of making it worse. We are all going forward together, across parties even, towards a renewable future, yet we may find it being sabotaged by the regulator, which is operating on an entirely different agenda. That is a serious matter, which the Government need to address. If they do not, the renewable future may go down the tubes very quickly.

3.30 pm

Mr. Colin Challen (Morley and Rothwell) (Lab): I am pleased to say that through the Bill, the Government seek to deliver power to the people. I always knew they would. New clause 4 puts that into practice. Microgeneration will give people at a local level or an individual level a high degree of control over their sources of energy supply. It is good not to be dependent on a supply industry that has under-invested. The grid, allegedly, is on its last pylons, if not its last legs. We are told continually that power stations do not have the necessary capacity and that we may face another winter blackout crisis. We do not want a Californian situation in this country. That points to one good reason why we should give more control over these matters to people in their communities, just as is beginning to happen in Germany.

The hon. Member for South-West Hertfordshire (Mr. Page) asked why the period of consultation should last 18 months. He was given a good response to that from my right hon. Friend the Member for Cunninghame, North (Mr. Wilson) and my hon. Friend the Member for Stoke-on-Trent, North (Ms Walley), who said that there are clear issues that the Office of the Deputy Prime Minister must grapple with. There are also issues that the Department for Environment, Food and Rural Affairs must address. I urge my hon. Friend the Minister to ensure that the consultation that flows from the clause is extremely thorough and that it is carried out in partnership with those two Departments, so that the impact of the clause on the announcements that we heard today from the Deputy Prime Minister is taken on board by the Office of the Deputy Prime Minister.

I am concerned that that may not be the case. There is a great enthusiasm to build as many houses as we can get for the price that we are prepared to set. We should examine ways of funding environmental improvements. The Barker review suggested a windfall tax on sales of land for housing, which is not a bad idea. We might also consider a windfall tax on the profits of house builders, and we could Government hypothecate those amounts to improving the environment. I hope that the consultation that flows from the new clause will examine such proposals.

Microgeneration offers a great opportunity for the Department of Trade and Industry to show that the United Kingdom plc has a new manufacturing base and a new manufacturing strategy. If we get that right, there will be enormous markets—for example, in the developing world, where small and remote communities would benefit enormously from cheaper solar power. There are, of course, many different ways of trapping solar energy. If we can develop it in this country, we will have a potential export industry of a high order. That would help our manufacturing plant.

The week before last, with other members of the Environmental Audit Committee, I visited Aberdeen, which is known as an energy town, second only to Houston. People in the oil and engineering industries there are looking for new ways of developing what they see as a declining industry. When we discuss new alternative technologies, it is important that we recognise that we are not necessarily against those in the existing energy and engineering industries—we could work with them.

I thoroughly support new clause 6. It represents the other side of the coin to the sentiment about power to the people. If people can generate their own power through microgeneration, it makes sense that they should not have to generate so much energy. Energy efficiency, the other side of the coin, is known as the fifth fuel. I am a little perturbed by the reduction of the target from 5 to 4.2 megatons.

In that context, my hon. Friend the Member for Milton Keynes, North-East (Brian White) referred to a memorandum and evidence to the Environmental Audit Committee from the Energy Saving Trust. On the same

day, 24 May, we also had before us representatives of the Carbon Trust, which was set up a few years earlier. It deals with the industrial and commercial side of energy saving, whereas the Energy Saving Trust is more concerned with the domestic side.

I was interested to note that the Carbon Trust said that the energy efficiency implementation plan would leave

"a gap to 2010 of around 4m tonnes of CO_2... assuming the 20 per cent. goal is applied specifically to the business and public sectors. Clearly, this gap could still be closed by ramping-up existing measures and introducing new ones. This should be a key issue for the review of the CCP later this year."

I hope that that approach also applies to domestic energy efficiency. Both the trusts to which I have referred believe that a lot more could be done, but they would say that, wouldn't they? However, I tend to agree with them—a lot more could be done.

We heard in Committee that the shortfall on the domestic energy front could be made up, and exceeded, in the commercial and industrial sectors. If so, I do not see why the same approach cannot be adopted for domestic energy. Why does one sector have to be downgraded, and the other upgraded? Industry and commerce obviously contribute a great deal in terms of carbon emissions, but the many hon. Members in receipt of this week's report from the Confederation of British Industry will know that that body is worried that environmental measures could make business uncompetitive. That is a very valid concern.

The very noble cause of reducing fuel poverty is at the centre of Government strategy. The DEFRA chapter of the 2004 spending review talks about the environment, and shows that it is fuel poverty that drives the policy on energy efficiency in the domestic market. That is very worthwhile, but what happens when everyone is released from fuel poverty? Will there be an end to grants for insulation, the Warm Front programme, and the rest of it? Clearly, there needs to be a greater emphasis on environmental need. We should not concentrate solely on fuel poverty.

I shall end with a brief comment in support of amendment No. 20. The EAC heard from the UK World Business Council for Sustainable Development that it was in favour of inserting a tighter requirement on the regulator. It wanted to use the phrase "sustainable development", and I noted that my hon. Friend the Member for Brighton, Kemptown (Dr. Turner) spoke earlier about "renewable energy". Those may be narrow definitions, but any reference merely to "the environment" can mean so many different things that it could mean nothing at all. I hope that the Government will listen to the intent behind the amendment, and act on it in some way.

Sir Robert Smith (West Aberdeenshire and Kincardine) (LD): The hon. Member for Morley and Rothwell (Mr. Challen) will be very popular in Aberdeen city. He recognised that it is an energy city, and not just an oil and gas city. Aberdeen has been trying to rebrand itself and move away from the traditional industries that grew up there because of the resources in the North sea. As the hon. Gentleman said, the aim is to get the skills available in the energy industry transferred into the new and growing renewables sector, and to build a manufacturing base that will support that sector.

I want to speak in support of new clause 19. I shall be brief: the final group of amendments to be considered today also significantly affects Scotland, and I want to make sure that there is time to discuss those proposals.

In his introductory remarks, the Minister mentioned the Government's clear skies initiative. I wrote to the Secretary of State to pass on concerns expressed by a constituent of mine about the problems of accreditation for that scheme. That letter was passed to the Minister by the Secretary of State, so I hope that he will make sure that the problems are dealt with.

New clause 19 is important to my constituency. I represent a large, rural area, in which few communities are on the gas main. The heating alternatives for domestic dwellings and businesses rely on carbon-emitting fuels such as oil, coal and liquefied petroleum gas. The Government should welcome any move to replace those direct heat sources with renewable sources as a way to achieve their Kyoto commitments, and to reduce this country's carbon emissions.

In my constituency, one possible renewable source of heat comes from the rural community—the farming industry or, as the hon. Member for Angus (Mr. Weir) said, the forestry industry. Managed forests lock up carbon during the growing cycle, which is then used as fuel during the harvesting cycle. The process then repeats itself over the generations. However, many of our forests are reaching a point of maturity where they desperately need to be thinned. The problem is that there is no economic outlet for the wood taken during thinning. If we do not thin the forests now, we will not be thanked by later generations, as the forests that we leave to them for harvesting will be of much lower quality. Any measure that underpins the market for thinnings will help to boost the forestry industry. Obviously, those thinnings could be an ideal fuel for a biomass plant providing heating for a district or for industry.

Aberdeenshire council has been working hard to promote in the community the use of biomass as a renewable fuel and has come up against the argument from potential users that a renewable obligation might well be the tipping point that would make them take up that energy. It is important for the Minister to say how he plans to take forward what is in new clause 19, which seems to be the best way to encourage that form of substitution of carbon and advance that policy. District heating schemes are being considered for communities. As other hon. Members have said, the technology exists to use the fuel; it is not an unproven technology. It is simply a question of stacking up the economics properly. A level playing field needs to be created with other forms of renewable energy. If the fuel is used to generate electricity, it gets some element of renewable recognition, but where it is used just to produce heat there is no recognition of the valuable contribution that it can make to reducing our carbon dioxide emissions.

Mr. Timms: We have had a good debate on this series of amendments and new clauses. I welcome the support expressed for new clause 4 by a number of hon. Members, including my predecessor, my right hon. Friend the Member for Cunninghame, North (Mr. Wilson), who made an important point about addressing planning issues for microgeneration within

[Mr. Timms]

the strategy. He will know that the updated renewables planning policy statement, PPS22, is due to be published by my right hon. Friend the Deputy Prime Minister shortly, but microgeneration will raise some new planning issues that we will need to consider in the context of that work.

Mr. Wilson: I am grateful for my hon. Friend's comments. Does he think that it will be possible within the time scale to incorporate the microgeneration issues into the report from the ODPM? I am slightly alarmed at the thought that it will take 18 months to get around to those issues. Surely if there is a sense of national urgency about all this, we could make rapid progress on microgeneration planning issues as well as on those that are more familiar.

Mr. Timms: I cannot give my right hon. Friend an assurance that those issues will be fully addressed in the imminent document from the Deputy Prime Minister, but he is right to say that we will need to address them in the context of the strategy. If we can make progress more quickly on that part of the work, we will certainly do so. I take on board his point about the urgency of making headway.

New clauses 2, 3 and 6 relate to energy efficiency. I recognise that there has been some disappointment that the Government's published aim of delivering annual savings of 4.2 million tonnes of carbon from households by 2010 is at the low end of what was indicated in the White Paper. I use that form of words because it has been said that the target has been reduced, and that is not the case. There was no target in the White Paper, but an indication that we thought that around 5 million tonnes—that was the expression used—of carbon could be saved from households. As I said in Committee, in my book "around five" means somewhere between four and six and the figure has come out at 4.2. The overall saving from energy efficiency was set out in the White Paper as 10 million tonnes—5 million from households and 5 million from industry. We are confident that we can deliver 12 million tonnes, with a substantially greater contribution from industry and 4.2 million tonnes from households. I have had the opportunity to meet the Association for the Conservation of Energy to discuss the issues, as I said in Committee that I would.

I cannot recognise the point that my hon. Friend the Member for Milton Keynes, North-East (Brian White) made about the crisis of confidence in the industry. We propose a doubling of the market for domestic insulation—cavity wall insulation. That is a huge boost to the industry; it can plan with great confidence for a big expansion. I accept that it is not quite such an enormous expansion as might once have been thought, but it is big, and the industry can be confident about its prospects.

We will review our energy efficiency aims in the household sector both, as my hon. Friend the Member for Morley and Rothwell (Mr. Challen) said, through the review of the climate change programme commencing later this year and through the 2007 review of the aim that was announced in the action plan. We will also look to maximise the cost-effective contribution from energy efficiency. I agree with my hon. Friend the Member for Milton Keynes, North-East who expressed the hope that we can go further than we have committed ourselves to doing at this stage. However, until those reviews take place, it would not be right to change the present aims.

3.45 pm

Miss Anne McIntosh (Vale of York) (Con): Does the Minister accept that the residential efficiency aims were changed not by his Department but by the Department for Environment, Food and Rural Affairs in the energy efficiency implementation plan? I do not know whether the two Departments have some history on that issue that the Minister might like to share with us. When does he intend to introduce the statutory requirement in the commercial sector?

Mr. Timms: The hon. Lady is right to say that DEFRA takes the lead on energy efficiency. However, as I am sure she has noticed, the two Departments work closely, and there is no difference between us on the issue. I do not agree that the figure of 4.2 tonnes is a change from "around 5 tonnes". It is simply a clarification of what the White Paper said.

The hon. Member for Lewes (Norman Baker) made a point about the importance of consumer behaviour, and I agree. We are working through the Energy Saving Trust to address the question of consumer behaviour. With marketing and communication specialists, we are considering how to take forward a new climate communications programme to draw to people's attention how significant a contribution they can make to achieving the objectives that are important to all of us. Our aims are challenging and will require concerted effort from all involved, and if we can increase them at a later stage, we will use our planned reviews to do so.

I wish to make the point to the hon. Member for Lewes that the Government remain firmly committed to our domestic target of a 20 per cent. reduction in carbon dioxide emissions by 2010. He suggested that that was not the case, but it certainly is. Clause 82 already imposes a requirement to report on "things done" for the purpose of achieving the energy efficiency aims designated under the Sustainable Energy Act 2003. That removes the need to have a separate report, as the amendment suggests.

New clause 19 addresses the issue of a renewable heat obligation, and we have had some interesting discussion of that point. It is an interesting idea and an important issue that we also discussed in Committee. Introducing such a measure, even in the permissive way in which new clause 19 is helpfully drafted, would be rash, given the little time that we have had to give it the serious consideration it deserves. We first need to do some serious analytical work, and we will. I shall meet representatives of several interested parties, including Friends of the Earth, which has rightly been mentioned, to hear how their ideas for renewable heat are evolving.

An obligation approach, as proposed by the hon. Member for Hazel Grove (Mr. Stunell)—I am pleased to see that he is in his place—may prove to be the best way forward. The Royal Commission on Environmental Pollution has referred to that approach, but other options need to be examined, too. We would need to examine the costs of a support scheme to the

consumer and the impact on other policies to tackle fuel poverty. If we excluded the domestic sector from such a scheme, we would need to consider the administrative costs and whether they would be justified for the limited market that would be left. We would need to consider whether such a scheme would represent good value in terms of the carbon savings; the implications for the heating fuel supply industry; and whether the obligation should be placed on those who sell heat or those who supply fossil fuels for heating. All those issues can be resolved.

The question of renewable heat was also raised last month by the European Commission in its communication to the Council and the European Parliament on the share of renewable energy in the EU. The Commission noted that there is no legislation in place at European level to address renewable heat production at present, and that renewable energy in heating has grown slowly over the last seven years. The Commission has yet to come up with proposals on how that issue can best be tackled.

I very much welcome the fact that we have held discussions and the wide support that has been expressed in the debate, and I am grateful to the hon. Gentleman for airing the matter again today.

Mr. Stunell: The Minister is expert in giving us calm, warming words on these matters but what is he actually planning to do? He has set out a list of questions that need to be answered, but what does he intend to do and when?

Mr. Timms: I shall attempt to calm and reassure the hon. Gentleman. We shall take forward the analytical work that is needed to address all the questions that I have raised. As I am sure he agrees, those questions are serious, and we need answers before we can make headway. In addition, I shall meet those, such as Friends of the Earth and others, who have drawn particular attention to the importance of the matter. I agree that it is important and that we need to make headway, but we also need to do more analytical work before we can determine precisely the right way forward, or indeed the time scale for making progress. I hope that the hon. Gentleman feels reassured on that point—as on many others—by my answer.

Sir Robert Smith: Will the Minister give way?

Mr. Timms: I really need to make some headway, given the points that have been made, rightly, about other matters on our agenda this afternoon.

On new clauses 20 and 21, I realise the importance of addressing the current problems for combined heat and power, but we need to do so in a way that does not undermine other objectives. As we have said both in the House and in Committee, we must not undermine what we all want to achieve on renewables, and that would be the problem under the new clauses. It is not just I who says so: as I mentioned in Committee, I have received representations from the Renewable Power Association, the British Wind Energy Association and the Association of Electricity Producers expressing their concern. Centrica plans to invest £750 million in renewables projects and sees the proposals in the new clauses as "undermining the ROC market which is still in its infancy".

I appreciate that new clause 21 would attempt to make up for the loss on the renewables side, but it would introduce a range of uncertainties that do not exist at present, and that would be unhelpful. There is a real danger of moving the goalposts, thereby undermining the confidence that is so essential for delivering what we want across the range, especially on renewables.

Mr. Laurence Robertson: As I acknowledged earlier, the Minister makes a good point when he suggests that the new clauses are somewhat less than perfect, but will he make some proposals about how we can encourage the CHP industry? Although it is not carbon-free, it is certainly more efficient than many other traditional forms of electricity generation.

Mr. Timms: I agree. Several of my hon. Friends have made the same points about the importance of CHP and its benefits, and the significantly greater potential of its contribution. We set the ambitious target of more than doubling the amount of installed CHP capacity by 2010. Currently, it looks as though we are heading for 8.5 GW capacity rather than the 10 GW that was our target, so I agree that we need to address the shortfall. However, we need to find ways of doing so that do not undermine other objectives so I am especially grateful to my hon. Friend the Member for Southampton, Test (Dr. Whitehead) for his interesting suggestion in Committee that a possible means of providing further support for CHP would be a mechanism that he described as being like a fixed-rate mortgage, whereby the Government would guarantee a certain level of spark spread for CHP. Spark spread, as the House will know, is the difference between the price paid for gas and the price obtained for electricity generated.

Yesterday, my hon. Friend my noble Friend Lord Whitty and I attended a meeting with representatives of the Combined Heat and Power Association and others from the industry, and we had a good discussion of my hon. Friend's idea. Of course, at this stage, we have not been able to undertake any analysis of the practical and cost implications, but those at yesterday's meeting, including the association, agreed that that very interesting idea might give us a way to increase the attractiveness of investing in CHP without putting at risk other energy policy objectives. So we will work with the industry to consider whether we could move in the direction suggested by my hon. Friend. We also need to work with the industry to consider other options in case that one does not work out in the way that is hoped, so that we can produce proposals in support of CHP that are demonstrated to be cost effective and that do not undermine other policy objectives. I hope that that dialogue will be fruitful. My hon. Friend made an appropriate point about the importance of our success.

My hon. Friend the Member for Brighton, Kemptown (Dr. Turner) spoke to amendment No. 20, and I am grateful to him for making a number of points, including his acknowledgement of some technical difficulties with the drafting. By deleting the current principal objective for Ofgem and putting in place a number of similarly weighted duties, the amendment would in practice make it very difficult for the regulator to work out how to prioritise its work and balance its duties. The current set of duties strikes a careful balance

[Mr. Timms]

between a number of different objectives and was arrived at after much consideration and consultation. I certainly would not want to change those duties without, as a minimum, doing a similar amount of work and ensuring that there was a wide understanding and acceptance of the change that was being made. The current principal objective of

"protecting the interests of consumers"

is well understood and welcomed by all stakeholders, and we should not delete it.

In amendment No. 20, there is a particular difficulty with the phrase

"to ensure that there is no detriment to the promotion of".

The strength and inflexibility of that phrase could cause some difficulty in making our energy markets work for the good of consumers and UK competitiveness. However, I hear what hon. Members, including a number of my hon. Friends, have said about the importance of sustainable development to Ofgem's work. Of course, guidance is already in place. I welcome the fact that, for example, my hon. Friend recognises that Ofgem is now seen to deliver effectively on those priorities, but I have noted the strength of feeling that my hon. Friends have expressed on that point.

On the basis of the explanation and assurances that I have given, I hope that the House will feel able to agree to new clause 4 and the associated Government amendments and that hon. Members will not press to a vote the other amendments and new clauses in this group.

Question put and agreed to.

Clause read a Second time, and added to the Bill.

New Clause 5

ANNUAL REPORT ON SECURITY OF ENERGY SUPPLIES

'(1) The Secretary of State must, in 2005 and in every subsequent calendar year—

(a) publish a report dealing, as regards both the short term and the long term, with the availability of electricity and gas for meeting the reasonable demands of consumers in Great Britain; and

(b) lay that report before Parliament.

(2) The report must include, in particular, overall assessments, as regards both the short term and the long term, of each of the following—

(a) generating capacity in Great Britain and its offshore waters so far as it will be utilised for generating electricity for introduction into transmission systems in Great Britain;

(b) the availability of capacity in those systems and in distribution systems in Great Britain for transmitting and distributing electricity for supply to consumers in Great Britain;

(c) the availability of capacity in infrastructure in Great Britain for use in connection with the introduction of gas into licensed pipe-line systems in Great Britain; and

(d) the availability of capacity in those systems for conveying gas to consumers in Great Britain.

(3) The report must be prepared jointly by the Secretary of State and GEMA.

(4) In this section—

"consumers" includes both existing and future consumers;

"distributing", "distribution system", "transmission system" and "transmitting" have the same meanings as in Part 1 of the 1989 Act;

"gas" and "gas transporter" have the same meanings as in Part 1 of the Gas Act 1986 (c. 44);

"infrastructure" includes pipe-line systems, terminals and other facilities but does not include licensed pipe-line systems;

"licensed pipe-line system" means a pipe-line system that is operated by a gas transporter for the conveyance of gas to any premises or another pipe-line system as authorised by his licence under section 7 of that Act;

"offshore waters" means, in relation to Great Britain—

(a) so much of the territorial sea of the United Kingdom as is adjacent to Great Britain; and

(b) waters in a Renewable Energy Zone (within the meaning of Chapter 2 of Part 2 of this Act).'.—*[Mr. Timms.]*

Brought up, and read the First time.

Mr. Timms: I beg to move, That the clause be read a Second time.

Security of supply is vital to the UK—a key underpinning for our economy, and something that we all take for granted in our daily lives. Debates on the Bill both in the House and the other place have reflected the strength of feeling and concern on the issue among hon. Members of all parties. At the outset, I should like to thank the hon. Members for Tewkesbury (Mr. Robertson) and for Hazel Grove (Mr. Stunell) for their contributions to identifying what is now a broadly acceptable way forward to address security of supply in the Bill.

A provision agreed to on Report in the other place would have given the Secretary of State a broad duty to ensure the integrity and security of gas and electricity supplies. However, it was pointed out to us through numerous subsequent representations that it would unintentionally create great uncertainty in the market and undermine the independence of the regulator and incentives for investment. The provision was taken out of the Bill in Committee, but I undertook to think further about a proposal made by both Conservative and Liberal Democrat members of the Committee to require the Secretary of State to report annually to Parliament on security of supply. I said at the time that I thought that that was a helpful suggestion, so I am pleased to be moving a provision along those lines today, which I have been able to discuss with the hon. Members for Tewkesbury and for Hazel Grove. The new clause reflects the Secretary of State's ultimate responsibility for security of supply and her accountability to Parliament for its delivery.

4 pm

New clause 5 will place a duty on the Secretary of State to publish an annual report. She will also be required to lay the report before Parliament, which will provide an opportunity for an annual debate in Parliament during which hon. Members may scrutinise her account. I hope that that opportunity will be taken up. The report will have to cover energy security in both the short and long term. I envisage that the short term will relate to the next year or so, and I would expect the

long term to cover 10 years ahead, although certain aspects of the report will lend themselves to different time scales. For example, National Grid Transco currently forecasts plant margins seven years ahead in its seven-year statement, whereas the effects of the renewables obligation will extend well beyond 10 years. I do not think that we can put a firm figure on the time covered by "long term", but I hope that I have set out the sort of period that the report will cover.

Brian White: It was said in Committee that security of supply was not only a supply-side, but a demand-side issue. Will the Minister assure me that that will be considered in any report? Will the term "reasonable demands" allow the consideration of demand-side issues that should be addressed?

Mr. Timms: Yes, account will have to be taken of those issues. As my hon. Friend will know, we will report separately on progress made on energy efficiency, but the report about which I am talking will certainly need to take account of future realistic levels of demand and the extent to which we can identify reductions to that as a result of headway made on energy efficiency. My hon. Friend makes a good point.

We have specified areas that the report must cover: the availability of electricity generating capacity, or the plant margin; the availability of gas infrastructure, which we have defined as including pipelines and terminals for importing liquefied natural gas; and the availability of electricity and gas networks to get supplies to consumers. Those factors are especially important, and they focus on electricity and gas infrastructure located in Great Britain, which reflects the fact that that is where the Secretary of State and Ofgem have direct responsibilities.

The list is not exhaustive, but subject to the more general requirement that the report must deal with

"the availability of gas and electricity for meeting the reasonable demands of customers in Great Britain".

We will have to consider wider issues such as the one to which my hon. Friend the Member for Milton Keynes, North-East (Brian White) referred. If the report were published now, for example, it would be appropriate for it to cover measures taken to liberalise energy markets in Europe and to agree international treaties for gas pipelines. Those issues will change over time, and it is thus right for the specific focus of the report to be the availability of electricity generating capacity, gas infrastructure, and electricity and gas networks.

There has been discussion of whether the report should also address the security of oil supplies. Oil security is firmly on the Government's agenda and we play a full part in the work of the International Energy Agency, including its emergency oil-stocking arrangements. The IEA is a centre of expertise for oil analysis and publishes regular analyses on the long-term availability of oil. However, I suggest that this report is not the best or most appropriate vehicle to deal specifically with those issues. Its focus on gas and electricity reflects the fact that those are both regulated areas in which the Secretary of State and Ofgem have important duties in relation to security of supply. The situation is rather different in respect of oil, which has an internationally competitive market.

The new clause also specifies that the report is to be prepared jointly by the Secretary of State and Ofgem, reflecting their complementary roles. Areas such as enforcement of licence conditions are properly delegated to the independent regulator, as the necessary expertise lies with Ofgem. Of course, the regular discussions that we have with industry at ministerial and official level about security of supply will also help to inform us as we draw together the report.

Mr. Martin O'Neill (Ochil) (Lab): My hon. Friend has just mentioned energy efficiency, but since the responsible Ministry is the Department for Environment, Food and Rural Affairs—at least, it has a substantial part of the responsibility—should it not be included in the Bill, and even if not, should not a nod be given in its direction to say that its information will be utilised as well?

Mr. Timms: I can certainly give my hon. Friend the reassurance that we will work with DEFRA and other Departments in compiling the report, but the legislation vests the legal obligations for ensuring security of supply in the Secretary of State and Ofgem. Hence, they have lead responsibility in preparing the report.

Mr. Bill Tynan (Hamilton, South) (Lab): Will the report contain a plant margin percentage that would require to be met every year?

Mr. Timms: Yes, the report will specifically address the question of the plant margin.

The new clause represents an important step forward. It will enable Parliament, industry and the public to scrutinise the Secretary of State's assessment of the security of energy supplies in Great Britain and to call her to account. Again, I am grateful to Opposition Members for making this helpful suggestion and for the constructive way in which both they and the industry have helped in developing the proposal. I hope that the whole House will feel able to support the new clause.

Mr. Laurence Robertson: I thank the Minister for the generous and courteous way in which he has dealt with the new clause. He has certainly involved me at every stage, for which I am grateful to him. We have got to a position that is acceptable to hon. Members in all parts of the House, and that is very sensible.

I wish to go back a little bit in time and explain what the Lords—certainly the Conservative Lords—were thinking about when they proposed the original provision, which placed a duty or even burden on the Secretary of State in respect of the integrity and security of gas and electricity supplies. Of course, that provision came on the back of power cuts in California, New York, Italy and, more relevantly, London and the west midlands. Those problems arose for different reasons that were not necessarily related to the actual generation of electricity, but following those incidents, the BBC programme "If . . . the Lights Go Out" was broadcast. On that day, which was particularly cold, the national grid and Transco issued a warning of insufficient margin, as the margin fell to about 7 per cent. That is not necessarily a dangerously low position, but put together, all those factors had an effect and inspired those in

[Mr. Laurence Robertson]

another place to table an amendment to the Bill that placed responsibility for securing energy supply with the Secretary of State.

The issue also went wider. We now face a situation in which our indigenous gas and oil supplies are starting to decline; I shall not put it any stronger than that. There are a lot of environmental pressures on the coal industry from the large combustion plant directive and the emissions trading scheme. Rightly, we have our own targets for reducing emissions. Over the next 20 years, unless extensions and new build are embarked upon, the nuclear industry will decline from its present 22 per cent. of electricity generation to just 2 per cent. We all support renewables in terms of the practical challenge of building them and bringing them online, as well as in a philosophical sense, but there is a long way to go to make up the potential loss of the nuclear and coal generating industries.

The point that I am making, in a roundabout way, is that there is a question mark over the security of supply and our ability to generate sufficient electricity in the medium term. The medium term could be two, three, four or five years, or slightly longer—it is a moveable feast—but however we define it, the problem remains. It is not only Conservative Members who put forward that proposition—as the Minister and Liberal Democrat Members know, many industry commentators share our concern. They are worried that falling wholesale prices will make many investors nervous about investing in the generating business, given that they have to make money and can choose to invest anywhere.

That was the general background to the drawing up of the amendment that the Lords originally added to the Bill. The Minister is right to say that that was perhaps misinterpreted by the industry. People came to us and said, "You were the party which freed up the electricity industry in the first place—why are you supporting a clause that could reverse that?" Of course, it would not have had that effect, because it gave the Secretary of State no more power than he—or she, in this case—already had. There was alarm, however, and the last thing that we wanted to do was to create any more uncertainty in the market. I readily agreed to discuss it with the Minister, and we have reached a sensible compromise whereby the Government will produce an annual report on the position with regard to gas and electricity over the short to medium term.

I entirely accept the Minister's explanation as to why the report will not deal with oil, because that situation differs in many respects. However, it is serious and needs addressing. We all remember the difficulties in the early 1970s following the huge hike in oil prices, and we have all endured the recent scare over the security of oil supplies, not to mention price. But I digress slightly.

The Minister said that the report could provide the opportunity for a debate in the House. That is important, because I would not like the report to be hardly seen, heard about or debated. People like me can come to the Dispatch Box and ask for a debate, but if the Government are not willing to provide the time, it will not happen. Will the Minister confirm that he intends the report to be debated in Parliament every year? If he can give that assurance in clear, unequivocal terms, I see no reason why we should not support the new clause.

4.15 pm

Mr. O'Neill: I agree with the hon. Member for Tewkesbury (Mr. Robertson) that such a debate should take place in Government time. We hold several debates on, for example, the armed services. The issue that we are considering is also a matter of life and death. Perhaps it is not as dramatic as some other subjects but it is as important. The Government new clause constitutes a good compromise.

When the relevant amendment came from the Lords, I thought that there was a wee bit of mischief making and opportunism, but that is the function of the Opposition and we cannot complain about it. However, it was always acknowledged that, regardless of who owns oil, gas and electricity utilities and generating capacities, if the lights go out, the Government get the blame. A more formal structure is therefore welcome. We used to have documents, such as the brown book on the North sea, which continue to be published; but something that is more pointed and better focused will assist.

We must try to hold a more mature and better informed debate on issues such as security of supply. We wasted a lot of time considering whether the American experience was relevant and whether that on the east coast or the west coast applied more to the British position. We also examined whether it was appropriate to take account of what happened in Italy or, indeed, in London and Birmingham. When the Select Committee considered the matter, it became clear that events in London and, to a lesser extent, Birmingham were probably accidental. However, they were wake-up calls that conveyed a warning that we cannot afford to be complacent about the organisation of maintenance—that was the difficulty in London—or taking off supply specific power stations that have not been called in for many years. That was the case with the Lotts Road facility. *[Interruption.]* We had a problem with a fly, but I think it has been sent away.

My hon. Friend the Member for Hamilton, South (Mr. Tynan) made the point that margins should be considered seriously because they are important. There has been a debate about whether some sort of payment should be made to companies for keeping plant available. The increase in electricity prices, at least in the short term, may have resolved that matter, because it is now worth a company's while to keep its reserve stations ticking over so that they could be used.

More attention should be paid to gas supply and storage. We have long established a number of days' supply of oil and, in the past, we had coal reserves in power stations. The demise of the coal industry has meant that such precautions no longer form part of the physical landscape of Britain. The power stations that I pass have nothing like the supplies of coal that they used to hold. Before long, we must not only pay more attention to the provision of reservoirs and undersea salt caves, which will doubtless be used for storing gas, but we should have proper accounting of the number of days' supply, especially as dependence on gas increases.

In Britain, we have been incredibly fortunate for many years in being self-sufficient in energy. In transport, we have had a bit of elbow room for essential services. However, we could find ourselves in the

position of being no different from many other countries in our dependence on imported gas, while having nothing like the provision for emergencies that they have had to adopt as a matter of course over a number of years. That is an area of adjustment that we have not fully addressed. We are getting supplies through the deal that was struck with the Norwegians last year, in which my right hon. Friend the Member for Cunninghame, North (Mr. Wilson) played an important role, but we need to ensure that if there are to be interruptions, there will still be a sufficiency of supply necessary to deal with them.

It has been pointed out that pipelines and interconnections are outwith British shores. They are significant, however, and I should like to think that they would be included in the proposed annual report. My hon. Friend the Member for Hamilton, South mentioned the question of margins, but we also need to address the issue of the predicted lifetime of a number of the major generating facilities, so that we can see which will be coming off supply and which will be remaining. That would be of assistance to our debate. It would also strengthen the hand of Ministers wishing to encourage investment programmes in particular ways or areas, seeking to persuade the Chancellor that a more sympathetic fiscal regime might be necessary, or assisting a regulator to change the nature of pricing to make it more attractive to undertake investment of this kind over a period of years.

The new clause is an extremely worthwhile attempt by the Government to bridge the gap that existed between themselves and the Opposition parties in the Lords. It is essential, however, that proper weight be given to the request that the debate on the annual report should be held in Government time. It will involve the Government's report and the Government will be held to account here. It is therefore appropriate that they should make the time available to the House for the debate. I appreciate that the Minister might have difficulty in doing that, but he ought to recognise that the significance of this report should be no less than that of a Defence White Paper, for which we offer a number of days of parliamentary time. I realise that the Whips' Office and the Leader of the House are not always the most flexible institutions in this place. I have never found them, after years of Labour and Conservative Governments, to be very flexible or enlightened, but perhaps the strength of this argument, and of the advocacy of my hon. Friend the Minister, is such that he will be able to ensure that those sometimes immovable objects can be shifted a little so that time can be made available for an increasingly important debate that would attract attention from both sides of the House.

Mr. Stunell: The Liberal Democrats will support new clause 5. I certainly do not recognise the description of the hon. Member for Ochil (Mr. O'Neill) of the provisions as mischief-making by the Lords. It is a fundamental part of the Bill that some attempt should be made to set out a strategy for this country's energy supply, and I believe that such an attempt has been made, with the support of Conservative and Liberal Democrat Members in the other place. I want to acknowledge my opposite number at the other end of the building, Lord Ezra, who worked exceptionally hard on this and other aspects of the Bill.

I am very pleased that the Government have agreed that a modified version of those proposals should go into the Bill and that they have produced this new clause. They have understood that the Secretary of State would have an inescapable obligation to give an account of themselves and their Government, if the moment came when the lights went out. For them to have a rain check every year, with an annual report coming to the House, is therefore an important way of guarding against that eventuality and of protecting themselves against that nasty, unpleasant surprise, should it happen.

I hope that the Minister will pick up the case made by the hon. Member for Milton Keynes, North-East (Brian White) who, as so often in these energy debates, made a very useful point. He said that it is not just a question of pushing stuff into the system, but of sucking stuff out of it. It is one thing to control the taps that run into the bath, but we must also make sure that the plug is in the bath and that we do not waste the energy that we have. I hope that he will acknowledge that we need to consider efficiency of use and energy conservation as part of that annual reporting and planning process. Perhaps he will reflect on the fact that, while those two important functions are split between two different Departments, there is an inherent risk of things falling through the gaps. This process could be a way of making sure that that gap is closed and that Government policies are coherent and joined together.

The Minister had a number of things to say about defining what "long-term" and "short-term" meant. I was interested to hear what he said, not least because I had alerted him to the fact that I would be on my guard to see that "long-term" covered the full range of options. I remind him and the House that we are talking about an industry that, over the next 40 years, will have to renew every part of its infrastructure—all the generating capacity currently in existence will need to be replaced, along with all the transmission equipment, and for that matter, all the equipment in our homes and in industry that consumes the energy. There will be a complete turnover of infrastructure. One of the most fundamental questions for the Government in developing their energy policy is whether to be proactive or to let a like-for-like replacement policy dominate, without taking advantage of the technological and market changes that are available.

I therefore hope that the Minister will confirm that "long-term" will be as long as it needs to be and, if we are considering the overall patterns of generation, transmission and consumption, that the longer view will be taken into account and factored in. The decisions taken in the short or medium term will determine whether we can reach the long-term solutions that I believe that he wants. Certainly, the White Paper said that the Government wanted such solutions, but they cannot be achieved simply by leaving matters to chance.

We will support the new clause, which is a very important part of the Bill. It is the nearest there is to a provision that considers an overall long-term strategy. From that point of view, it is the core of the Bill.

Mr. Tynan: May I add my welcome for this vital new clause? It gives the Government and the Opposition an

[Mr. Tynan]

opportunity to examine annually how we maintain security of supply in this country. That will become an increasing problem over the next few years, with the phase-out of coal-fired power stations because of the European emissions targets and the situation in relation to nuclear power.

We must consider what the best source of energy for this country would be. I happen to believe that it would be nuclear rebuild. I know that that will not gain much support in the Chamber today. The hon. Member for South-West Hertfordshire (Mr. Page) referred to the Government's cowardice on energy supply. I would level that charge at the Opposition, who believe in a nuclear policy but have so far failed to demonstrate their support for it in the Chamber.

Mr. Laurence Robertson: May I read out part of a letter from my right hon. and learned Friend the Leader of the Opposition? In reply to a constituent about energy policy for the future he says:

"I can assure you that nuclear energy will be a vital part of this".

That is pretty clear.

Mr. Tynan: I am delighted to be corrected and accept the evidence of that correspondence. Certainly, it helps me to feel a lot better, because it means that I am not alone in my support for nuclear energy.

Carbon dioxide emissions will be another major problem over the next few years. I asked the Secretary of State

"What estimate she has made of how much carbon would be emitted if all gas fired power stations that have been approved, but are yet to enter into service, entered service."

The Minister told me:

"There is currently around 4,800MW of gas-fired capacity comprising six large stations, approved but yet to enter into service."

That sends signals to me that there could be a move to a gas economy. The Minister also said:

"emissions from these stations would amount to around 3 million tonnes of carbon per annum."—[*Official Report*, 15 June 2004; Vol. 422, c. 814W.]

There is no such thing as a carbon dioxide emission from nuclear power.

4.30 pm

I understand the waste problem, but that already exists, especially with military and civil waste. It must be dealt with and I am glad that the nuclear decommissioning authority is being set up to deal with it.

Other major issues are security of supply and global warming. It is said that either 20 or 40 per cent. of our energy must come from renewables. I welcome the news of a renewables obligation and of an increase in the use of renewables—although I believe that the Scottish environmental and culture committees said that there was a problem with wind power and that we should move towards tidal power. I am sure that that will be the subject of a future debate.

How can we ensure security of supply? If we intend to obtain 70 per cent. of our energy from gas—which would presumably feature in the report—and if it is to come from, say, Russia or the middle east, I do not think that we can guarantee secure supply. Given renewable power and a 20 or 40 per cent. target, and given all the measures relating to domestic heating referred to in new clause 4, security of supply will be the big issue in connection with gas coming into this country. I understand that we have kept the nuclear option open, but unless the Government make a decision on our new nuclear power build—perhaps we shall have to wait until the next general election for that—I do not believe that we can maintain security of supply.

I certainly do not believe that we can do that with wind power. I visited Dunlaw, a wind farm on the east coast of Scotland. It had 26 turbines with a capacity of 17.26 MW and on a windy day, it was producing 4 MW. That was the standard level. The problem with wind power is that it is an intermittent source of energy. I welcome the news that we are to use it, but without some back-up we shall have a problem. I understand that in 2015 Longannet power station will be phased out, not because of any problem with transmissions but because unless it changes to clean burn, European emissions arrangements will ensure that it disappears. Wind power is, however, the most flexible power source we have at present.

I welcome the idea of an annual report. It is an essential means of holding the Government to account and I am pleased that Government time will be available for the report to be discussed. It will be interesting to see what it contains and how secure supply will be. I believe that history will show that, unless we change the mix that we propose in the future, with the majority of energy coming from gas, we will fail the people of this country badly. To those who want no nuclear power, let me say that the people of this country will never forgive the Government if we lose power for a day, two days or three days. If that happens, people will not care which energy source the power to light their homes comes from. The report could be used as a serious measure in the development of power and security of supply.

Mr. Page: As the House knows, clause 1 originally placed on the Secretary of State the duty

"to ensure the integrity and security of electricity and gas supply".

Placing that duty on the Secretary of State's shoulders was responsible and justifiable, but the hon. Member for Ochil (Mr. O'Neill) feels that it would be too much for any Secretary of State to bear. With a verbal flick of the hand, the Minister condemned the clause to oblivion with the same relaxed attitude as a Roman emperor would dispatch a group of Christians to the lions. That said, I am grateful for new clause 5. It is perfectly possible to accept the assurance from the Minister for Energy, E-Commerce and Postal Services in his famous letter of 28 June, which I like to quote, that the new clause is designed to

"emphasise the Secretary of State's responsibility for security of supply",

although "security of supply" and the Secretary of State's accountability to Parliament for its delivery are not mentioned. However, the new clause is obviously better than the vacuum in Committee, and I therefore welcome it.

I support the request from the hon. Member for Ochil for a debate in Government time. As a former Parliamentary Private Secretary to a previous Leader of the House, I know that the timetable is subject to competing pressures, and even the best intentions of Ministers as responsible and mature as the Minister for Energy, E-Commerce and Postal Services may get pushed to the back of the queue, so the debate should be set in tablets of stone.

I want to make three quick points. First, I endorse the remarks made by other hon. Members about the various time scales. I can see short-term and long-term strategies, but I cannot see a medium-term strategy, and I wonder why we do not have such a strategy on energy production—I do not know whether I am being pedantic or whether the point is relevant.

Secondly, I support the hon. Member for Hamilton, South (Mr. Tynan) on the importance of nuclear power. New clause 5(2)(a) states that an assessment must be made of the

"generating capacity in Great Britain",

and I hope that that includes an assessment of the generating capacity of nuclear power. I shall give a little encouragement to those faint hearts who do not believe that nuclear power has a significant role to play, by quoting last week's *The Sunday Telegraph*—it must be true—which states:

"In total, there are some 30 nuclear power stations currently under construction around the globe... Together they will generate 2610TWh of power without emitting greenhouse gases. Coal-powered stations generating the same amount of power would spew 2.4bn tonnes of carbon into the atmosphere every year."

If that saving is not significant, I do not know what is. I hope that the evaluation and monitoring of what is available from our nuclear industry is kept at the forefront, because as much as we all want renewables to win through and provide our energy, if the wind does not blow, it is difficult to obtain a satisfactory base load.

Thirdly, on annual reports, our energy requirements will increasingly be met from abroad. Our gas will come from further and further afield, and it will go through areas and regions that may not be stable. The annual report should look at security of supply of oil and gas from other countries to ensure that we do not get caught without any power. As has been said, if the lights go out, people will not say, "Oh, it is because of this or that." They will rightly look for someone to blame.

Having said all that, I welcome new clause 5, which helps to fill the vacuum that was created. I still think that the original phraseology was right, because it would have focused the Secretary of State's attention. Nevertheless, the Minister has taken such responsibility off the shoulders of a future Secretary of State and we now have a reasonable compromise.

Mr. Wilson: I was always surprised to discover how little impact the statistics on prospective gas use had on the public, or, indeed, on political opinion. It is a startling prospect that a country that has been a net exporter of energy since the beginning of the industrial revolution is about to become a net importer on an enormous scale. The course that we are following will mean that by 2020, we will be between 70 and 80 per cent. dependent on gas for our electricity, and 90 per cent. of that gas will be imported. Those are remarkable statistics and the very least that we should do is to monitor their credibility from year to year. I therefore welcome the new clause.

I am pro-nuclear and pro-renewables because I am pro-carbon reduction—it is as simple and straightforward as that. As the decade advances and global warming's profile rises as a political issue, so nuclear and renewables will be seen as two sides of the same coin. In the context of the new clause, the crucial question is: what are we doing to keep the nuclear option open? Contrary to the spin that was applied to the energy White Paper by some sources, it was not an anti-nuclear tract. It was very firm on the need to keep the nuclear option open, which means maintaining this country's existing nuclear skills, being full participants in international research into reactor design and doing everything else necessary to remain a credible force in the global nuclear industry.

One reason for keeping open the nuclear option and keeping up the skills base is that many parts of the world whose nuclear industries do not have the same technical qualities as ours look to the United Kingdom for support. We should not lightly throw away that pool of expertise. I therefore hope that the Minister can assure us that the yearly review will include an update on how we are doing in giving substance to the White Paper's commitment to keeping the nuclear option open. In my view and that of many others—including thinking environmentalists who are not bogged down in the anti-nuclear obsession—we are going to need the nuclear option. Describing the practical steps that we are taking to keep it open must therefore form part of any such review.

Mr. Timms: The latter part of the debate was particularly concerned with nuclear energy and as my right hon. Friend the Member for Cunninghame, North (Mr. Wilson) rightly pointed out, the energy White Paper made it clear that we want to keep the nuclear option open. However, we are not yet in a position to say whether we will need new nuclear power stations.

I listened with the interest to the exchange between my hon. Friend the Member for Hamilton, South (Mr. Tynan) and the hon. Member for Tewkesbury (Mr. Robertson) about the Opposition's policy on this issue. My hon. Friend was perhaps too optimistic about the hon. Gentleman's quotation from the letter from the Leader of the Opposition. Although the latter said in his letter that the Conservatives will have a policy on nuclear as part of their energy policy, it was not clear to me what that policy would be. Perhaps I missed something, but I did hear—

Mr. Tynan: Perhaps I have more faith in the Opposition than my hon. Friend does.

Mr. Timms: On Second Reading, the hon. Member for Eddisbury (Mr. O'Brien) said:

"Let me say for the record that we have an open mind on the future of nuclear energy."—[*Official Report*, 10 May 2004; Vol. 421, c. 57.]

That sounds rather like the policy of keeping one's options open.

[Mr. Timms]

I welcome the support for the new clause. We have had a useful debate, which has highlighted some of the detailed issues that the proposed report will have to address.

4.45 pm

As my hon. Friend the Member for Ochil (Mr. O'Neill) rightly said, we have arrangements for annual debates in Government time on matters such as defence. I have to say to the hon. Member for Tewkesbury, who fairly raised the matter with me earlier, that I have not yet had an opportunity to raise with the Leader of the House whether we could guarantee an annual debate. As a former Energy Minister himself, my right hon. Friend takes a close interest in these issues, so I am sure that he will be receptive to the suggestion. Fortified by the strong arguments made on both sides of the House in the debate today, I will certainly do all that I can to ensure that we do indeed have the annual debate that has been called for. I agree that it would be valuable and add to our confidence in taking these matters forward.

Mr. Laurence Robertson: I am concerned that the matter has not yet been raised with the Leader of the House. Will the Minister confirm that, in line with the new clause, it is the Government's intention to have the report debated in Government time every year? Is that the intention of this particular Minister?

Mr. Timms: It is certainly my intention, though I would not want to look too many years ahead. It is not, of course, in my gift to deliver that aim into the indefinite future. However, it is certainly my intention and I will do all that I can to ensure that we achieve it.

Question put and agreed to.

Clause read a Second time, and added to the Bill.

New Clause 7

IMPOSITION OF RENEWABLE TRANSPORT FUEL OBLIGATIONS

'(1) The Secretary of State may by order impose on each transport fuel supplier of a specified description the obligation mentioned in subsection (2) (a "renewable transport fuel obligation").

(2) That obligation is an obligation, for each specified period, for the supplier to produce to the Administrator, by the specified date, evidence which—

(a) is of the specified kind and in the specified form; and

(b) shows that during the specified period the specified amount of renewable transport fuel was supplied at or for delivery to places in the United Kingdom.

(3) An order under subsection (1) is referred to in this Chapter as an "RTF order".

(4) Before making an RTF order the Secretary of State must consult such persons appearing to him to represent persons whose interests will be affected by the order, and such other persons, as he considers appropriate.

(5) The power to make an RTF order is subject to the affirmative resolution procedure.'.—*[Mr. Timms.]*

Brought up, and read the First time.

Mr. Timms: I beg to move, That the clause be read a Second time.

Mr. Deputy Speaker: With this it will be convenient to discuss the following: Government new clause 8—*Administrator.*

Government new clause 9—*Further provision relating to RTF orders.*

Government new clause 10—*Renewable transport fuel certificates.*

Government new clause 11—*Discharge of obligation by payment.*

Government new clause 12—*Imposition of civil penalties.*

Government new clause 13—*Objections to civil penalties.*

Government new clause 14—*Appeals against civil penalties.*

Government new clause 15—*Interpretation of Chapter 4 of Part 2.*

Government amendments Nos. 18 and 19.

Mr. Timms: I think that everybody recognises that renewable transport fuels have an important part to play in our efforts to tackle climate change. In the short term, that means biofuels—we have already discussed biomass—but in the longer term it may well mean other fuels such as hydrogen produced from renewable electricity. We have already taken steps to promote the take-up of biofuels, including the 20p a litre duty incentive that the Chancellor has guaranteed for three years, but we also have to consider carefully options for the longer term and a form of renewable transport fuel obligation is a serious possibility.

An amendment for such an obligation was tabled in the other place at the beginning of the year. A lot of constructive discussion and debate took place and the outcome was a permissive clause in the Bill. I confirmed in Committee that we were content in principle with that clause, but that it needed further work on the wording to cover some of the practical issues. I tabled those Government amendments last week, and hon. Members will have noted that this has involved transforming one clause into nine, entirely replacing the current clause 125. That reflects some of the complications that had to be faced in retaining the principle behind the original clause, while ensuring that it was legally and practically robust. I believe that we have achieved that objective and I hope that the House will welcome the seriousness with which we have taken it forward.

The new clauses will allow the Government to require designated transport fuel suppliers to demonstrate that their total UK fuel sales in a given period included, in aggregate, a specified proportion of renewable transport fuels. That is broadly analagous to the current renewables obligation with which we are familiar. Renewable transport fuels would cover biofuels and other non-fossil fuels, such as renewably produced hydrogen.

The detail may seem extensive, but we need to allow flexibility in respect of how precisely a future obligation might operate and we need to consult extensively with industry and other interested parties on the scheme's final design. We have also had to deal with complications because we do not have an existing

regulatory body to help run the scheme. A number of clauses relate to the appointment of an administrator, funding issues and a penalty and appeals regime.

In general, the drafting reflects electricity legislation on the renewables obligation. It allows for the issuing and trading of renewable transport fuel obligation certificates; provides a buy-out mechanism to add flexibility in meeting the obligation and to protect against unacceptably high costs to consumers; and makes different arrangements for different fuels based on their comparative benefits. We have not taken a final decision on precisely how a scheme might operate. A scheme that we chose to introduce might be a very simple one or a more complex one. All that would be a matter for detailed consultation.

Mr. Page: I am intervening now because, in view of the time, I will not make a contribution. Will all the steps that the Minister is outlining allow biofuels to be produced in the United Kingdom, so that we do not create a regime whereby those come in from abroad? The biofuels manufacturers feel that the 20p support is not enough. It is satisfactory for processing chip oil and for rendering, but for other purposes it is not quite enough.

Mr. Timms: The obligation will be helpful in that respect. We need to build up a scale of demand for renewable fuels in the UK that would justify investment in the UK to provide the biomass that would allow the fuels to be produced. The obligation has the potential to deliver that. The detail will need to be decided as a result of consultation, and the issues relating to benefit to the UK economy will need to be addressed.

The clauses allow for the appointment and funding of an administrator, an appropriate penalty and appeals regime, and requiring fuel suppliers to provide information in connection with the obligation. I hope the House will agree that the clauses fully reflect and build on the principle of the amendment tabled earlier in the year. There has been a good deal of constructive debate on the matter, and I believe the end result is a testament to that. I commend the clauses to the House.

Mr. Laurence Robertson: As the Minister says, this group of new clauses is a response to pressure put on the Government in another place over the introduction of a renewable transport fuel obligation. It is also a response to the requirements of the EU biofuels directive, which requires the Government to demonstrate how they will increase the use of biofuels.

Given that requirement, it is a little surprising that the Government's new clause only gives the Secretary of State the power to introduce an obligation. It does not require the Secretary of State to introduce that obligation. It would be interesting to have on record the Government's plans in this respect. How do they intend to fulfil the requirements of the directive? Will they indeed introduce the obligation?

As with the process of generating electricity, there is a need to cut carbon emissions from transport, which are significantly high, as well as to move towards a position of security of supply of fuel for transport. As we have already discussed, we remember the problems that an over-dependence on oil brought to this country and others.

The use of sustainable primary sources of fuel might have the added benefit of assisting our farmers at a very difficult time for them. As my hon. Friend the Member for South-West Hertfordshire (Mr. Page) suggested, we must ensure that any potential benefit that could come to farmers actually reaches them, and does not merely benefit companies that might be commissioned to bring in such crops from abroad. That is an important point. I am sure it is not beyond the scope of joined-up government to bring it about.

One of the questions arising from the introduction of such an obligation is how it should be approached. I note that concerns are being expressed—for example, by the United Kingdom Petroleum Industry Association, to which I spoke this morning. It complains of

"the complete absence of consultation"

during preparation of the amendments,

"and hence any consideration by those most affected by them."

That is of concern, especially given that, as the Minister said, these new clauses set out various aspects of the obligation in some detail. It is unfortunate that the discussions with the industry did not take place before new clause 7 was introduced. As my hon. Friend the Member for South-West Hertfordshire noted, it is a shame that the new clause was not tabled in Standing Committee, when there would have been more time for discussion. We are rushing the proposal through the Chamber this afternoon, and there is only one hour left to debate many other important matters. It would have been useful if this new clause had been introduced in Committee, after discussions with the industry had taken place.

I hope, therefore, that the Government will consult with the industry before filling in the finer details of the obligation. Industry representatives have raised questions about how much the administrator will cost, who will pay for him and monitor him, who is a supplier and on whom the obligation will be placed. They want to know at what point the amount of biofuel will be measured and how quality can be assured, and they also need to be informed about the details of penalties and about who will get the certificates. The Government may feel that they have covered those issues, but the industry representatives who raised the matter with me this morning, and previously, are not satisfied.

That said, we support in general terms the concept of a renewable transport fuel obligation, and look forward to seeing how and when it will be implemented.

Dr. Whitehead: I shall not detain the House, but I want to say that I welcome the extended version of the obligation, which the Government have introduced after undertaking to do so in Standing Committee. However, I imagine that the obligation would apply, in the first instance, to bioethanol and biodiesel. How can we ensure that the industry, and those who supply the biomass from which those substances are derived, produce amounts that are relevant for conversion into biofuel? The extended version of the obligation does not make that entirely clear.

The hon. Member for South-West Hertfordshire (Mr. Page) asked how can we ensure that bioethanol and biodiesel are made in the UK, rather than imported. I

[Dr. Whitehead]

note that new clause 9 contains a provision that means that biofuel produced outside the UK would not count for the purposes of the obligation. I imagine that that would enable the administrator and the Minister to specify, essentially, that biofuels are made in the UK.

I shall set out my understanding of how an obligation might work. In California, a similar provision was limited to ensuring that a certain number of cars should have the opportunity to run on biofuel. I believe that, under the proposed obligation, biofuel should be an essential component of the fuel that goes into cars from the pumps. That would mean that biodiesel would have to be mixed with diesel in a certain proportion, and the same condition would apply to bioethanol and petrol.

What would be the relative proportions in those mixtures, and what would be the relevant period as specified? Those are the important questions. I should be grateful if my hon. Friend the Minister, when he replies to the debate, would clarify what is meant by the phrase "for each specified period" in new clause 7. Various new clauses are being introduced to make the obligation possible, but it appears that a separate order would have to be laid before the House for each type of obligation being placed on the industry.

I suggest that the right way to go about introducing an obligation such as this is to ensure that the industry has certainty in the long term about what it is letting itself in for. That has been mentioned several times in this Chamber today. The industry needs to know how the obligation would be introduced, and over what period.

If we are to make sure that the supply of renewable fuel comes from within the UK and not from outside it, we must be certain that the industry has the necessary production capacity in the first place. Therefore, a form of escalator, whereby the obligation was introduced at perhaps 1 per cent. in one year, 2 per cent. the next year, 3 per cent. in a third year, and so on would seem the most appropriate way forward. I am not certain whether a separate order for each percentage increase would need to be introduced or whether an escalator could be introduced within the terms of the new clauses as they are set out.

I have raised a minor concern against the background of a warm welcome for the fact that we will now enshrine in statute the possibility of introducing an obligation. I believe that it is likely to be introduced shortly, bearing it in mind that an obligation working in the way that I have described would save about one third of the carbon dioxide emissions that are envisaged in the transport section of the climate change plan without having to put in place new infrastructure or to consider different forms of engine design or manufacture or development of supply at the pumps. I welcome the new clause and hope that, with the clarification that I have sought, it will be supported by the House.

5 pm

Mr. Stunell: The terms of the new clauses are substantial and very necessary, but I echo the comments made by the hon. Member for Tewkesbury (Mr. Robertson) when he said that they had been introduced at the last minute. It is a great pity that we did not have the opportunity to look at them in the detail from which they would have benefited.

We broadly support the intention in the new clause. Transport uses 25 per cent. of primary energy in the United Kingdom and there is plenty of scope for reducing carbon emissions in a pain-free way. We are not talking necessarily about restricting people's access to transport so much as giving them a carbon-free or, more accurately, a carbon-neutral source of energy. In so far as the fuel obligation can work towards achieving that, we welcome this mechanism.

However, the Government have introduced nine pages of new text that I suspect will translate into about 20 pages of Bill material. I was notified of it by a letter sent to me on 6 July. That act has cut out of the process the opportunity to raise a number of legitimate concerns and questions.

In common with a number of other hon. Members, I have received a briefing from British Sugar, which is one interested party. I do not know whether the points that it makes have legitimacy or not, but we have not had the opportunity to test them out or to allow the Minister to respond to them. Other possible consultees in the industry and those who would like to be part of that industry have been left out of the process. I have a concern about inserting such an amount of material into the Bill raw and unexamined. I hope that the Government will be open to further consideration in the Lords because there are obviously matters of detail, in some cases quite significant ones, that need to be sorted out.

British Sugar refers to the fact that any such fuel has to be derived wholly from biomass, which rules out any mixing procedure, which is often used when the product is used. Even at the most basic definition level there are serious questions to which I as a Member of Parliament do not know the answer and will not get the opportunity to test the Minister on.

On a slightly wider platform, we have an opportunity here to develop a new production industry in this country and contribute to creating a cleaner economy. Therefore, the foundations that we lay in the Bill are important to ensure that that is achievable. One of the issues is to what extent the raw product will be grown in this country. I made the point in Committee that at present much of the biomass material that is the subject of experiments by, for instance, the electricity generating industry is imported from overseas, primarily from tropical and sub-tropical countries, where growth rates are higher and labour costs are lower and, therefore, the material is more readily available.

The material does not primarily come from UK farming sources, and there are ways in which the amount that does come from such sources can be maximised. However, we need to be fully aware of the fact that such material comes from overseas at present. The largest producer of biofuel is Brazil. It is worth noting that the most efficient way of bringing the product to this country is not bringing the agricultural product here and processing it in this country, but processing it at the point of growth and importing the fuel. In terms of carbon reduction, I have no objection to that, but the Minister needs to recognise that it would not benefit UK agriculture or UK industry, either in

producing the plant to do the processing or in providing the labour and investment for the processing to take place. That is not a reason to oppose the proposal, but it is a reason for taking time to think through the mechanics of the fiscal and regulatory system that the Minister intends to introduce, so that we do not face unintended consequences. We might reduce carbon emissions from vehicles but fail to maximise the economic and social benefits that might otherwise be available.

We will support the new clauses, but we are concerned by the lack of opportunity that the House has had to bring to bear its critical faculties—and that the industry has had to bring to bear its knowledge and experience—to improve the proposals.

Mr. Timms: I am pleased that the new clauses have attracted the support that they have, although it is slightly churlish to complain that it has not been possible to consult as widely as might have been ideal, because the proposals were not in the Bill when it started its journey through Parliament. They have been added since, and much credit is due to officials for their efforts in providing a worked-up set of clauses to add to the Bill. Of course, we will need much consultation and discussion beyond this stage about how the framework will be put into practice.

The hon. Member for Tewkesbury (Mr. Robertson) is right to say that the new clauses contain a permissive power: the Secretary of State will not be required to introduce a scheme but may decide to do so following consultation. My hon. Friend the Member for Southampton, Test (Dr. Whitehead) described a model for the obligation that sounded very similar to the renewables obligation, which has an increase each year and a future period during which the obligation applies. As I said in opening the debate, the clauses are closely modelled on the renewables obligation, so progress could be made on such a model using these clauses. We want to have a full discussion with the industry and others—including the association mentioned by the hon. Member for Tewkesbury, for example—to ensure that we get the details absolutely right before we decide whether to proceed. The new clauses would allow us to do that.

The hon. Member for Hazel Grove (Mr. Stunell) asked about biofuels produced using some fossil energy. We can address such details in secondary legislation, and we will consult on them, but in principle the clauses would allow blended biofuels of the kind that he mentioned. Time has been tight, but the benefit is that we have worked-up clauses that will, if we choose to do so, allow us to introduce an obligation for which I sense there is wide support on both sides of the House.

On the question put by the hon. Member for South-West Hertfordshire (Mr. Page) about imports and domestically produced material, the answer will depend in part on how the obligation is framed. We shall certainly have to take account of that when we undertake the work, but the hon. Member for Hazel Grove is right: the main aim of the measure is to achieve carbon savings, whether the biofuels are made in this country or elsewhere. There could be a big prize for UK agriculture and industry, and if we decide to proceed I hope that we shall be able to realise it.

Question put and agreed to.

Clause read a Second time, and added to the Bill.

New Clause 8

ADMINISTRATOR

'(1) An RTF order may, for the purposes of provision made by or under this Chapter, appoint a person as the Administrator.

(2) Such an order may—

(a) confer or impose powers and duties on the Administrator for purposes connected with the implementation of provision made by or under this Chapter;

(b) confer discretions on the Administrator in relation to the making of determinations under such an order and otherwise in relation to his powers and duties; and

(c) impose duties on transport fuel suppliers for purposes connected with the Administrator's powers and duties.

(3) The powers that may be conferred on the Administrator by virtue of subsection (2) include, in particular—

(a) power to require a transport fuel supplier to provide him with such information as he may require for purposes connected with the carrying out of the Administrator's functions;

(b) power to impose requirements as to the form in which such information must be provided and as to the period within which it must be provided;

(c) power to impose charges of specified amounts on transport fuel suppliers.

(4) Sums received by the Administrator by virtue of provision within subsection (3)(c) must be used by him for the purpose of meeting costs incurred by him in carrying out his functions as the Administrator.

(5) The duties that may be imposed by virtue of subsection (2)(c) include, in particular, duties framed by reference to determinations made by the Administrator.

(6) Only the following persons may be appointed as the Administrator—

(a) a body or other person established or appointed by or under any enactment to carry out other functions;

(b) a body established by virtue of subsection (8).

(7) Where provision is made by an RTF order for the appointment of a body or other person within subsection (6)(a), such an order may make such modifications of any enactment relating to that body or person as the Secretary of State considers appropriate for the purpose of facilitating the carrying out of the functions of the Administrator.

(8) An RTF order may—

(a) establish a body corporate to be appointed as the Administrator;

(b) make provision for the appointment of members of that body;

(c) make provision in relation to the staffing of that body;

(d) make provision in relation to the expenditure of that body;

(e) make provision regulating the procedure of that body;

(f) make any other provision that the Secretary of State considers appropriate for purposes connected with the establishment and maintenance of that body.

(9) The provision that may be made by virtue of subsection (8) in relation to a body corporate includes, in particular, provision conferring discretions on—

(a) the Secretary of State;

(b) the body itself; or

(c) members or staff of the body.

[Mr. Timms]

(10) The Secretary of State may make grants to the Administrator on such terms as the Secretary of State may determine.'.—*[Mr. Timms.]*

Brought up, read the First and Second time, and added to the Bill.

New Clause 9

FURTHER PROVISION RELATING TO RTF ORDERS

'(1) An RTF order may make provision about how amounts of transport fuel are to be counted or determined for the purposes of provision made by or under this Chapter.

(2) The provision that may be made by virtue of this section includes, in particular—

(a) provision for amounts of renewable transport fuel to count towards discharging a renewable transport fuel obligation for a period only if the fuel is of a specified description;

(b) provision for amounts of renewable transport fuel of a specified description to count towards discharging such an obligation only up to a specified amount;

(c) provision for such an obligation not to be treated as discharged unless a specified minimum amount of renewable transport fuel of a specified description has been counted towards its discharge;

(d) provision for only such proportion of any renewable transport fuel of a specified description as is attributable to a specified substance, source of energy, method, process or other matter to count towards discharging such an obligation;

(e) provision as to how that proportion is to be determined;

(f) provision for an amount of renewable transport fuel of a specified description to count towards discharging such an obligation only if, or to the extent that, specified conditions are satisfied in relation to its supply, the person by or to whom it was supplied or the place at or for delivery to which it was supplied;

(g) provision for evidence produced by a supplier in relation to any fuel not to count for the purposes of his renewable transport fuel obligation for a period if evidence in relation to the same fuel has previously been produced (whether by him or by another supplier);

(h) provision for evidence produced by a supplier in relation to any fuel not to count for those purposes if, after the supply to which the evidence relates, the fuel is supplied by any person at or for delivery to a place outside the United Kingdom or a specified part of the United Kingdom;

(i) provision about the measurement of amounts of different descriptions of transport fuel;

(j) provision for units of transport fuel of a specified description to count for more or less than the same units of transport fuel of other descriptions;

(k) provision about how measurements in different units of different descriptions of transport fuel are to be aggregated;

(l) provision for the application of presumptions where specified matters are shown.

(3) The provision that may be made by virtue of this section also includes, in particular, provision which—

(a) is made having regard to one or more of the effects mentioned in subsection (4) (whether in the United Kingdom or elsewhere); or

(b) requires regard to be had to one or more such effects.

(4) Those effects are the effects of the production, supply or use of fuel of a particular description on—

(a) carbon emissions;

(b) agriculture;

(c) other economic activities;

(d) sustainable development; or

(e) the environment generally.'.—*[Mr. Timms.]*

Brought up, read the First and Second time, and added to the Bill.

New Clause 10

RENEWABLE TRANSPORT FUEL CERTIFICATES

'(1) An RTF order may make provision for the Administrator to issue certificates to transport fuel suppliers ("RTF certificates").

(2) An RTF certificate is to certify—

(a) that the supplier to whom it is issued has supplied the amount of renewable transport fuel stated in the certificate;

(b) that that amount of such fuel was supplied by him during the period stated in the certificate;

(c) that that amount of such fuel was supplied by him during that period at or for delivery to a place in the United Kingdom or in the part of the United Kingdom stated in the certificate; and

(d) the other specified facts.

(3) Such a certificate may be issued to a supplier only if—

(a) he applies for it in the specified manner;

(b) his application includes evidence of the specified kind and in the specified form; and

(c) the other specified conditions are satisfied.

(4) An RTF order may authorise transfers of RTF certificates (whether for a consideration or otherwise) between persons of specified descriptions.

(5) Such an order may also provide that such a transfer is not to be effective unless—

(a) the specified details of it have been notified to the Administrator in the specified manner and within the specified time; and

(b) the other specified requirements have been complied with.

(6) If a supplier produces an RTF certificate to the Administrator, it is to count for the purposes of section [Imposition of renewable transport fuel obligations](2) as sufficient evidence of the facts certified.

(7) An RTF order may provide that, in specified circumstances, evidence produced by virtue of subsection (6) may count to the specified extent towards the discharge of a renewable transport fuel obligation for a period even if it is produced after the time by which evidence had to be produced for the purposes of that obligation.

(8) Such an order may also provide that, in specified circumstances, evidence produced by virtue of subsection (6) may count to the specified extent towards the discharge of a renewable transport fuel obligation for a period that is later than the period stated in the certificate in question in accordance with subsection (2)(b).'.—*[Mr. Timms.]*

Brought up, read the First and Second time, and added to the Bill.

New Clause 11

DISCHARGE OF OBLIGATION BY PAYMENT

'(1) An RTF order may provide that a person who does not

wholly discharge his renewable transport fuel obligation for a period by the production of evidence must pay the Administrator the specified sum within the specified period.

(2) The provision that may be made by virtue of subsection (1) includes, in particular, provision—

(a) for the specified sum to increase, in cases where that sum is not paid within a specified period, at the specified rate until it is paid or until the occurrence of a specified event;

(b) for specified amounts to be adjusted from time to time for inflation in the specified manner;

(c) for the repayment of sums in cases where provision made by virtue of section [Renewable transport fuel certificates](7) applies in relation to a person;

(d) prohibiting the Administrator from taking steps to recover the specified sum or a part of that sum if specified conditions are satisfied.

(3) Provision within subsection (2)(b) may refer, in particular, to a specified index or to other data, including any index or data as modified from time to time after the coming into force of the order.

(4) An RTF order may provide that, in a case in which the amount of payments by virtue of subsection (1) which the Administrator has received by the specified time in respect of renewable transport fuel obligations for any period falls short of the amount due in respect of that period, the persons who—

(a) were subject to renewable transport fuel obligations for that period, and

(b) are of a specified description,

must, within the specified period and in the specified circumstances, each make a payment (or further payment) to the Administrator of an amount calculated in the specified manner.

(5) The provision that may be made by virtue of subsection (4) includes, in particular, provision for the making of adjustments and repayments after a requirement to make payments has already arisen.

(6) An RTF order may require the Administrator to use, to the specified extent, the sums received by him by virtue of this section for the purpose of meeting costs incurred by him in carrying out his functions as the Administrator.

(7) To the extent the Administrator does not so use the sums so received, they must be paid by him to transport fuel suppliers, or to transport fuel suppliers of a specified description, in accordance with the specified system of allocation.'.—*[Mr. Timms.]*

Brought up, read the First and Second time, and added to the Bill.

New Clause 12

IMPOSITION OF CIVIL PENALTIES

'(1) An RTF order may—

(a) designate a provision made by or under this Chapter for the purposes of this section; and

(b) provide that a person is to be liable to a civil penalty if—

(i) he contravenes that provision; and

(ii) any other specified conditions are satisfied.

(2) Where the Administrator is satisfied that a person (the "defaulter") is so liable, he may give a notice to the defaulter in the specified manner (a "civil penalty notice") imposing on the defaulter a penalty of such amount as the Administrator considers appropriate.

(3) That penalty must not exceed the lesser of—

(a) the specified amount; and

(b) the amount equal to ten per cent of the turnover, as determined in the specified manner, of the specified business of the defaulter.

(4) The civil penalty notice must—

(a) set out the Administrator's reasons for deciding that the defaulter is liable to a penalty;

(b) state the amount of the penalty that is being imposed;

(c) set out a date before which the penalty must be paid to the Administrator;

(d) describe how payment may be made;

(e) explain the steps that the defaulter may take if he objects to the penalty; and

(f) set out and explain the powers of the Administrator to enforce the penalty.

(5) The date for the payment of the penalty must not be less than 14 days after the giving of the civil penalty notice.

(6) A penalty imposed by virtue of this section must be paid to the Administrator—

(a) by the date set out in the civil penalty notice by which it is imposed; and

(b) in a manner described in that notice.

(7) Sums received by the Administrator by virtue of this section must be paid to the Secretary of State, who must pay them into the Consolidated Fund.'.—*[Mr. Timms.]*

Brought up, read the First and Second time, and added to the Bill.

New Clause 13

OBJECTIONS TO CIVIL PENALTIES

'(1) A person to whom a civil penalty notice is given may give notice to the Administrator that he objects to the penalty on one or both of the following grounds—

(a) that he is not liable to pay it;

(b) that the amount of the penalty is too high.

(2) The notice of objection—

(a) must set out the grounds of the objection and the objector's reasons for objecting on those grounds; and

(b) must be given to the Administrator in the specified manner and within the specified period after the giving of the civil penalty notice.

(3) The Administrator must consider a notice of objection given in accordance with this section and may then—

(a) cancel the penalty;

(b) reduce it;

(c) increase it; or

(d) confirm it.

(4) The Administrator must not enforce a penalty in respect of which he has received a notice of objection before he has notified the objector of the outcome of his consideration of the objection.

(5) That notification of the outcome of his consideration must be given, in the specified manner—

(a) before the end of the specified period; or

(b) within such longer period as he may agree with the objector.

(6) Where, on consideration of an objection, the Administrator increases the penalty, he must give the objector a new civil penalty notice; and, where he reduces it, the notification mentioned in subsection (5) must set out the reduced amount.'.—*[Mr. Timms.]*

Brought up, read the First and Second time, and added to the Bill.

New Clause 14

APPEALS AGAINST CIVIL PENALTIES

'(1) A person to whom a civil penalty notice is given may appeal to the court on one or both of the following grounds—

(a) that he is not liable to pay the penalty;

[Mr. Timms]

(b) that the amount of the penalty is too high.

(2) An appeal under this section must be brought within such period after the giving of the civil penalty notice as may be set out in rules of court.

(3) On an appeal under this section, the court may—

(a) allow the appeal and cancel the penalty;

(b) allow the appeal and reduce the penalty; or

(c) dismiss the appeal.

(4) An appeal under this section is to be by way of a rehearing of the Administrator's decision to impose the penalty.

(5) The matters to which the \court may have regard when determining an appeal under this section include all matters that the court considers relevant, including—

(a) matters of which the Administrator was unaware when he made his decision; and

(b) matters which (apart from this subsection) the court would be prevented from having regard to by virtue of rules of court.

(6) An appeal under this section may be brought in relation to a penalty irrespective of whether a notice of objection under section [Objections to civil penalties] has been given in respect of that penalty or whether there has been an increase or reduction under that section.

(7) In this section "the court" means—

(a) in England and Wales or Northern Ireland, the High Court; and

(b) in Scotland, the Court of Session.'.—*[Mr. Timms.]*

Brought up, read the First and Second time, and added to the Bill.

New Clause 15

Interpretation of Chapter 4 of Part 2

'(1) In this Chapter—

"Administrator" means the person appointed by virtue of section [The Administrator] as the Administrator for the purposes of provision made by or under this Chapter;

"biofuel" means liquid or gaseous fuel that is produced wholly from biomass;

"blended biofuel" means liquid or gaseous fuel consisting of a blend of biofuel and fossil fuel;

"civil penalty notice" has the meaning given by section [Imposition of civil penalties](2);

"renewable transport fuel" means—

(a) biofuel;

(b) blended biofuel;

(c) any solid, liquid or gaseous fuel (other than fossil fuel or nuclear fuel) which is produced—

(i) wholly by energy from a renewable source; or

(ii) wholly by a process powered wholly by such energy; or

(d) any solid, liquid or gaseous fuel which is of a description of fuel designated by an RTF order as renewable transport fuel;

"renewable transport fuel obligation" has the meaning given by section [Imposition of renewable transport fuel obligations](1);

"RTF order" has the meaning given by section [Imposition of renewable transport fuel obligations](3);

"specified" means specified in, or determined in accordance with, an RTF order;

"supply" means, in relation to fuel, the supply of that fuel to any person with a view to its being used (whether by that person or persons to whom it is subsequently supplied) wholly or primarily for transport purposes;

"transport fuel" means—

(a) renewable transport fuel;

(b) fossil fuel; or

(c) any solid, liquid or gaseous fuel that is neither renewable transport fuel nor fossil fuel;

"transport fuel supplier" means a person who, in the course of any business of his, supplies transport fuel at or for delivery to places in the United Kingdom.

(2) For the purposes of this section a process powered by electricity that was generated by energy from a particular source is to be treated as being powered by energy from that source.

(3) For the purposes of this section fuel is used for transport purposes if—

(a) it is used as fuel for one or more of the following, namely, vehicles, vessels, aircraft, trains or any other mode of transport; or

(b) it is used for producing fuel that is intended to be so used.

(4) In this section—

"biomass" means the biodegradable portion of a specified product, waste or residue;

"fossil fuel" has the same meaning as in section 32 of the 1989 Act;

"renewable source" means, in relation to energy, any of the following sources of energy—

(a) wind;

(b) solar heat;

(c) water (including waves and tides);

(d) geothermal sources; or

(e) biomass.'.—*[Mr. Timms.]*

Brought up, read the First and Second time, and added to the Bill.

New Clause 1

Regulations relating to proposed disconnection of electricity supply

'(1) The Secretary of State shall, within six months of the coming into force of this section and from time to time thereafter, make regulations prescribing the procedures to be followed in the event of a proposed disconnection of supply by an electricity company, in particular in relation to households with—

(a) customers of pensionable age,

(b) adults or children who are disabled or have a long-term illness, or

(c) children aged five or under.

(2) Regulations under this section shall, in particular, make provision about the role of the Social Services Departments of local authorities in relation to proposals for disconnection.

(3) Regulations under this section shall, in particular, set out the administrative procedures to be followed as part of suppliers' final licence obligation.

(4) Before making regulations under this section, the Secretary of State must consult such persons as he considers appropriate.

(5) Subsection (4) may be satisfied by consultation that took place wholly or partly before the commencement of this section.

(6) The duty to make regulations containing provision authorised by this section is subject to the affirmative resolution procedure.'.—*[Miss McIntosh.]*

Brought up, and read the First time.

Miss McIntosh: I beg to move, That the clause be read a Second time.

Madam Deputy Speaker (Sylvia Heal): With this it will be convenient to discuss the following amendments: No. 48, in page 132, line 26 [Clause 173], at end insert—

'(1A) It shall be a duty of every supplier of gas to ensure that the standing charge, if applied, and the unit cost of gas supplied by means of a pre-payment meter shall be no more than the standard charges applied to customers purchasing gas by means of quarterly bills.'.

No. 49, in page 133, line 16 [Clause 173], at end insert—

'(2A) It shall be a duty of every electricity supplier to ensure that the standing charge, if applied, and the unit cost of electricity supplied by means of a pre-payment meter shall be no more than the standard charges applied to customers purchasing electricity by means of quarterly bills.'.

Miss McIntosh: It gives me great pleasure to introduce the new clause; it is a timely proposal and one on which the Under-Secretary will, I think, look favourably—if he can drag his attention back to the business of the House for a moment. The consultation process undertaken by the Government threw up several ideas, and we have drawn on them. The National Consumer Council and some other non-governmental voluntary organisations, notably Age Concern, expressed concern about the rate of disconnection, which continues to grow unacceptably.

Our proposals would give the Secretary of State power to make regulations setting out procedures to be followed in the event of a proposed disconnection. The National Consumer Council, Ofgem and the Energy Retail Association are in agreement that such procedures should apply in particular to households where there are

"customers of pensionable age ... adults or children who are disabled or have a long-term illness, or ... children aged five or under".

Ofgem and the Energy Retail Association should be invited to revise the proposals to prevent the disconnection, at any time, of households where anyone is in those categories.

Our new clause also sets out the role of local authority social services departments in relation to proposals for disconnection. That would offer the Government a good opportunity to set out in the Bill those provisions of the Data Protection Act 1998 relating to disconnections, bearing in mind the tragic case of the elderly couple whose electricity supply was disconnected. Rightly or wrongly, the social services department used the provisions of the Act so as not to intervene.

We have set out what we believe is the best definition of the term "vulnerable customer". It would be interesting if the Minister were to say what definition his Department currently uses. Our understanding is that there is no statutory definition. I understand that the Energy Retail Association proposes to use a definition along the following lines:

"A vulnerable customer at risk from disconnection will be unable to safeguard his or her personal welfare or the welfare of any children in the household, and will be in need of care and attention by reason of age or infirmity, or suffering from chronic illness or mental disorder, or substantially handicapped by being disabled."

I could go on much longer, but mindful of the other sets of amendments that we have yet to consider, I simply propose the new clause in the hope that the Minister and the Government will see it as a helpful response to the excellent points made in the consultation process by the National Consumer Council and others. It would enable the Government to draft regulations so that there is less scope for disconnection, which leads to tragic consequences, and to set out what the role of local authority social services departments should be.

5.15 pm

Mr. O'Neill: It would be unfortunate if new clause 1 were passed. It would not do very much. To rely on anything that the people who sell electricity are prepared to advocate as a means to protect disadvantaged consumers is rather like asking foxes to make the security arrangements for a chicken coop. The definitions that they have provided are in no way valid. They are nothing like as comprehensive as they should be. It is not for nothing that Energywatch—the consumers' energy protection organisation—rubbished the idea. It is also wrong to suggest that the proposal comes from Ofgem—it does not. Ofgem asked the Energy Retail Association to make proposals that would avoid the possibility of the tragedy to which the hon. Member for Vale of York (Miss McIntosh) referred. Ofgem did not sponsor the research or the report; it requested it, and I understand that it has yet to pass judgment on whether to accept it. We have not yet produced our report, but if the hon. Lady had read the Select Committee on Trade and Industry's proceedings on disconnection, she would have seen that the proposal does not enjoy the imprimatur of Ofgem. Ofgem merely asked ERA to produce a report, which it is still considering. As far as I know, ERA does not have too many friends in that area. I am not sure whether the National Consumer Council has a view—it has been cited as having one—but the Gas and Electricity Consumer Council, Energywatch, has a view: it does not regard the proposal as satisfactory.

The new clause certainly bears the hallmark of the kind of legislation that the Tories proposed in the 1990s, when they spoke about those people who should be protected. Indeed, under the Gas Act 1995—I was about to say the Gas Bill—they made provision for age and disability, but not for economic disadvantage. They made no provision for the poor. If one group is just as entitled to claim protection from disconnection as the sick and the elderly it is the economically disadvantaged. Frankly, that group is not addressed by the new clause.

When the Under-Secretary responds—if he will give me a minute of his attention—perhaps he will tell us the actual cost of disconnection. I understand that estimates range from £150 to £450 per disconnection, so there is a lot of uncertainty. It is one thing to have a system with a series of protections for people who are vulnerable because of their income, age or physical infirmities, but it is quite another for disconnection to be simply a first resort for some sections of the community. I am not happy at all with the current provision. Anyone involved with fuel poverty in this country—perhaps I should declare an interest as honorary president of Energy Action Scotland, a Scottish charity engaged in trying to eradicate fuel poverty—has little good to say about the proposal in the new clause. As I said, it was considered by the Trade and Industry Committee, which I am fortunate to have the honour of chairing.

Disconnection is one of the most regrettable and unacceptable manifestations of poverty in our society. We heard pious speeches earlier this afternoon about the

[Mr. O'Neill]

lights going out, but if the lights go out for one poor family, that is just as devastating for them as if it happens to the whole country because of the failure of a Government or an electricity company to invest. *[Interruption.]* Well, one is as bad as the other, but the new clause contains no reference to the poor. It refers only to people who are physically infirm or elderly. It is far too restrictive and represents a piece of irrelevant opportunism by the Tories. It would not clarify the situation or protect the poor in any way, shape or form. The present arrangements are no better or worse than the proposals. If the hon. Lady had given any thought to the matter, she would have realised that the proposal was a sham put forward by those who make a living from selling electricity. It is an attempt to square their consciences with a tragedy for which they were not responsible—other players were involved.

Miss McIntosh: Obviously I am grateful to the hon. Gentleman for allowing me to intervene on his rant. I am mindful of his position in Scotland. Given that he is a Scottish Member, perhaps he did not think that he was in a position to read the comments of the National Consumer Council, which will be disappointed to hear of his complete disregard for people whom it considers to be extremely vulnerable customers. I think that one household that faces disconnection in such circumstances represents a tragedy.

Mr. O'Neill: The people who know specifically about energy consumers, representatives of Energywatch, disowned the proposals before the Select Committee that I chair. They are far more expert than the broad-brush merchants of the National Consumer Council. *[Interruption.]* The hon. Member for Vale of York can smile and laugh, but the people who have disparaged the proposal are the specialists in the field.

The new clause is similar to provisions put forward by the Tories in the 1990s when they were responsible for trying to protect poor consumers. It is not satisfactory, and I hope that the Government will not accept it because it would set back a debate that is just beginning to be engaged in. We must determine whether it is necessary for failure to pay energy bills to result in disconnection. Such arrangements are no longer in place for water, so why should they exist for electricity? We should outlaw such action once and for all. The ERA is interested not in doing that, but in creating conditions that would make it more difficult.

Mr. Stunell: I must say that I was rather disappointed with the contribution of the hon. Member for Ochil (Mr. O'Neill). Whatever one might say about the Conservatives—I have said some things about them in my time—there is nothing wrong with the new clause, which is why I was happy to add my name to it.

The hon. Gentleman should not look so hard at the messenger but should take a look at the message: we have to tackle the issue of disconnections. I believe that the new clause is a sensible way of moving forward, and it has not come out of the mischief-making cupboard that has been mentioned a couple of times today. It has a good provenance and a good intention, and it seems capable of achieving some benefit for the disadvantaged in society, including those in Hazel Grove, as well as in Ochil. Whatever its merits or demerits, I do not think that he has served the debate very soundly.

In Committee, where we discussed the issue only very much in passing, it was pointed out that there are serious considerations in developing this country's energy policy, as it is not simply about demand and supply, but about the protection of consumers. The White Paper made that point, which has been endorsed by all political parties. I took it that the new clause had been tabled in that context and as a step towards filling the policy vacuum arising from the Bill's general inadequacy in fulfilling the obligations set out in the White Paper.

Even if the Minister does not feel able to accept new clause 1 in its current form, I hope that he will give us some assurances that this gap in the Bill will be filled and that, even if that cannot be done here and now, it will be done when the Bill goes back to the Lords in a week or two.

Mr. Weir: I shall be very brief, as I canvassed the issue in Committee, where we had an interesting debate about it.

The amendments that I tabled in Committee sought to reduce payments through pre-payment meters by a slightly different route from that taken in amendments Nos. 48 and 49, in which I am seeking to ensure that such payments are equal to those paid in quarterly bills.

This is a serious problem. Figures from Energywatch show that 30 per cent. of all consumers on incomes of less than £6,500 and 50 per cent. of all single parent families use pre-payment meters. Energywatch also disclosed that 65 per cent. of gas pre-payment meter users were in debt, which effectively meant that they could not move to alternative suppliers.

The British electricity trading and transmission arrangements have been sold to us on the basis that they will mean lower prices for consumers, but they will not necessarily mean lower prices for those on pre-payment meters—the people who can least afford higher prices. There can be considerable differences in annual costs for those on such meters, as opposed to those who pay by regular bills, and the differences are even greater for those who pay by direct debit. Interestingly, many of those on low incomes who use pre-payment meters will be the same people who do not have bank accounts, which makes direct debit an almost impossible option.

It is perverse that the poorest, who spend the greatest proportion of income on energy, are least able to get the best deals. Those on the lowest earnings spend 9 per cent. of their income on energy, while those on higher incomes spend 2 per cent., yet those on pre-payment meters pay about 20 per cent. more for gas and 6 per cent. more for electricity. That is a significant difference, especially for those on low incomes.

In some areas, but not all, there is a premium on the standing charge rather than the electricity itself; hence the wording of the amendment. It is worth noting that it is perfectly possible for the standard charge to be waived. Indeed, I note that London Electricity introduced a pilot scheme called Powerkey Plus that did just that.

My amendments are therefore an attempt to pass on some of the benefits of lower energy prices to consumers who are on pre-payment meters. It would be impossible

to give such consumers the same deals as those who can pay by direct debit, so I have framed the amendments to try to give them some benefit and perhaps contribute in a modest way to ending fuel poverty.

The Parliamentary Under-Secretary of State for Trade and Industry (Nigel Griffiths): This group of amendments draws together two separate issues—the disconnection of electricity supply and the tariffs paid by those with gas and electricity pre-payment meters. I shall deal first with new clause 1, which relates to electricity disconnections. Electricity disconnections represent less than one tenth of all fuel disconnections. In response to my hon. Friend the Member for Ochil (Mr. O'Neill), the cost of disconnection varies from supplier to supplier, but I understand that the evidence given to the Select Committee on Trade and Industry suggests that the whole process, if it leads to final disconnection, costs about £150.

5.30 pm

New clause 1 would directly involve the Secretary of State in the regulation of one aspect of electricity supply by requiring her to make regulations in respect of electricity disconnections. She would be required to prescribe procedures in respect of disconnections of households with customers or residents who were of pensionable age, disabled, had a long-term illness or were under five. She would also be required to make provision for the role of social services departments in disconnections. Disconnections for debt should of course be minimised, and appropriate safeguards should be built into disconnection arrangements, especially for vulnerable customers. Those arrangements should be carefully monitored and, where necessary, improved. Indeed, it is because action has been taken to improve them that the new clause is unnecessary.

This year, Ofgem, with the encouragement of my hon. Friend the Minister for Energy, E-Commerce and Postal Services, has been in extensive discussion with suppliers about disconnection activity. Those discussions focused on improving processes for identifying and dealing with vulnerable customers and on clarifying procedures for notifying relevant agencies where vulnerable customers were in payment difficulties. In April, that led to proposals for improved industry-wide arrangements that will be set out in an industry code of practice. Ofgem published that consultation paper to maximise both the audience and the response. The key elements of the consultation were an agreed definition of vulnerability and guidance on the operation of the Data Protection Act 1998. The proposals were designed to ensure that, as far as possible, vulnerable customers would not be disconnected in future.

The consultation has now closed, and a range of responses has been received. I expect the final proposals, which should be published shortly, to be improved in the light of those responses. In particular, I expect the definition of what constitutes a vulnerable household to be widened and more detail to be given on the range of bodies with which suppliers can work in dealing with vulnerable customers and on the arrangements for involving those bodies, whether they be social services or other caring organisations. The new arrangements will then be applied. Ofgem retains the power and the right to propose changes to suppliers' licences if the arrangements do not serve their intended purpose.

Although I understand what the hon. Member for Vale of York (Miss McIntosh) is trying to achieve in the first part of her new clause, that activity is already in hand and is being dealt with by those who should be responsible—the industry, working with the guidance of the regulator.

Let me turn to the second main element of the new clause—the role of social services. It would serve no practical purpose for the Secretary of State to prescribe behaviour or activity as the new clause envisages. The organisation that needs to be involved, be it a social services department or a caring organisation, will vary from case to case, as will what those organisations will need to do. The key is not to prescribe a particular action or role, but to ensure that suppliers are ready and able to involve social services or others. The code provides for that. The consultation paper that was issued in April also provided useful guidance from the data protection commissioner about when companies might legitimately reveal information about customers to social services and others. The code, not a legislative responsibility imposed upon Ministers almost by whim, is the right way to deal with this issue.

As well as being unnecessary, the proposal is flawed in two other ways. The first flaw is a practical one. As I said earlier, the bulk of the disconnections occurs in gas supply, whereas the new clause deals only with electricity. By implementing the proposal, we would create a striking asymmetry between the duties that are imposed on suppliers. Last year, the new clause would have applied to possibly only 8 per cent. of disconnections through debt. In 2002, it would have applied to 4 per cent. The number of vulnerable customers in those small percentages would have been minute.

Although I welcome the hon. Lady's interest in the social aspects of the energy market, there are strong philosophical and practical arguments against legislating in the way she proposes. It is entirely right that Parliament and the Government should be involved in developing and setting energy policy and the role of the regulator in that energy framework. However, that is a long way from micro-managing regulatory activity or interfering in the province of the regulator on the basis of the hon. Lady's current thinking. The new clause would do that. We may not agree with Ofgem's approach on all matters, but we must let it do its job. In the case that we are considering, it has done so. It played a key role in driving the industry to take action without the need for primary or, at this juncture, secondary legislation. That is an example of regulation and self-regulation carrying out is proper function. I urge hon. Members to give it the chance to work.

Amendments Nos. 48 and 49 deal with pre-payment meter tariffs. They would make identical changes to the Gas Act 1986 and the Electricity Act 1989, as amended. They would require the unit cost of gas or electricity supplied through a pre-payment meter to be no more than that of gas or electricity supplied under a standard credit tariff. If suppliers continued to apply a standing charge, it would have to be the same for both payment methods.

[Nigel Griffiths]

The amendments represent an amended version of those that were considered and rejected in Committee. In their revised form, they remain unacceptable. They would be unfair to many of the most vulnerable energy consumers. Although I fully understand and share the concern of the hon. Member for Angus (Mr. Weir) for pre-payment meter customers, some of whom will be on low incomes, it is not true to say that all pre-payment customers are disadvantaged or fuel poor. Indeed, not only are pre-payment meter customers no more likely than standard credit customers to be fuel poor, but pensioners, who make up about half the fuel poor, represent less than 10 per cent. of pre-payment meter users. The amendments would mean that pre-payment meter customers would be subsidised by other customers, many of whom would be on low incomes, and whose bills would rise accordingly.

The cost to suppliers of serving pre-payment meter customers is higher than that of serving other customers, chiefly because of the cost of the meters and the infrastructure required to support them. Some companies have structured their credit and pre-payment tariffs to the benefit of pre-payment meter customers. That is a matter for them, and pre-payment customers may, in a competitive market, choose to be supplied by them. However, companies should be allowed accurately to reflect costs and properly to apportion them between their customers. I therefore regret that I cannot support the amendments, and I hope the hon. Lady will feel able to withdraw them.

Miss McIntosh: In view of the Minister's conciliatory tone and his appreciation of the vulnerability of some customers and Ofgem's excellent work, I beg to ask leave to withdraw the motion.

Motion and clause, by leave, withdrawn.

New Clause 17

ENVIRONMENTAL PRINCIPLES FOR PURPOSES OF PART 1

'(1) Part 1 of this Act is based upon general environmental principles which must be followed by any person or body in carrying out any of its functions under this Part of this Act.

(2) These general principles are—

(a) that the health and safety of people and the environment must be protected from the harmful effects of nuclear wastes;

(b) that the costs of pollution must be borne by the person or body responsible for causing the pollution; and

(c) that international best practice in radiation protection should be implemented.

(3) In addition to the above principles, the NDA should also seek to ensure—

(a) that the creation of nuclear waste should be avoided or minimised;

(b) that nuclear wastes should be concentrated and contained rather than diluted and dispersed throughout the environment;

(c) that the most hazardous wastes are prioritised for conditioning to put them into a passively safe state; and

(d) that there are no unnecessary transports of waste.'.—*[Norman Baker.]*

Brought up, and read the First time.

Norman Baker: I beg to move, That the clause be read a Second time.

Madam Deputy Speaker: With this, it will be convenient to discuss the following: Amendment No. 26, in page 3, line 31 [Clause 3], leave out subsection (4) and insert—

'(4) The Secretary of State must satisfy himself on an annual basis that any person with control of a nuclear installation who is not—

(a) a Crown appointee;

(b) the UKAEA;

(c) a wholly-owned subsidiary of the UKAEA;

(d) any other publicly owned company which was so owned on 4th July 2002;

(e) a wholly owned subsidiary of such a company; or

(f) the NDA itself,

is taking the necessary steps to ensure that decommissioning work and liabilities will be fully funded through the establishment and maintenance of a fully segregated fund for that purpose and that an appropriate contribution is made to the funding of the designated long-term nuclear waste management body.'.

Amendment No. 41, in page 3, line 38, at end insert—

'(4A) The provisions of subsection (4)(e) above shall only be exercised in respect of British Energy following bankruptcy of that company.'.

Amendment No. 37, in page 4, line 21, at end insert—

'(10) No powers allocated to the NDA shall be taken to affect the powers and duties of NIREX.'.

Amendment No. 42, in page 5, line 29 [Clause 5], at end insert—

'(5A) The provisions of subsection (5)(e) above shall only be exercised in respect of British Energy following bankruptcy of that company.'.

Amendment No. 38, in page 7, line 10 [Clause 7], at end insert—

'(1A) The NDA shall undertake no activities that will lead to an increase in the generation of nuclear waste except pursuant to the safe operation of nuclear plants for power generation.'.

Amendment No. 39, in page 7, line 18, at end insert—

'(2A) The NDA shall not allow considerations relating to the potential generation of income to result in additional production of nuclear wastes.'.

Amendment No. 29, in page 8, line 33 [Clause 9], leave out

'need to safeguard the environment'

and insert

'environmental principles set out in section [Environmental principles for purposes of Part 1] and'.

Amendment No. 30, in page 8, line 34, leave out paragraph (c).

Amendment No. 31, in page 8, line 39, leave out paragraph (a) and insert—

'(a) to ensure that the health and safety of people and the environment must be protected from the harmful effects of nuclear wastes;'.

Amendment No. 32, in page 8, line 42, leave out paragraph (b) and insert—

'(b) to ensure that the costs of pollution must be borne by the person or body responsible for causing the pollution; and'.

Amendment No. 33, in page 9, line 1, leave out paragraph (c).

Amendment No. 34, in page 9, line 4, after first 'to', insert

'section [Environmental principles for purposes of Part 1](1),'.

Amendment No. 40, in page 9, line 4, after first 'to', insert 'section 7(2A),'.

Amendment No. 35, in page 9, line 4, leave out 'to (c)' and insert 'and (b)'.

Government amendments Nos. 11 and 12, and 15 to 17.

Norman Baker: I am sorry that we have just 21 minutes left of the Report stage. Members of all parties have been brief and to the point this afternoon, but we are still running out of time. Other important amendments have still to be discussed; I guess that they will be picked up on Third Reading, if at all.

I was complimenting the Minister earlier for having taken on board certain points that had been raised in Committee. That was true, but none of them relate to the nuclear industry. There has been a studious refusal by the Government to take on board the points that were made properly and convincingly on that issue by several Members in Committee. The Bill will make £48 billion of public money available to decommission the nuclear industry, which is £8,000 for every man, woman and child in this country. That is one reason why the uncharacteristically glib suggestion by the hon. Member for Salisbury (Mr. Key) that we should have a new season of nuclear power stations needs to be taken with a pinch of salt, given the massive cost to the taxpayer. The second reason is, of course, the amount of nuclear waste that is mounting across the country as we speak.

The proposal for a nuclear decommissioning authority is a sensible one. My colleagues and I have always welcomed the idea that such an authority should be set up to deal with this problem, which has been allowed to fester for far too long. Unfortunately, however, the way in which the Government proposes to set up the NDA has worrying aspects. They were raised in Committee, and I am bound to say that we did not receive satisfactory answers from the Minister to some of the salient points that we made.

The NDA has no overarching environmental responsibility, which seems extraordinary for a body that is to deal with nuclear waste. I draw the Minister's attention to new clause 17, which seeks to instil some environmental principles into the NDA. The general principles set out in subsection (2) are:

"(a) that the health and safety of people and the environment must be protected from the harmful effects of nuclear wastes;

(b) that the costs of pollution must be borne by the person or body responsible for causing the pollution; and

(c) that international best practice in radiation protection should be implemented."

Subsection (3) states:

"In addition to the above principles, the NDA should also seek to ensure—

(a) that the creation of nuclear waste should be avoided or minimised;

(b) that nuclear wastes should be concentrated and contained rather than diluted and dispersed throughout the environment;

(c) that the most hazardous wastes are prioritised for conditioning to put them into a passively safe state; and

(d) that there are no unnecessary transports of waste."

Those are completely uncontroversial, commonsense principles, and I fail to see why the Government do not want to adopt them. Perhaps the answer is that the NDA will not simply be a body that is set up to decommission the nuclear industry and to deal belatedly with some of the environmental mess that it has caused, as some of us wish it to be. Perhaps it will have the further function of providing an income stream for the Treasury. Members on both sides of the House have made the point that there has been a refusal to allow segregated funds to be established. That would be dealt with by amendment No. 26, which was tabled by my hon. Friend the Member for Hazel Grove (Mr. Stunell) and me.

We believe that the NDA is going to continue to be allowed to operate plants ad infinitum. That is on the record from the Minister in Committee. There is no absolute cut-off point; it will be able to continue to operate those plants. Indeed, if the hon. Member for Salisbury is correct in his assertion that there is going to be a big gap in our energy supply, the NDA could suddenly be called on to carry on operating those plants indefinitely. That is not what is intended for the NDA, but it is allowed for in the Bill. That should not be the case, and the amendments would prevent that from occurring.

Let us be clear about this. There is a nuclear generation industry, for better or worse, and there should be a decommissioning industry as well. We should not mix the two up, which is what the Government are doing as a result of the way in which they have structured the NDA in the Bill. I detect the hand of the Treasury here. It wants money back from the nuclear industry. It is baulking, understandably, at the £48 bill that has landed on Gordon Brown's doormat, and it wants some money back. The way to do that is to get an income stream from the NDA, which would get the money from generating electricity and otherwise using the existing plant. So the irony is that the NDA, which is being set up to decommission the industry, is actually going to be given the power to generate further waste. That is what the Government have set out in the Bill, but amendments Nos. 38 and 39 would explicitly prevent that from happening.

Amendment No. 38 states:

"The NDA shall undertake no activities that will lead to an increase in the generation of nuclear waste except pursuant to the safe operation of nuclear plants for power generation."

That would prevent any reprocessing, which the Minister is apparently also happy for the NDA to be involved in. Amendment No. 39 states:

"The NDA shall not allow considerations relating to the potential generation of income to result in additional production of nuclear wastes."

That should be the position of the NDA. We should separate the generation capacity from the decommissioning capacity, but as a result of the way in which the Government have structured the Bill, that has not been done. The NDA will even be enabled to hand over money, and power, to British Energy, a private sector company. That is what is allowed for in the Bill.

[Norman Baker]

The Minister said that of course there must be a backstop, in case nuclear waste is arising and a private company cannot handle it. Yes, but does not that allow a nice let-out for British Energy, which already has a pretty nice credit line from the DTI? That money could be used for other purposes. Our amendment suggests that that option should only be exercised if British Energy goes bankrupt. It is then a matter for the public purse to deal with, for the sake of the environment. Of course we must deal with it in that situation, but Parliament's role, and the DTI's role, is not to bail out private companies. The Minister should therefore accept that amendment too.

I am conscious of time, and other Members want to speak. I suggest to the Minister, however, that he has convinced neither the Committee, nor, I suspect, the House, on the nuclear aspects of the Bill. As I said to the Minister in Committee, the Government's nuclear policy is not bad, but it is not reflected in the Bill that has been written for him.

5.45 pm

Mr. Timms: As the House will know, the spending review announced yesterday by my right hon. Friend the Chancellor included a good settlement for the NDA, with a budget of some £2 billion a year for the three years of the spending review period. The NDA will therefore be well placed to achieve the targets that we have set for safe, secure, cost-effective and environmentally friendly nuclear clean-up.

New clause 17 and amendments Nos. 29 to 35 would establish general, overarching environmental principles that should govern the operation and behaviour of the NDA. Our position is clear: the protection of the environment and the safety of people are central to the objectives and activities of the NDA and of its site operators. Ensuring the observance of the high standards that we have in the UK is the responsibility of the nuclear regulators. Nothing in the Bill alters the regulatory framework, and potentially, it would be seriously damaging to cut across that well-established regulatory framework by giving the NDA, as this proposal would, a principal objective of ensuring the delivery of what are regulatory requirements. We must not do anything to undermine the successful work of the regulators.

Amendments Nos. 38 to 40 would constrain the NDA's activities by ruling out the generation of additional nuclear waste. That is an admirable objective but could impose damaging constraints on the work of the NDA in managing nuclear clean-up effectively. That is a decision for the NDA properly to make within the framework of its duties and responsibilities.

Amendment No. 37 would delineate the roles and responsibilities of the NDA and Nirex. The Government have established the Committee on Radioactive Waste Management to advise on long-term policy for the management of higher-activity wastes. The future roles and responsibilities of the bodies involved will be decided in the light of that advice.

Norman Baker: How is it that the Minister can announce the chair of the NDA before the Bill is even passed, but cannot announce the separation of roles between Nirex and the NDA when the Bill is almost complete?

Mr. Timms: The hon. Gentleman will recall that we had extensive discussion in Committee about the position on the NDA and Nirex, and I set out the arrangements by which we had been able to appoint a chair designate, because of the importance of the NDA and of having the authority in place by April next year.

On amendment No. 26 on financing, it is already the Government's policy to require the establishment of segregated funds for privatised parts of the nuclear industry—for example, in the case of British Energy. We do not consider it necessary to extend that to all private sector companies with nuclear facilities. We will take decisions on whether to establish a long-term nuclear waste management body once we have received advice from the Committee on Radioactive Waste Management.

Amendments Nos. 41 and 42 would prevent the Government from exercising effectively an important option in respect of restructuring agreements to protect taxpayers' interests. We have taken an option to buy each of British Energy's nuclear power stations for £1 at the time that British Energy plans to shut them, either to decommission them or to continue to operate them beyond that date. It may be possible to decommission them more cost-effectively in the public sector, using expertise gained by the NDA on public sector nuclear sites. It might also be possible to defer decommissioning costs, which would fall on the nuclear liabilities fund, which is underwritten by Government, by operating the stations and generating income beyond the date when British Energy would shut them. Those benefits, and the protection that they offer the taxpayer, would be lost if we were prevented from passing British Energy sites to the NDA to decommission only if British Energy was bankrupt. I do not think that the proposed change is sensible.

Mr. Wilson: It does not look as though we shall have time to discuss the final group of amendments. Will the Minister confirm that British Energy had to be bailed out because of the market-driven ideological zeal of Ofgem? Would it not be a pity if the same approach were applied to renewable energy and transmission systems? That too would fly in the face of Government energy policy and ultimately Ofgem would make a decision against the national interest, the energy interest and the public interest.

Mr. Timms: I think that my right hon. Friend is stretching a point by trying to bring in the last group of amendments at this stage—and I do not think that he is being fair in saying that what happened to British Energy was entirely down to Ofgem. No doubt we shall still be able to have some exchanges about that last group.

Amendment No. 32 places a duty on the NDA to ensure that the polluter pays for nuclear clean-up. The NDA is not the appropriate body to determine who pays for clean-up. The Government's position is clear.

We support the polluter pays principle, but when that proves impossible it is right for Government to determine the appropriate arrangements for financing clean-up. The Bill allows the NDA to be made responsible for securing the clean-up, and for the levying of appropriate charges.

I undertook in Committee to consider what could be done to respond to suggestions from the hon. Member for Tewkesbury (Mr. Robertson) about increasing parliamentary oversight of the NDA's activities. I hope that he will welcome amendments Nos. 11 and 12, which require the NDA's strategy and annual plan to be laid before Parliament, and provide for parallel provisions for the Scottish Parliament that have been agreed with the Scottish Executive. Amendments Nos. 15 to 17 make three minor drafting changes arising from the last detailed check of the Bill.

Mr. Laurence Robertson: It is regrettable that we must rush through 20 new clauses and amendments, with two more groups to debate in the remaining eight minutes. I will not go into as much detail as I would otherwise. It is also regrettable that the hon. Member for Lewes (Norman Baker) took such an anti-nuclear stance when raising important points. I agree with the hon. Gentleman that the relationship between Nirex and the NDA should have been determined long before the Bill was even introduced but, mindful of the time, I will not go into that.

I welcome amendments Nos. 11 and 12. As expected, the Minister has been as good as his word. They are important amendments that allow the House sight of the financial plan and the NDA's strategy. Given the amount of money to be allocated to and deployed by the NDA, and given that it will do so much work, it is vital for Parliament to have sight of the reports. We pressed for that in Committee, and I am grateful to the Minister for tabling the amendments.

Norman Baker: I am not convinced by what the Minister said. He has failed to grasp the nuclear nettle. There are numerous outstanding issues relating to finance, the construction of the NDA and its relationship with Nirex. As there is very little time anyway, I intend to press the new clause to a vote.

Question put, That the clause be read a Second time:—

The House divided: Ayes 39, Noes 273.

Division No. 223] **[5:54 pm**

AYES

Baker, Norman
Beith, rh A. J.
Cable, Dr. Vincent
Calton, Mrs Patsy
Campbell, rh Sir Menzies *(NE Fife)*
Carmichael, Alistair
Chidgey, David
Cotter, Brian
Davey, Edward *(Kingston)*
Doughty, Sue
Ewing, Annabelle
Foster, Don *(Bath)*
George, Andrew *(St. Ives)*
Gidley, Sandra
Hancock, Mike
Harris, Dr. Evan *(Oxford W & Abingdon)*
Harvey, Nick
Heath, David
Jones, Nigel *(Cheltenham)*
Keetch, Paul
Kirkwood, Sir Archy
Laws, David *(Yeovil)*
Llwyd, Elfyn
Moore, Michael
Price, Adam *(E Carmarthen & Dinefwr)*
Pugh, Dr. John
Rendel, David
Robertson, Angus *(Moray)*
Salmond, Alex
Sanders, Adrian
Smith, Sir Robert *(W Ab'd'ns & Kincardine)*
Stunell, Andrew
Taylor, Matthew *(Truro)*
Thurso, John
Tyler, Paul *(N Cornwall)*
Webb, Steve *(Northavon)*
Weir, Michael
Williams, Roger *(Brecon)*
Wishart, Pete

Tellers for the Ayes:
Bob Russell and
Mr. Alan Reid

NOES

Abbott, Ms Diane
Adams, Irene *(Paisley N)*
Ainger, Nick
Alexander, Douglas
Allen, Graham
Anderson, rh Donald *(Swansea E)*
Anderson, Janet *(Rossendale & Darwen)*
Armstrong, rh Ms Hilary
Austin, John
Baird, Vera
Barnes, Harry
Barron, rh Kevin
Battle, John
Bayley, Hugh
Beard, Nigel
Beckett, rh Margaret
Begg, Miss Anne
Bell, Sir Stuart
Benn, rh Hilary
Berry, Roger
Betts, Clive
Blackman, Liz
Blears, Ms Hazel
Blizzard, Bob
Bradley, rh Keith *(Withington)*
Bradley, Peter *(The Wrekin)*
Bradshaw, Ben
Brown, rh Nicholas *(Newcastle E Wallsend)*
Bryant, Chris
Buck, Ms Karen
Burnham, Andy
Campbell, Alan *(Tynemouth)*
Campbell, Mrs Anne *(C'bridge)*
Caplin, Ivor
Cawsey, Ian *(Brigg)*
Challen, Colin
Chapman, Ben *(Wirral S)*
Chaytor, David
Clapham, Michael
Clark, Mrs Helen *(Peterborough)*
Clark, Dr. Lynda *(Edinburgh Pentlands)*
Clark, Paul *(Gillingham)*
Clarke, rh Tom *(Coatbridge & Chryston)*
Clarke, Tony *(Northampton S)*
Clelland, David
Coaker, Vernon
Coffey, Ms Ann
Cohen, Harry
Colman, Tony
Connarty, Michael
Cook, rh Robin *(Livingston)*
Corston, Jean
Cousins, Jim
Cox, Tom *(Tooting)*
Cranston, Ross
Cryer, Ann *(Keighley)*
Cryer, John *(Hornchurch)*
Cummings, John
Cunningham, Jim *(Coventry S)*
Cunningham, Tony *(Workington)*
Curtis-Thomas, Mrs Claire
Davey, Valerie *(Bristol W)*
Davidson, Ian
Davies, rh Denzil *(Llanelli)*
Davies, Geraint *(Croydon C)*
Dawson, Hilton
Dean, Mrs Janet
Denham, rh John
Dismore, Andrew
Dobbin, Jim *(Heywood)*
Dodds, Nigel
Doran, Frank
Dowd, Jim *(Lewisham W)*
Drew, David *(Stroud)*
Dunwoody, Mrs Gwyneth
Eagle, Angela *(Wallasey)*
Efford, Clive
Ellman, Mrs Louise
Farrelly, Paul
Field, rh Frank *(Birkenhead)*
Fisher, Mark
Fitzsimons, Mrs Lorna
Flint, Caroline
Flynn, Paul *(Newport W)*
Foulkes, rh George
Francis, Dr. Hywel
Gapes, Mike *(Ilford S)*
George, rh Bruce *(Walsall S)*
Gerrard, Neil
Gibson, Dr. Ian
Gilroy, Linda
Godsiff, Roger
Goggins, Paul
Griffiths, Jane *(Reading E)*
Griffiths, Nigel *(Edinburgh S)*
Griffiths, Win *(Bridgend)*
Grogan, John
Hall, Patrick *(Bedford)*
Hamilton, David *(Midlothian)*
Hamilton, Fabian *(Leeds NE)*
Hanson, David
Harman, rh Ms Harriet
Harris, Tom *(Glasgow Cathcart)*
Henderson, Ivan *(Harwich)*
Hendrick, Mark
Hesford, Stephen
Hewitt, rh Ms Patricia
Heyes, David
Hodge, Margaret
Hoey, Kate *(Vauxhall)*
Hopkins, Kelvin
Howarth, rh Alan *(Newport E)*
Howarth, George *(Knowsley N & Sefton E)*
Howells, Dr. Kim
Hughes, Kevin *(Doncaster N)*
Humble, Mrs Joan
Hurst, Alan *(Braintree)*
Iddon, Dr. Brian
Ingram, rh Adam
Iranca-Davies, Huw
Jackson, Glenda *(Hampstead & Highgate)*
Jackson, Helen *(Hillsborough)*
Jamieson, David
Johnson, Alan *(Hull W)*
Johnson, Miss Melanie *(Welwyn Hatfield)*

Jones, Helen *(Warrington N)*
Jones, Jon Owen *(Cardiff C)*
Jones, Lynne *(Selly Oak)*
Jowell, rh Tessa
Joyce, Eric *(Falkirk W)*
Kaufman, rh Sir Gerald
Keen, Alan *(Feltham)*
Keen, Ann *(Brentford)*
Kennedy, Jane *(Wavertree)*
Khabra, Piara S.
Kidney, David
Kilfoyle, Peter
Knight, Jim *(S Dorset)*
Kumar, Dr. Ashok
Ladyman, Dr. Stephen
Lawrence, Mrs Jackie
Laxton, Bob *(Derby N)*
Lepper, David
Leslie, Christopher
Levitt, Tom *(High Peak)*
Lewis, Ivan *(Bury S)*
Lewis, Terry *(Worsley)*
Liddell, rh Mrs Helen
Linton, Martin
Lloyd, Tony *(Manchester C)*
Lucas, Ian *(Wrexham)*
Lyons, John *(Strathkelvin)*
McCafferty, Chris
McDonagh, Siobhain
MacDonald, Calum
McDonnell, John
MacDougall, John
McFall, rh John
McGuire, Mrs Anne
McIsaac, Shona
McKechin, Ann
McKenna, Rosemary
Mackinlay, Andrew
McNulty, Tony
MacShane, Denis
McWalter, Tony
McWilliam, John
Mahmood, Khalid
Mahon, Mrs Alice
Mandelson, rh Peter
Marris, Rob *(Wolverh'ton SW)*
Marsden, Paul *(Shrewsbury & Atcham)*
Marshall-Andrews, Robert
Martlew, Eric
Meacher, rh Michael
Meale, Alan *(Mansfield)*
Merron, Gillian
Michael, rh Alun
Milburn, rh Alan
Miller, Andrew
Mitchell, Austin *(Gt Grimsby)*
Moffatt, Laura
Mole, Chris
Moonie, Dr. Lewis
Moran, Margaret
Morgan, Julie
Morley, Elliot
Morris, rh Estelle
Mountford, Kali
Mudie, George
Mullin, Chris
Munn, Ms Meg
Murphy, Denis *(Wansbeck)*
Murphy, Jim *(Eastwood)*
Naysmith, Dr. Doug
O'Brien, Mike *(N Warks)*
Olner, Bill
O'Neill, Martin
Perham, Linda
Picking, Anne
Pickthall, Colin
Pike, Peter *(Burnley)*
Pollard, Kerry
Pope, Greg *(Hyndburn)*
Prentice, Ms Bridget *(Lewisham E)*
Prentice, Gordon *(Pendle)*
Prosser, Gwyn
Purchase, Ken
Purnell, James
Quinn, Lawrie
Rapson, Syd *(Portsmouth N)*
Reed, Andy *(Loughborough)*
Reid, rh Dr. John *(Hamilton N & Bellshill)*
Robertson, John *(Glasgow Anniesland)*
Rooney, Terry
Ross, Ernie *(Dundee W)*
Roy, Frank *(Motherwell)*
Ruddock, Joan
Russell, Ms Christine *(City of Chester)*
Salter, Martin
Sarwar, Mohammad
Savidge, Malcolm
Sedgemore, Brian
Sheridan, Jim
Short, rh Clare
Simpson, Alan *(Nottingham S)*
Singh, Marsha
Skinner, Dennis
Smith, rh Andrew *(Oxford E)*
Smith, Angela *(Basildon)*
Smith, rh Chris *(Islington S & Finsbury)*
Smith, Geraldine *(Morecambe & Lunesdale)*
Smith, Llew *(Blaenau Gwent)*
Southworth, Helen
Spellar, rh John
Starkey, Dr. Phyllis
Stevenson, George
Stewart, Ian *(Eccles)*
Stinchcombe, Paul
Strang, rh Dr. Gavin
Stringer, Graham
Stuart, Ms Gisela
Sutcliffe, Gerry
Tami, Mark *(Alyn)*
Taylor, rh Ann *(Dewsbury)*
Taylor, Dari *(Stockton S)*
Thomas, Gareth *(Clwyd W)*
Thomas, Gareth *(Harrow W)*
Timms, Stephen
Touhig, Don *(Islwyn)*
Trickett, Jon
Truswell, Paul
Turner, Dennis *(Wolverh'ton SE)*
Turner, Dr. Desmond *(Brighton Kemptown)*
Twigg, Derek *(Halton)*
Tynan, Bill *(Hamilton S)*
Vaz, Keith *(Leicester E)*
Vis, Dr. Rudi
Ward, Claire
Wareing, Robert N.
Watts, David
White, Brian
Whitehead, Dr. Alan
Wills, Michael
Wilson, Brian
Winnick, David
Winterton, Ms Rosie *(Doncaster C)*
Wood, Mike *(Batley)*
Woodward, Shaun
Worthington, Tony
Wright, Anthony D. *(Gt Yarmouth)*
Wright, Tony *(Cannock)*
Wyatt, Derek

Tellers for the Noes:
Charlotte Atkins and
Joan Ryan

Question accordingly negatived.

It being after Six o'clock, MADAM DEPUTY SPEAKER *put forthwith the Questions necessary for the disposal of the business to be concluded at that hour, pursuant to Order [10 May].*

Amendment proposed: No. 5, in clause 100, page 79, line 23, at end insert—

'36B Duties in relation to navigation

(1) Neither the Secretary of State nor the Scottish Ministers may grant a consent in relation to any particular offshore generating activities if he considers, or (as the case may be) they consider, that interference with the use of recognised sea lanes essential to international navigation—

(a) is likely to be caused by the carrying on of those activities; or

(b) is likely to result from their having been carried on.

(2) It shall be the duty both of the Secretary of State and of the Scottish Ministers, in determining—

(a) whether to give a consent for any particular offshore generating activities, and

(b) what conditions to include in such a consent,

to have regard to the extent and nature of any obstruction of or danger to navigation which (without amounting to interference with the use of such sea lanes) is likely to be caused by the carrying on of the activities, or is likely to result from their having been carried on.

(3) In determining for the purposes of this section what interference, obstruction or danger is likely and its extent and nature, the Secretary of State or (as the case may be) the Scottish Ministers must have regard to the likely overall effect (both while being carried on and subsequently) of—

(a) the activities in question; and

(b) such other offshore generating activities as are either already the subject of consents or are activities in respect of which it appears likely that consents will be granted.

(4) For the purposes of this section the effects of offshore generating activities include—

(a) how, in relation to those activities, the Secretary of State and the Scottish Ministers have exercised or will exercise their powers under section 36A above and section 101 of the Energy Act 2004 (extinguishment of public rights of navigation); and

(b) how, in relation to those activities, the Secretary of State has exercised or will exercise his powers under sections 94 and 95 and Chapter 3 of Part 2 of that Act (safety zones and decommissioning).

(5) If the person who has granted a consent in relation to any offshore generating activities thinks it appropriate to do so in the interests of the safety of navigation, he may at any time vary conditions of the consent so as to modify in relation to any of the following matters the obligations imposed by those conditions—

(a) the provision of aids to navigation (including, in particular, lights and signals);

(b) the stationing of guard ships in the vicinity of the place where the activities are being or are to be carried on; or

(c) the taking of other measures for the purposes of, or in connection with, the control of the movement of vessels in that vicinity.

(6) A modification in exercise of the power under subsection (5) must be set out in a notice given by the person who granted the consent to the person whose obligations are modified.

(7) In this section—

'consent' means a consent under section 36 above;
'offshore generating activities' means—

(a) the construction or operation of a generating station that is to comprise or comprises (in whole or in part) renewable energy installations; or

(b) an extension of a generating station that is to comprise (in whole or in part) renewable energy installations or an extension of such an installation;

'the use of recognised sea lanes essential to international navigation' has the same meaning as in Article 60(7) of the United Nations Convention on the Law of the Sea 1982 (Cmnd 8941).

(8) In subsection (7) 'extension', in relation to a renewable energy installation, has the same meaning as in Chapter 2 of Part 2 of the Energy Act 2004.".'.—*[Mr. Timms.]*

Amendment made to the proposed amendment: (b), in proposed subsection (7)(b), leave out from 'navigation' to '(Cmnd 8941)' and insert

'means—

(a) anything that constitutes the use of such a sea lane for the purposes of Article 60(7) of the United Nations Convention on the Law of the Sea 1982 (Cmnd 8941); or

(b) any use of waters in the territorial sea adjacent to Great Britain that would fall within paragraph (a) if the waters were in a Renewable Energy Zone.'.—*[Mrs. Dunwoody.]*

Amendment, as amended, agreed to.

Clause 81

PRINCIPAL OBJECTIVE TO PROMOTE RENEWABLE ENERGY

Amendment made: No. 1, in page 63, line 39, leave out clause 81.—*[Mr. Timms.]*

Clause 82

REPORTS UNDER SECTION 1 OF SUSTAINABLE ENERGY ACT 2003

Amendment made: No. 2, in page 64, line 32, after 'development', insert

'or the bringing into use'.—*[Mr. Timms.]*

Clause 98

INSTALLATIONS IN TERRITORIAL WATERS AND RENEWABLE ENERGY ZONES

Amendment made: No. 3, in page 78, line 1, leave out clauses 98 and 99.—*[Mr. Timms.]*

Clause 100

EXTINGUISHMENT ETC. OF PUBLIC RIGHTS OF NAVIGATION

Amendments made: No. 4, in page 78, line 18, after 'extension', insert 'of a generating station'.

No. 6, in page 79, line 32, at end insert—

'( ) In subsection (1) of section 35 of the Coast Protection Act 1949 (c. 74) (operations not requiring consent under section 34), after paragraph (g) insert—

"(ga) subject to subsection (3) of this section, any operations comprised in offshore generating activities carried out in accordance with a consent under section 36 of the Electricity Act 1989 granted after the commencement of section 100 of the Energy Act 2004;".

( ) After subsection (2) of that section insert—

"(3) Operations in or as regards Scotland fall within paragraph (ga) of that subsection only if and to the extent that the Scottish Ministers by order made by statutory instrument so provide.

(4) A statutory instrument containing an order under subsection (3) shall not be made unless a draft of the instrument has been laid before and approved by a resolution of the Scottish Parliament.

(5) In that paragraph 'offshore generating activities' has the same meaning as in section 36B of the Electricity Act 1989.".'.—*[Mr. Timms.]*

Clause 101

FURTHER PROVISIONS RELATING TO PUBLIC RIGHTS OF NAVIGATION

Amendment made: No. 7, in page 79, line 42, after 'extension', insert 'of a generating station'.—*[Mr. Timms.]*

Clause 116

DISCHARGE OF RENEWABLES OBLIGATION IN GREAT BRITAIN BY PAYMENT

Amendments made: No. 13, in page 95, line 26, leave out from beginning to 'insert' in line 37 and insert—

'( ) For subsection (3) of that section substitute—

"(2A) An order under section 32 may provide that, where—

(a) a renewables obligation is one in relation to which provision made by virtue of subsection (1)(b) applies in the case of the electricity supplier who is subject to the obligation, and

(b) the period ending with such day (after the day by which the obligation had to be complied with) as may be specified in or determined under the order has not expired,

the taking of steps under section 27A in respect of a contravention by that supplier of that obligation is prohibited or otherwise restricted to the extent specified in the order.

(2B) An order under section 32 may provide that, in a case in which the amount received by the Authority, or by the Northern Ireland authority, by way of discharge payments for a period falls short of the amount due in respect of that period, persons who—

(a) were subject to renewables obligations for the relevant period, and

(b) are of a description specified in or determined under the order,

must, by the time and in the circumstances so specified or determined, make a payment (or further payment) to the Authority of an amount calculated in the manner so specified or determined.

(2C) An order under section 32 may not by virtue of subsection (2B) confer an entitlement on the Authority to receive a payment in respect of the shortfall for any period—

(a) in the case of a shortfall in the amount received by the Authority, if the receipt of the payment is to be while a prohibition or restriction by virtue of subsection (2A) applies, in one or more cases, to the taking of steps in relation to contraventions of renewables obligations for that period; or

(b) in the case of a shortfall in the amount received by the Northern Ireland authority, if the receipt of the payment is to be while a prohibition or restriction by virtue of a corresponding provision having effect in Northern Ireland applies, in one or more cases, to the taking of steps in relation to contraventions of Northern Ireland obligations for that period.

(2D) The provision that may be made by virtue of subsection (2B) includes—

(a) provision for the making of adjustments and repayments at times after a requirement to make payments in respect of a shortfall for a period has already arisen; and

(b) provision that sections 25 to 28 are to apply in relation to a requirement imposed by virtue of that subsection on a person who is not a licence holder as if he were a licence holder.

(3) The amounts received by the Authority by virtue of the preceding provisions of this section must be paid by it to electricity suppliers in accordance with a system of allocation specified in an order under section 32."

( ) In that section, at the end'.

No. 14, in page 95, line 40, at end insert—

'(7) For the purposes of this section—

(a) the amount received by the Authority by way of discharge payments for a period falls short of the amount due in respect of that period, and

(b) the amount received by the Northern Ireland authority by way of discharge payments for a period falls short of the amount due in respect of that period,

if, and to the extent that, the Authority or (as the case may be) the Northern Ireland authority would have received more by way of discharge payments if every renewables obligation or (as the case may be) Northern Ireland obligation for that period, so far as it was not otherwise discharged, had been discharged by payment.

(8) In this section—

'discharge payment', in relation to a period, means—

(a) a payment by virtue of paragraph (a) of subsection (1) for discharging (in whole or in part) an electricity supplier's renewables obligation for that period;

(b) so much of a payment by virtue of paragraph (b) of that subsection for securing that such an obligation is treated as discharged to any extent as does not exceed the payment that would have discharged that obligation to the same extent if it had been made before the day mentioned in that paragraph; or

(c) so much of any payment to the Northern Ireland authority as corresponds, in relation to a Northern Ireland obligation for that period, to anything falling within paragraph (a) or (b) above;

'Northern Ireland obligation' means a renewables obligation of a Northern Ireland supplier under Article 52 of the Energy (Northern Ireland) Order 2003 (S.I.2003/419 (N.I.6));

"the relevant period"—

(a) in relation to a shortfall in amounts received by the Authority by way of discharge payments for a period, means that period; and

(b) in relation to a shortfall in amounts received by the Northern Ireland authority by way of discharge payments for a period, means any period that includes the whole or a part of that period.".'.—*[Mr. Timms.]*

Clause 125

RENEWABLE TRANSPORT FUEL OBLIGATION

Amendment made: No. 18, in page 101, line 23, leave out clause 125.—*[Mr. Timms.]*

Clause 140

CONSEQUENTIAL AMENDMENTS OF THE 1989 ACT

Amendment made: No. 8, in page 108, line 34, leave out '3A(5)(a)' and insert '3A—

( ) in subsection (1) (principal objective of GEMA in relation to electricity), at the end insert "or the provision or use of electricity interconnectors"; and

( ) in subsection (5)(a)'.—*[Mr. Timms.]*

Clause 182

APPLICATION OF GENERAL DUTIES TO PART 3 FUNCTIONS ETC.

Amendment made: No. 9, in page 143, line 12, at end insert—

'( ) In section 3A(2)(b) of the 1989 Act (duty to have regard to ability of licence holders to finance obligations under Part 1 or the Utilities Act 2000), for "or the Utilities Act 2000" substitute ", the Utilities Act 2000 or Part 2 or 3 of the Energy Act 2004".'.—*[Mr. Timms.]*

Clause 185

SERVICE OF NOTIFICATIONS AND OTHER DOCUMENTS

Amendment made: No. 19, in page 144, line 39, after 'than', insert

'sections [Imposition of civil penalties] to [Appeals against civil penalties] or'.—*[Mr. Timms.]*

Clause 190

SHORT TITLE, COMMENCEMENT AND EXTENT

Amendment made: No. 10, in page 149, line 6, after 'sections', insert '[Microgeneration],'.—*[Mr. Timms.]*

Schedule 2

PROCEDURAL REQUIREMENTS APPLICABLE TO NDA'S STRATEGY

Amendment made: No. 11, in page 160, line 27, at end insert—

'( ) The Secretary of State must lay before Parliament a copy of anything that the NDA publishes in accordance with sub-paragraph (1) or (2), and the Scottish Ministers must lay before the Scottish Parliament a copy of anything that is so published.'.—*[Mr. Timms.]*

Schedule 3

PROCEDURAL REQUIREMENTS APPLICABLE TO NDA'S ANNUAL PLANS

Amendment made: No. 12, in page 163, line 5, at end insert—

'( ) The Secretary of State must lay before Parliament a copy of anything that the NDA publishes in accordance with sub-paragraph (1) or (2), and the Scottish Ministers must lay before the Scottish Parliament a copy of anything that is so published.'.—*[Mr. Timms.]*

Schedule 6

STRUCTURE ETC. OF TRANSFEREE COMPANIES

Amendment made: No. 15, in page 179, line 4, leave out 'transfer'.—*[Mr. Timms.]*

Schedule 7

FINANCES AND ACCOUNTS OF TRANSFEREE COMPANIES

Amendment made: No. 16, in page 183, line 28, leave out

'issued out of the Consolidated Fund'

and insert

'paid by the Secretary of State'.—*[Mr. Timms.]*

Schedule 9

TAXATION PROVISIONS RELATING TO NUCLEAR TRANSFER SCHEMES

Amendment made: No. 17, in page 201, line 23, leave out '1988' and insert 'Taxes'.—*[Mr. Timms.]*

Order for Third Reading read.—[Queen's Consent, on behalf of the Crown, and Prince of Wales's consent, on behalf of the Duchy of Cornwall, signified.]

6.11 pm

The Secretary of State for Trade and Industry (Ms Patricia Hewitt): I beg to move, That the Bill be now read the Third time.

I am particularly grateful to my hon. Friend the Minister for Energy, E-Commerce and Postal Services for his highly skilful and assiduous handling of the Bill during Committee and Report stages, and also to my hon. Friend the Minister for Small Business and Enterprise for his valuable contribution at both stages. May I express my thanks to them and to all hon. Members who served on the Standing Committee?

The Bill is part of the Government's continued commitment to deliver a sustainable energy future for the United Kingdom. We face enormous challenges—climate change, declining indigenous energy supplies and ageing infrastructure. We cannot ignore those challenges, for our own sake and for the sake of future generations.

In the energy White Paper that I published last year we set out how we would tackle fundamental changes in our energy environment, and we set challenging goals—to cut greenhouse emissions by 60 per cent. by the middle of the century, with real progress by 2020, to secure reliable energy supplies, to maintain competitive markets at home and abroad, and to ensure that every home in our country is adequately and affordably heated. We are working hard right across Government to deliver on all those commitments and, following my right hon. Friend the Chancellor's announcement yesterday, we have the resources to do so.

The Bill is an important part of an even larger picture of activity delivering on the White Paper. Much of the discussion that we have had in the House and in Committee during the passage of the Bill focused on that bigger picture, and rightly so—the Bill presented an excellent opportunity for debate. In April, we published our first annual report on the implementation of the White Paper, setting out what we are doing to deliver our commitments.

I refer particularly to the issue of security of supply, which is of huge importance and is recognised as such in all parts of the House. The new duty to report annually to the House on security of supply underlines how seriously we in Government take that issue. But we know from business and consumers that primary legislation is not always the answer. We have to be creative and flexible to overcome many of the challenges that we face. As ever, we will regulate only where it is appropriate and with a light touch.

Many other issues have arisen during our debates. Energy efficiency was mentioned by a number of my hon. Friends and by Opposition Members. We remain committed to increasing investment in energy efficiency, as it is by far the most cost-effective way to meet all our energy goals. The energy efficiency action plan aims to deliver more than 12 million tonnes of carbon saving—well beyond the 10 million that we anticipated in last year's White Paper. There is also the potential of saving consumers more than £3 billion a year by the end of the decade.

I recognise that there has been some disappointment that our goal of delivering annual savings of more than 4 million tonnes of carbon for the household sector by 2010 is lower than what we initially projected in the White Paper. Since that was published, we have continued to refine the projected savings that we can achieve in that sector. None the less, the objective that we are setting currently represents a demanding increase in activity from the industry. It also requires us to promote sustained consumer demand for greater energy efficiency.

We will review our progress on the energy efficiency aim for the household sector in the review of the climate change programme later this year, and in the 2007 review announced in the energy White Paper action plan. If we find that we can go further than we set out in the action plan, we will do so.

Brian White: Many industries in the sector are in the market for investment at the moment. Will my right hon. Friend assure them that they will be taken into account when the climate change review is under way, and that there will be constant dialogue with the industry?

Ms Hewitt: I am happy to give my hon. Friend that assurance. One of the best ways for us to ensure that we deliver our energy efficiency aims is to involve the industry. It is at the leading edge of energy efficiency technologies, and can help make sure that we design a regulatory framework—and take other action to deliver the results that we want—in the cheapest and most effective way.

In the context of delivering affordable and low-carbon heating, combined heat and power can make a significant contribution. Again, we have set ambitious targets. A recent analysis by Cambridge Econometrics suggests that we are likely to be within 1.5 GW of our target by 2010. In other words, there is still more to do.

Just yesterday, my hon. Friend the Minister for Energy, E-Commerce and Postal Services and my noble Friend the Under-Secretary of State with responsibility for food, farming and sustainable energy met key partners engaged in the CHP industry to discuss the long-term options for increasing the support that we give to CHP. We remain committed to our target, and we have a strategy in place for achieving it, which we

[Ms Hewitt]

published alongside the White Paper annual report earlier. We will continue to monitor progress, and to work with the sector to see what more we can do.

Renewable energy is a source of some controversy, in this House and elsewhere. After just two years, the renewables obligation is proving popular with both investors and developers. It is backed by £350 million in capital grants and research and development support for those renewable technologies that are still some way from being commercially competitive.

Mr. Salmond: In the Secretary of State's opinion, does Ofgem act in accord with the Government's renewables targets in everything that it does?

Ms Hewitt: We had extensive discussions with Ofgem in the preparation of the energy White Paper. I am quite satisfied that Ofgem fulfils its statutory duties, as laid down by Parliament, and that it takes into account our commitment to deliver on our climate change goals, and on all our other goals, through an increase in renewable energy.

Mr. Salmond: In that case, why were two Ofgem officials unable to give an answer to that very question, which I and my hon. Friend the Member for Angus (Mr. Weir) put to them three times during a meeting yesterday evening?

Ms Hewitt: I speak to the chairman, chief executive and other members of that authority, and I am satisfied on that matter. The members of the authority are well aware of the need to support renewable development, both through an appropriate regulatory framework and through ensuring that the necessary infrastructure is put in place to enable renewable electricity to connect to the grid.

Mr. Wilson: Perhaps I can help my right hon. Friend, as we both know that there are two approaches to renewables, and especially to those that come from peripheral areas. The Ofgem approach is that it does not want to touch them with a bargepole, as it is not interested in them. The Government approach is to encourage renewables, particularly in those parts of the country where the resources are at their best. It is admirable that the Secretary of State has recognised the problem and tried to bridge it with the capping proposal. Should she not, even in the dying breaths of this Bill, take that logic further and remove the sunset clause, which limits capping to 10 years? That at least would ameliorate what Ofgem has tried to do in the past year. It would be greatly welcomed and would be a positive signal to renewables rather than a negative one.

Ms Hewitt: My right hon. Friend has played a sterling role in supporting renewables both in his role as a Minister and now in his present position. As he rightly says, we recognise the need to make a further change in the legislative framework. That is why we have taken the power in this Bill to cap transmission charges for remote renewable generators. We did so under the European renewables directive.

My right hon. Friend raised the issue of the 10-year sunset clause on this provision. I should stress that the clock will start to run only when we start to use the power. It is our judgment that 10 years will be adequate for any remote renewable generators to benefit because transmission charges are only one cost to the generator. We believe that, as the renewables industry becomes established, the costs will decline. We have seen that happen with onshore wind farms and we will see it happen with offshore wind farms. If 10 years proves inadequate and there is a need to address the matter again, that can be tackled by the Government of the day.

Mr. Wilson: There is not much dividing us here, but this is so important. Ten years is not enough of a signal to investors in major projects in many parts of the country where renewable resources are greatest. It would be a relatively modest change for my right hon. Friend to give herself the flexibility to vary the terms of the sunset clause rather than putting 10 years in the Bill. If she had that flexibility, someone—

Madam Deputy Speaker: Order. I really do think that the right hon. Gentleman's intervention is rather lengthy.

Ms Hewitt: I understand well the point that my right hon. Friend makes. We have discussed it on a number of occasions. The important thing is to recognise that the power that we have taken in the Bill for a 10-year cap on the transmission charge, if that proves necessary, comes on top of the extensive support that we are giving to the renewables sector through the renewables obligation, which will amount by the end of the decade to some £1 billion a year of support as well as the £350 million programme of capital grants and R and D support to which I have already referred. I do not think that our enthusiasm for the renewables sector can be challenged in any way. We are certainly putting our money, or the taxpayer's money, where our mouth is.

Mr. Calum MacDonald (Western Isles) (Lab): I accept the point that my right hon. Friend makes. The incentives are equally available to all developments throughout the United Kingdom, but there is a particular problem with the peripheral areas such as my constituency, which will be meeting these high charges. The point needs to be made that it is a question of encouraging banks and other institutions to provide lending for well over a 10-year period. Therefore, the sunset provision creates a danger that banks will be put off investing in those areas of Scotland where the resources are at their very best and the economic impact is potentially the greatest.

Ms Hewitt: I absolutely understand my hon. Friend's concern. He has been assiduous in promoting the possibilities for renewable technology, especially in his constituency. It is precisely the argument that he and my right hon. Friend the Member for Cunninghame, North (Mr. Wilson) have made that has persuaded us to take the new capping power in the Bill. It applies only to the remote peripheral areas. We have discussed that carefully with the sector, and my judgment and that of my colleagues is that, on top of the already extensive incentives and grants, a 10-year capping power—with

the possibility of further extension if necessary—will do what is required to encourage the development of the industry in my hon. Friend's constituency and in other parts of Scotland. However, other issues arise, especially in connection with the planning regime. I had the opportunity to discuss those issues in Edinburgh yesterday with the First Minister. I know that he and my right hon. Friend the Deputy Prime Minister will continue to play their part in ensuring that the planning regime is favourable towards the development of renewables, because it can be another barrier to the full realisation of that sector's potential.

We seek to create an entirely new energy sector that will provide the cleaner, greener energy that consumers undoubtedly want and help to give our country and our economy the diversity that we need to ensure security in energy supply. This is a market-led solution, but with Government intervention to ensure that the market develops. It is working. We see Centrica planning to invest £750 million in renewables. RWE Innogy ION has attracted £400 million of investment from the City for its renewable energy projects. The City is showing its confidence in the sector, and that is good news.

Mr. Bob Blizzard (Waveney) (Lab): One of the problems that the renewables sector faces is the approach that the Opposition have adopted during the passage of the Bill. They have tried to set up one obstruction after another to the development of offshore renewable energy. They say that it is intermittent and expensive, and they seem to want to give a power of veto to one sort of pleasure boat on the establishment of wind farms. We have seen this before—the Opposition say that they support renewable energy, but not offshore wind generation.

Ms Hewitt: My hon. Friend makes his point with great force—

Mrs. Gwyneth Dunwoody (Crewe and Nantwich) (Lab): May I just point out that far from referring to one pleasure boat when we talk about wind farms in shipping lanes, we are talking about major shipping lanes around the UK that are an extremely important part of our economic development?

Ms Hewitt: My hon. Friend makes an important point. We have looked very carefully at the report from her Select Committee and we will respond to it. Indeed, we have had a valuable debate on it. We took all such interests into account when we originally designated offshore areas as potential sites for offshore wind farms, including shipping interests; radar and other defence interests; and environmental concerns, including nesting of particular species of birds. All of those partners have been carefully involved in our plans for developing the sector and I do not minimise the difficulties.

I shall be interested to see where the Opposition end up on the issue. Will they support the development of renewable power that will make a hugely important contribution to our energy supplies in future, or will they line up with those who think that the future lies only in nuclear energy?

Mr. Salmond: The Secretary of State appears to agree with the hon. Members for Waveney (Mr. Blizzard) and for Crewe and Nantwich (Mrs. Dunwoody), but they argued diametrically opposed positions. Genuinely offshore wind power might be the answer that reconciles those positions, but under the Secretary of State's sunset clause it will become impossible to make the necessary billion pound investments, such as in the Beatrice field in the Moray firth. Scottish generators were promised a better arrangement that would reduce connection and interconnector charges. However, the Secretary of State's proposals, which Ofgem helped to draw up, could actually result in generators in the north of Scotland paying more under the new system. How can that be fair, equitable or just and how will it help renewables and other forms of generation?

Ms Hewitt: That matter was dealt with pretty extensively at earlier stages of the Bill and is one for Ofgem to decide. It is examining the issue extremely carefully with both the National Grid Company and the industry and I have no doubt that they will make the right decision and that we shall get the infrastructure as well as the generation investment that we need.

Finally on renewables, I remind the House that last December my hon. Friend the Minister for Energy, E-Commerce and Postal Services announced measures to increase the obligation to 15.4 per cent. by 2015–16 and to continue that level of support until 203[illegible] providing exactly the long-term framework that is needed.

There has been much debate on the future of nuclear energy. There is no change to our policy and I echo the comments of my right hon. Friend the Prime Minister when he appeared before the Liaison Committee last week. Although he acknowledged the carbon-free benefits of nuclear power, he emphasised the point that the public still need to be persuaded both of its safety and its economic viability.

The plants that currently provide a rather important share of our total electricity are coming to the end of their life, building new stations is economically unattractive at present and we have yet to resolve serious issues relating to the disposal of nuclear waste. Alongside those issues, the Government have always recognised the importance of supporting the social and economic development of west Cumbria, which is so dependent on our nuclear industry and the skills of our excellent work force.

Tony Cunningham (Workington) (Lab): I thank my right hon. Friend for restating the Government's commitment to the economic and social development of west Cumbria, and also for establishing the West Cumbria strategic forum. It is important that the forum meets quickly, so can my right hon. Friend tell us when it will meet for the first time? Will local groups and local partners be involved, especially the local councils—Cumbria, Copeland and Allerdale? Their involvement will be vital to the success of the proposals.

Ms Hewitt: I am grateful to my hon. Friend not only for making that point but also for his work supporting the establishment of the West Cumbria strategic forum. It will indeed involve not only Whitehall Departments with a direct interest in west Cumbria, but also regional partners, including of course the Northwest Development Agency, and local partners, especially the local authorities of Cumbria, Copeland and Allerdale,

[Ms Hewitt]

as well as local community groups. Obviously, the nuclear decommissioning authority will also be represented.

I confirm that I shall be chairing the first meeting of the forum and that it will take place in early October. It will bring national focus and energy to bear on the long-term strategic issues that west Cumbria faces. We remain completely committed to supporting the Northwest Development Agency and its delivery bodies as the prime regeneration agency for the area.

Once the nuclear decommissioning authority is up and running, it will provide long-term strategic direction for the clean-up of our civil nuclear sites and will have responsibility for safety, security, environmental protection and value for money. It is the major achievement of the Bill and we all, on both sides of the House, want to see the NDA established by April next year, and the new electricity trading arrangements for Great Britain implemented in the same time frame.

In conclusion, I repeat my thanks to hon. Members from all parties for the constructive and positive approach they have taken to the scrutiny of the Bill. I have no doubt that we have a better Bill as a result of that scrutiny, building on the pre-legislative scrutiny that began in January 2003. Our improvements to the Bill will enable the NDA to engage in environmental schemes in local communities and we have set out in much more detail the scope of the annual reports required under the Sustainable Energy Act 2003. We have built in flexibility to deal with the effect of transmission charges on remote renewables generators—the problem we have just been discussing. We have given Ofgem a statutory duty to have regard to the principles of best regulatory practice. We have given more flexibility to customers on pre-payment meters to vary the terms of their supply agreements.

The Bill is an extremely important part of achieving those big energy goals that we set ourselves in the energy White Paper. I am grateful to all hon. Members for the consideration that they have given to the Bill, and I commend it to the House.

6.35 pm

Mr. Stephen O'Brien (Eddisbury) (Con): I welcome this Third Reading debate. The substantial elements of the Bill have our support, not least because of the extent to which it was revised and improved by the Opposition teams in the other place, where it was introduced and subjected to rigorous and expert scrutiny under the leadership of my noble Friend Baroness Miller of Hendon, and during debates here in Committee and on Report, which were expertly and responsibly conducted by my hon. Friend the Member for Tewkesbury (Mr. Robertson). Not for the last time this evening, I record my enormous gratitude to them for their positive contribution, and, indeed, to all members of the Standing Committee, particularly those of the official Opposition, who made important, cogent and expert contributions then and today. I pay tribute to the unfailing courtesy of the Minister for Energy, E-Commerce and Postal Services, who was responsible for steering the Bill through the House.

The principal effect of the Bill will be to extend to Scotland the electricity trading arrangements for England and Wales, by replacing NETA with BETTA, and to establish a structure to safeguard and manage the clean-up of Britain's nuclear legacy, by establishing the nuclear decommissioning authority and a civil nuclear constabulary.

The Bill follows the 2003 White Paper, "Our Energy Future: Creating a Low Carbon Economy", which sets out the four goals of the Government's energy policy: to put ourselves on a path to cut the UK's carbon dioxide emissions by 60 per cent. by 2050; to maintain reliability of energy supplies; to promote competitive markets in the UK and beyond; and to ensure that every home is adequately and affordably heated. Measured against the Government's criteria, which I have just recited, no doubt, to their pleasure, the Bill substantively deals with only one of the four declared policy goals: the promotion of competitive markets.

Given that energy Bills are a relative rarity, the Government must concede that the Bill represents something of a missed opportunity, particularly in the context of the urgent need to address the challenge of climate change without jeopardising long-term access for the UK to safe, reliable and affordable energy supplies. That is not to say that none of the measures in the Bill is constructive. Many such measures were inserted at the Opposition's behest. Among the new clauses added to the Bill since Second Reading, I particularly welcome new clause 5, which secures the Government's concession to a commitment to make an annual report to Parliament on the availability of short-term and long-term energy supplies, to which I shall return in a moment, and which was secured only on the instance of and after protracted negotiations with the Opposition teams in both Houses.

I acknowledge the merit of introducing the renewable transport fuel obligation, although I note that the Secretary of State is merely awarding herself powers without specifically proposing to use them. Still on renewables, I welcome the amendment to clause 100 on duties in relation to navigation that prevent installations of offshore wind turbines in areas where they would interfere with international shipping lanes, although it is an inferior replacement to the similar amendment originally inserted in the other place under the authorship of Lord Jenkin, whose experience in energy matters is beyond dispute. I commend amendment (b) to Government amendment No. 5, which was agreed to during the last minute nod-through that we suffered in the guillotine on Report and successfully secured by the hon. Member for Crewe and Nantwich (Mrs. Dunwoody) to help to safeguard shipping.

I am pleased that the Bill contains a clause on microgeneration, noting again that its presence in the Bill is another triumph for the Opposition. However, we must wait to study the details of the strategy before we know how serious the Government are about promoting it. I welcome the fact that the Government have agreed that copies of the nuclear decommissioning funding account should be laid before Parliament, and I pay tribute to my colleagues, particularly my hon. Friend the Member for Tewkesbury, for securing its inclusion.

Notwithstanding those positive improvements and additions, the Government's reluctance to address the wider policy goals that they identified in the White Paper

has been an enduring theme during the Bill's passage through the other place and then on Second Reading, in Committee and on Report. The most notable instance of the Government's aversion was seen during the flurry that followed the insertion of the so-called security of supply amendment by Opposition Members in the other place, which tried to formalise in statute the Secretary of State's responsibility for setting a framework that would enable markets to deliver energy supplies over the medium and long term. Ministers opposed that suggestion by claiming that such a clause would usher in re-nationalisation of the industry. I made it crystal clear on Second Reading that the Conservative Government liberalised energy markets in the teeth of blind opposition from the Labour party of the day, and Conservatives do not have an ounce of nationalising blood in them, unlike several Labour Members. In the same breath, the Government went on to argue that the provision would be unnecessary, and thus flawed, because it simply restated a clearly recognised reality. The logic of those claims was cancelled out when the Government made them simultaneously, but the individual claims do not stand up to close inspection either, especially when examined in conjunction with the Government's response to a similar provision in the constitutional treaty to which they, if not the energy industry, British business or the British public, are keep to sign up. Article III-157 of the constitution states that for the first time the Commission will henceforth take charge of policy to

"ensure security of energy supply in the Union".

I note that the United Kingdom Offshore Operators Association called on the Government in October 2003—forlornly in the end—to make conceding that co-competence a red-line issue.

The Minister for Energy, E-Commerce and Postal Services told the European Scrutiny Committee on 2 December 2003 that

"the fact that there is an Energy Chapter"

in the constitution

"in itself is something that we are happy with."

He may be happy that energy policy will be a co-competence between the democratically elected UK Secretary of State and the unelected EU Commission, but he has not explained during the passage of the Bill—or at any other time—the effect that that will have on Ofgem's present duties to regulate the UK energy market or the Secretary of State's duty to negotiate bilateral treaties with non-EU Governments on, for example, the building of gas pipelines, let alone the possible powers of the Commission to intervene in our domestic energy markets.

While I am on the subject of the European Union, will the Secretary of State give us a categorical assurance in relation to the Bill that the nuclear decommissioning authority will not run into difficulties with the competition commissioner? Is she entirely satisfied that the Bill is in line with EU rules on state aid? If she does not want to intervene on that point now, will she consider the matter and write to me, placing a copy of the letter in the Library of the House?

Mr. Blizzard: Will the hon. Gentleman give way?

Mr. O'Brien: Very briefly, because the hon. Gentleman has already had a go—it did not work then.

Mr. Blizzard: As chair of the all-party group on the offshore oil and gas industry, I have had several discussions with that industry. Everyone in the industry has told me that they are more than happy with the wording of the new energy chapter, which was negotiated by the Government. Indeed, I have received letters setting that out precisely. The industry is not unhappy with the new wording of the energy chapter.

Mr. O'Brien: I am grateful to the hon. Gentleman for telling me what he has heard, but I have naturally held my own consultations on the matter, as he would expect, and we are receiving representations of a different character. The interpretation of what the Government have agreed—I am glad to say that it has not yet been agreed by the British people—has yet to be determined, so we must wait to see what happens. I suspect that the record will show that the argument was not as clear cut as the hon. Gentleman hopes, against all expectations.

The fact that there is an energy chapter in the European constitution makes an annual report on the availability of supply of electricity and gas in the UK all the more vital. Again, I pay enormous tribute to the work of my colleagues in the other place, especially my noble Friends Baroness Miller of Hendon, Earl Attlee and Lord Jenkin of Roding, and Members of this House, not least my hon. Friend the Member for Tewkesbury, who deserves special recognition, for using their patient negotiating skills to secure the commitment to that annual report. They also secured numerous other key amendments that I shall not have time to cover, which have improved the Bill immeasurably.

I must put it on the record that we have experienced the Government's habitual practice of tabling important and serious amendments on Report at the last minute, despite the fact that many could, and should, have been tabled much earlier in the process to allow full scrutiny. Additionally, they have yet again imposed a deliberately mean timetable on the House, which has meant that important groups of amendments, especially those tabled by the minority nationalist parties, have been excluded from debate, although their consideration would have formed an important part of the Bill's passage. The annual report does more than any other aspect of the Bill to put pressure on the Government to pay due regard to their role in setting the medium to long-term framework through which markets remain able and are further enabled to deliver security of supply.

That is important, because the Government's record in that respect is suspect. On their watch, normal operative standby has fallen sufficiently low to provoke concerns among academics and industry experts, as well as in a recent report from the other place. They have refused to rule out the possibility of blackouts as soon as this winter. Our nuclear reactors are mothballing, to the

[Mr. O'Brien]

extent that they will contribute just 2 per cent. of our energy supply in less than two decades. The contribution of renewables to the energy mix has remained disappointing, at 2 to 3 per cent. since 1997.

With every passing day, the hole in the nation's energy mix looms closer—it is debated whether there is a low or high probability—and every day, the Government's response is to set an ambitious or stringent new target. Two headline examples from last year's White Paper are the commitment to cut carbon emissions by 60 per cent. by 2050 and the pledge that renewables will contribute 20 per cent. of our energy supply—at least, that is now the aspirational target—by 2020.

The Government also want to achieve at least 10,000 MW of installed, good-quality combined heat and power capacity by 2010, despite the fact that they have opposed an Opposition clause tabled in another place, which my colleagues have sought to influence them to reinsert, that sought to exempt CHP when determining the electricity from a supplier that is subject to the renewables obligation. The Government have a poor record in encouraging the CHP industry to invest. Striking that clause from the Bill will do little to encourage investor confidence, and still less to help the Government reach their CHP target for 2010, which it is currently estimated they will miss by 20 per cent.

Needless to say, the Government are on target to miss their targets, but given their record, they are also on target to move their targets—downwards only, of course. Meanwhile, the energy intensive users group has recently calculated that electricity prices will be pushed up 40 per cent. by 2010 because of the EU carbon emissions trading scheme. We are also set to become net importers of gas for the first time. That is not inherently a concern, but we may be relying at times on supplies from unstable or distant parts of the world.

We are still waiting for legislation that will produce a strategy for moving towards a low-cost, low-carbon, balanced mix of energy supply. That is the big elephant in the Chamber that the Bill does not seriously address. Indeed, members of the public with an interest in energy matters, of whom there are now many more than there were a few years ago, may read the Bill and wonder why it has so little to say about the topics driving public concerns about energy supply.

For example, since Second Reading, important contributions have been made by a range of parties, including Lord Browne of Madingley, Professor James Lovelock, the originator of the Gaia theory, and even, in the past few days, as the Secretary of State mentioned, the Prime Minister himself. Those contributions have, at the very least, sought to highlight the challenge of climate change and the range of options for supply in the future, not excluding the need for a debate about new nuclear build.

As the Prime Minister put it, nuclear power must be on the agenda

"if you are serious about climate change."

That reflected the statement by Professor Lovelock, which has set a tough challenge for those who regard themselves as seeking exclusively to push green credentials. Why, then, is the issue not on the Prime Minister's agenda? Why were the only references to keeping open the option of new nuclear build contained in amendments tabled by the Conservative party but struck out by the Labour Government? Why did last year's White Paper, which the Prime Minister described as a "milestone" in energy policy, make only a passing reference to keeping the nuclear option open?

As I confirmed on Second Reading, my party and I are happy with that approach. For the avoidance of doubt, and given that the Minister for Energy, E-Commerce and Postal Services kept suggesting that we did not have a policy, I point out that the Leader of the Opposition has said on the record, and in terms, that nuclear energy will be a vital part of future energy and electricity supply.

Mr. Timms: On Second Reading, the hon. Gentleman said that his party was neither for nor against nuclear power. Does that remain the position, or has it changed since Second Reading?

Mr. O'Brien: I would have thought that the Minister, who usually has a good memory, would recall my words. I not only said that I had an open mind, but put it on the record that the Opposition, too, were completely happy with the idea that the nuclear option should be kept open—something that the Government have been saying. As has been mentioned, we have given an assurance that nuclear energy will be a vital part of energy policy under a future Conservative Government. That is a lot clearer than what we have heard from the Government.

We are keeping the nuclear option open while our present facilities are run down and the number of qualified nuclear scientists in the UK diminishes. I pay tribute to the former Energy Minister, the right hon. Member for Cunninghame, North (Mr. Wilson), for his speech, which I was able to catch on the monitor. He said that we must ensure that we do not lose our capacity for new nuclear build through the flight of the necessary engineers and scientists whom this country has developed and retained in the past, thereby gaining competitive advantage. That significant point gave reality to the idea of keeping the nuclear option open. Last but not least, why did the Secretary of State for Environment, Food and Rural Affairs tell us to

"come back in another generation"

if, in the national interest, we need to debate new nuclear power generation?

Neither the public debate nor today's debate have focused only on nuclear energy—far from it. A series of prominent figures, including the environmentalist, Sir David Bellamy, and the editor of *The Ecologist*, Zac Goldsmith, have expressed concern about wind turbines on environmental and aesthetic grounds. At the same time, Jorgen Abilgaard, director of Econ, which acts as consultant on wind and renewable energy for the Danish Government—Denmark's proportion of wind power is the highest anywhere in the EU—says of wind power that

"it is not a long-term solution to any of the problems of climate change".

It is alarming that the White Paper and, to a lesser extent, the Bill, choose to focus so exclusively on wind power as the long-term replacement for carbon-based

fuels. Clearly, wind has an important role to play in meeting the UK's renewable energy targets, but in the face of growing public opposition, Ministers are deluding themselves if they believe that it is the unique solution to making the transition to a low-carbon economy.

We might have had the chance to explore some of these issues had the Liberal Democrats not called a rather unnecessary Division just before the end of Report, perhaps to avoid the exploration of their own embarrassment over wind turbines, which they seem to favour, because they are renewables, so long as they are not in Liberal Democrat-held constituencies. Wind turbines are unsightly to growing numbers of the public, and their power generation is worryingly intermittent. They are also uneconomic, as is reflected by clause 177 on the adjustment of transmission charges.

Mr. Alex Salmond (Banff and Buchan) (SNP): On a point of order, Mr. Speaker. In terms of the rules and Orders of the House, is any protection offered to Scottish Members who have waited to debate vital Scottish matters, such as the biased use of system charges and the question of renewables for the north of Scotland, only to find that the Government's contemptuous use and abuse of procedures and unwillingness even to listen to debate on these matters leave us in a position whereby they are not being aired, let alone voted on? Is that an argument for removing them to the power of a Parliament that might find the time to debate them?

Mr. Speaker: That is not matter for the Chair. I would say to the hon. Gentleman that it is not a matter of calling Scottish Members, but of calling Members of the United Kingdom Parliament. I am bound by the rules that the House has given me, and those rules say that these proceedings stop at 7 o'clock. I have no powers to stop any hon. Gentleman, although I do say, while I am on my feet, that Front Benchers should bear in mind that there are Back Benchers in this House of Commons.

Mr. O'Brien: I am grateful, Mr. Speaker. I am sympathetic to the position of the hon. Member for Banff and Buchan (Mr. Salmond), but I note that I have not taken nearly as long as the Secretary of State, and these points need to be debated on equal terms.

I am not convinced that the Government have made much effort to inform consumers of the financial cost of wind power that is designed to be passed on to them. I commend the amendments tabled by Lord Jenkin of Roding in the other place—sadly, they were ultimately unsuccessful—because they would have required greater transparency and public consultation.

The Government need to be aware that they are giving the impression that their energy policy is getting lost in internal disputes. The message from the Minister to wind power companies is to "go out and build", while Professor Howard Dalton, chief scientist at the Department of Environment, Food and Rural Affairs, says:

"Wind power can make a contribution but do we really want windmills all over the countryside and covering swathes of the ocean? I don't think so."

He goes on to describe them as an "eyesore".

The Prime Minister tells us that he has "fought long and hard" with his party

"to make sure that the nuclear option is not closed off".

He said that only the other day. However, I fear that the content of last year's White Paper and this Bill suggest that the Secretary of State for Environment, Food and Rural Affairs must have fought even longer and harder.

We support the provisions to promote more competitive markets. We support the nuclear decommissioning authority and the new Government commitment to prepare an annual report on availability and security of supply with an accompanying debate on the Floor of House, as the Minister for Energy, E-Commerce and Postal Services previously promised and confirmed today. We shall hold the Government to that, and we look forward to the debate, subject to the receptiveness of the Leader of the House to granting it in Government time each year.

Mr. Key: Will my hon. Friend confirm that we also support the civil nuclear constabulary? It was most unfortunate that chapter 3 received so little attention in Committee and that we have not had the opportunity to debate it this afternoon. It is extraordinary that the jurisdiction of the civil nuclear constabulary will be reduced. It will be less able to look after our nuclear industry in future than in the past.

Mr. O'Brien: My hon. Friend makes an important point. We welcome the new civil nuclear constabulary. I pay tribute to the shadow Minister for Homeland Security, who has assisted greatly in providing advice, as well as to my hon. Friend the Member for Salisbury (Mr. Key), who brought his expertise to the debate. It is regrettable that we could not explore some of the issues in greater depth.

The Government have alighted on the right questions in their White Paper. However, Ministers are clearly at loggerheads over the solutions to reducing carbon dioxide emissions while ensuring the reliability and affordability of energy supplies. We do not fundamentally object to the Bill. We broadly support its contents, as far as they go. However, we do not pretend that it papers over the fault lines or, indeed, the movement of plates in the Government's uncertainty and indecision about the way in which to execute their clearly stated broader energy policy goals.

6.56 pm

Mr. MacDonald: Given that we are running against the clock, I shall try to be as brief as possible. Although the Bill has huge merits and I was proud to serve on the Committee that considered it, a question remains at the heart of clause 177. We debated it in Committee, but we did not emerge from the debate much the wiser about the reason for the need for a sunset clause. The worries expressed in Committee have become more serious in subsequent weeks. For example, Scottish and Southern Energy representatives have approached me to say that they believed that their discussions with Ofgem and the national grid were heading towards a reasonable conclusion, but they are now going backwards. They are worried about the viability of investment in renewables in the north of Scotland.

[Mr. MacDonald]

Such worries are even greater for communities that have decided to venture into renewables. Several communities in Scotland are developing community-owned operations, which will maximise the benefit to the local community as well as contributing to the national need. They are especially dependent on long-term financial backing. Such finance will be much harder to get with the 10-year horizon, beyond which lies uncertainty about the user charges that affect those companies.

I want to make two requests of the Secretary of State and the Minister. First, will they urge Ofgem to accept the need for a fair, reasonable and stable set of charges that will allow renewables to develop even in the most peripheral parts of the north of Scotland? The issue should be resolved as quickly as possible to provide some certainty to the industry.

My second request is whether the Secretary of State and the Minister would be willing to meet a delegation from not only my constituency but from Orkney and Shetland, and to discuss the matter with the hon. Member for Orkney and Shetland (Mr. Carmichael) and me. A delegation from the island communities would be especially useful, given the vast resources in those communities and the fact that they will be most affected by the uncertainty that remains at the heart of clause 177.

6.59 pm

Mr. Stunell: We support the Bill. It has more vision and ambition than it originally possessed, and I am delighted that the Lords have managed to impose on it security of supply, the renewables transport fuel obligation and microgeneration requirements, which the Government had omitted. Plenty more could and should be done, and we shall come back to the Government time and again to ask for an ambitious energy policy, an implementation plan that works and a long-term vision.

Question put and agreed to.

Bill accordingly read the Third time, and passed, with amendments.

DELEGATED LEGISLATION

Queen's recommendation having been signified—

Motion made, and Question put forthwith, pursuant to Standing Order No. 118(6) (Standing Committees on Delegated Legislation) and Order of 22 June,

Electoral Commission

That, with effect from 1st April 2004, the Resolution of the House of 26th March 2001 making provision with respect to the remuneration and expenses of any Electoral Commissioner other than the Chairman of the Electoral Commission ("a relevant Commissioner") be amended by subetituting, for paragraph (1) of that Resolution, the following:

"(1) In respect of remuneration a relevant Commissioner shall be paid for each day he performs functions as such ("a relevant day"):

(a) £275 for a relevant day up to 31st March 2004;

(b) £313 for a relevant day from 1st April 2004 up to 31st March 2005; and

(c) For a relevant day in any year starting with 1 April thereafter, the sum payable in accordance with the provisions of this resolution in respect of a relevant day in the immediately preceding year, increased by the percentage by which the salary of a High Court judge having effect on that 1st April has increased compared to that having effect on the previous 1st April."—*[Paul Clark.]*

Question agreed to.

Motion made, and Question put forthwith, pursuant to Standing Order No. 118(6) (Standing Committees on Delegated Legislation),

Atomic Energy and Radioactive Substances

That the draft Uranium Enrichment Technology (Prohibition on Disclosure) Regulations 2004, which were laid before this House on 1st July, be approved.—*[Paul Clark.]*

Contracting Out

That the draft Contracting Out (Functions relating to Broadcast Advertising) and Specification of Relevant Functions Order 2004, which was laid before this House on 10th June, be approved.—*[Paul Clark.]*

Northern Ireland

That the draft Northern Ireland Act 1998 (Designation of Public Authorities) Order 2004, which was laid before this House on 10th June, be approved.—*[Paul Clark.]*

Question agreed to.

Motion made, and Question put forthwith, pursuant to Standing Order No. 115(3) (Northern Ireland Grand Committee (delegated legislation)),

Northern Ireland

That the draft Budget (No. 2) (Northern Ireland) Order 2004, which was laid before this House on 8th June, be approved.—*[Paul Clark.]*

Question agreed to.

PETITIONS

Post Office Closures

7 pm

Mr. Andrew Rosindell (Romford) (Con): I rise to speak this evening not only as the Member of Parliament for Romford but as a local resident of the Rise Park community in my constituency. The residents of that community are appalled at the prospect of the local post office being closed. Hon. Members will be aware that a review of local post offices is taking place across the country, but people in the Rise Park community are particularly concerned that their post office will be one of those that is likely to be closed.

During the past few months, local residents have campaigned to save their local post offices, particularly the Rise Park post office that I have mentioned. I shall present to the House this evening a very large petition, containing no fewer than 1,519 signatures from the residents not only of Rise Park but of the Marshalls Park, Gidea Park and Collier Row communities in the Romford constituency. Signatures have been collected by local residents, by members of the Havering Road Methodist church in Rise Park, by parents from the Rise Park junior and infants schools, by local shopkeepers and by many other concerned local people. The petition

is also supported by the local councillors for the Pettits ward, Councillors Joe Webster, Alby Tebbutt and Ray Morgon. The petition reads as follows:

The people of the Rise Park area of Romford declare that the Rise Park Post Office is threatened with closure by Post Office Ltd. The Petitioners therefore request that the House of Commons does all in its power to keep the Rise Park Post Office open.

And the Petitioners remain, etc.

To lie upon the Table.

Mr. Rosindell: I rise to present a second petition. It is yet another petition relating to the prospect of the closure of local post offices in my constituency. This petition has been signed by no fewer than 1,166 local residents from the Ardleigh Green area of Romford, which comes under the Hornchurch postal district but is very much within the Romford constituency. Ardleigh Green is a small community containing many elderly residents who depend heavily on the services provided by the Ardleigh Green post office, and on the services of all the local shops that would be badly affected if the post office were allowed to close.

This petition is the result of a campaign that was launched by local residents in January, and it has received support from people across the communities of Ardleigh Green, Gidea Park, Nelmes, and the County Park area of my constituency. It has received particular support from members of the All Saints church, Squirrels Heath, and from many parents of the Ardleigh Green infants and junior schools. The petition is also strongly supported by the local councillors for the Squirrels Heath ward, Councillors Michael White, Eric Munday and Eddie Cahill. The petition reads as follows:

The Petition of the people of the Ardleigh Green area of Romford declares that Ardleigh Green Post Office is threatened with closure by Post Office Ltd. The Petitioners therefore request that the House of Commons does all in its power to keep the Ardleigh Green Post Office open.

And the Petitioners remain, etc.

To lie upon the Table.

Planning (Fareham)

7.5 pm

Mr. Mark Hoban (Fareham) (Con): The petition that I shall present is from more than 1,400 residents of the borough of Fareham.

The petition states:

The petition of residents of Fareham, in Hampshire, declares

That local people and their councillors should be given a much greater role in decisions about how many homes should be built in their area and where those homes should be built.

That the views of local people should carry much greater weight than those of the Deputy Prime Minister.

That decisions on planning should be taken in line with local plans and local development frameworks and should not be overridden either by unelected regional bodies or the Office of the Deputy Prime Minister.

The Petitioners therefore request that the House of Commons amend the law relating to planning so as to increase the role of local authorities and local residents in implementing housing policy

And your Petitioners remain, etc.

To lie upon the Table.

Carbon Capture and Storage

Motion made, and Question proposed, That this House do now adjourn.—*[Derek Twigg.]*

7.6 pm

Mr. Bob Blizzard (Waveney): I am particularly pleased to have secured this debate on a day on which we have been considering the Energy Bill, as I believe that the topic, carbon capture and storage, holds the key to one of the most important issues underlying debates on the Bill throughout its stages.

Most people accept that one of the greatest problems that we all face on the planet is that we are producing too much carbon dioxide, and that we must tackle it. The simple solution is to reduce massively the amount of CO_2 that we create, but it is easier said than done, given our patterns of life and our dependency on certain technologies that create CO_2. Therefore whatever one's political stance, it is unlikely to be achieved quickly. Without downplaying the need to avoid creating CO_2 emissions in the first place, we also need to consider dealing with the CO_2 that is emitted. I am talking about capturing the CO_2 from both coal and gas-fired power stations, and other major industrial sources, and storing it deep underground.

Will it work? We already know that we can store CO_2 deep underground for 10,000 years or longer, in depleted oil and gas reservoirs in the North sea and all over the world, which held the materials that we have extracted, naturally and securely, for millions of years. That is already happening at Weyburn in Canada. But further immeasurably massive capacity exists to store CO_2 in the saline aquifers deep beneath the sea bed. That is already happening in the Sleipnir gas field in the Norwegian sector of the North sea. It complies with the OSPAR regulations, and there have been no leaks.

That process is also being piloted in Texas where, for example, it is thought that the Frio geological formation could store between 200 and 350 billion tonnes of CO_2—30 years worth of the 7 billion tonnes that we create through human activity each year. Scientists there expect that the CO_2 plume might spread a few hundred metres over tens of thousands of years, but do not see any risk of a large and dangerous escape from naturally sealed reservoirs. Let me emphasise that I am not talking about just dumping CO_2 in the deep ocean, as was once suggested.

Carbon capture and storage is safe, but do the public think it safe? The Tyndall centre for climate change research in Manchester carried out a survey and found, first, that nobody had ever heard of CCS, but when it was explained, although most people said that they would rather see a move to renewable energy and improved energy efficiency, they thought that it could solve a problem in the next few decades as part of the solution, and they preferred it to nuclear power. CCS could provide a bridge for the CO_2 emissions problem to 2050 and probably well beyond, but there is clearly much more applied research and development to be done before CCS becomes a fully commercial solution.

My hon. Friend the Minister for Energy, E-Commerce and Postal Services, in answer to my oral question last week, said that it is difficult to envisage CCS becoming viable before 2020. But his Department's

[Mr. Bob Blizzard]

report, "Review of the Feasibility of Carbon Dioxide Capture and Storage in the UK", which was published in September last year, said:

"earlier deployment could occur to tie in with the pattern of electricity plant replacement. In addition CCS in combination with Enhanced Oil Recovery"

—about which I shall speak shortly—

"could be implemented from about 2010."

But that will only happen—even the 2020 deployment will only happen—if the Government get fully behind CCS now. The lead-in times are necessarily and inevitably long, and the investment needs to be attracted.

Why do we need to bother with this? A huge expansion in renewable energy generation and energy conservation is, rightly, the cornerstone of Government energy policy as set out in the White Paper. But there is still a big problem. A graph produced by the Department shows that even if we meet the difficult 20 per cent. renewables target and implement the White Paper's energy efficiency policies, according to the latest DTI energy predictions—published in May—the carbon dioxide emissions reduction target will go off track in 2010, and the 60 per cent. reduction sought by 2050 will not be achieved unless something else is done. There will still be a gap.

As a short-term fix, we could close all the coal-fired power stations and substitute gas; but I think that many of my hon. Friends would be rather concerned if we did. There seem to me to be only two options: it is CCS, or a new generation of nuclear power stations. We may eventually need both, but for various reasons we must have more than just the nuclear option available. Because of the long lead-in times, we shall have to make a strategic decision fairly soon. The Prime Minister said that only last week, although he only mentioned the nuclear option. I want to demonstrate that there is another option, although CCS is not as well known as nuclear power and does not yet have established political and industrial support.

In deciding how to fill the emissions reduction gap, we must look at the impact on energy policy and on other existing and planned energy sources. Let us consider renewables first. The Government recognise that if we invest in new nuclear power now, investment in renewables would be killed off. So the White Paper creates a window for renewables. If we have no other option, however, it could be quite a small window.

Investment in nuclear power is incompatible with investment in renewables. Because of the huge capital cost, the start-up cost and the low operating costs, once the investment in nuclear power has been made it will keep renewables out for a long time. It is inflexible. No one will close a nuclear power station early once the investment has been made. Nor should we forget that the huge cost of nuclear clean-up has made it uneconomical. We know the costs to the taxpayer attached to that part of the Energy Bill which we have just passed: £48 billion. We need to keep the nuclear option open, but we must not proceed yet.

There are some who fear that CCS will just prolong fossil fuel generation, to the detriment of the development of renewables. CCS is actually a bridge in the long changeover to a low-carbon fuel economy, giving renewables more time to be nurtured rather than being snuffed out. It is flexible by virtue of its cost structure. We could abandon it in favour of more renewables if we wished.

We also need to look at the implications for coal and gas. For reasons of reliability and security of supply, we will have to continue a balanced energy policy—including fossil fuels—for some time, especially as we cannot be certain that we will achieve the 20 per cent. renewables target. It is equally vital that we comply with CO_2 reduction commitments and future targets.

I represent a coastal community which I do not want to disappear under the sea, but CCS squares the circle. We still have plenty of the gas that has given us cheap energy and enabled us to meet our Kyoto commitments, although we will become a net importer in a few years' time. Most other countries are not in such a strong position on the percentage of indigenous gas used for power generation. Huge reserves of gas remain in the world—we will source piped gas from Norway and Russia and liquefied natural gas from all over the world. CCS enables us to use that gas and deal with CO_2 emissions. I do not know much about coal, but CCS is probably its only long-term future.

What about the cost of CCS? The costs are comparable to the published costs for most low-emission options that are not entirely straightforward, such as offshore wind, and they are estimated to be comparable with those of nuclear power—the difference is 1p per kilowatt-hour at most. The DTI report, which I mentioned earlier, said:

"Current costs for CCS are estimated to add 1–2.3p/kWh to the cost of electricity",

but costs can be brought down to 0.2 to 1p per kilowatt-hour, if CCS is combined with enhanced oil recovery. The injection of CO_2 into depleted reservoirs can enable more oil and gas to be recovered and enhance the usable quality of the oil, extending the life of oil fields in the North sea, which would bring economic benefits such as jobs and tax revenues for public spending.

Much of the infrastructure, such as pipelines, already exists and could be re-used, and we could avoid some of the environmental challenges associated with decommissioning. Again, there is only a certain window of five to 20 years in the time scale towards the depletion, abandonment and decommissioning of the oil and gas infrastructure in the North sea. We should not and must not miss the opportunity, but the market will not deliver EOR alone, and the Government must take a strong line on CCS to send out the right signals to the industry.

We hear that hydrogen fuels are the fuels of the future, and fuel cell technology for transport must form part of the strategy for CO_2 reduction, but where will the hydrogen come from? Fossil fuels are the most likely source, but CCS will be needed to deal with the CO_2 produced in making the hydrogen.

In conclusion, the DTI recognised the important role of CCS in the White Paper and its subsequent report. The technology will need to deliver and prove that it can deliver, but if we are to develop it further, we need a Government policy steer and some support. We must fill that emissions reduction gap, and CCS can deliver a three-way win.

First, CCS offers a win on security of supply. It squares the fossil fuels that we will need to keep the lights on with the vital CO_2 reduction targets. It could enable a more gradual transfer from self-sufficiency in oil and gas to imports, and we could derive valuable income internationally from the massive storage facility we have in the North sea. Secondly, CCS offers an environmental win. It reduces CO_2 emissions dramatically and provides time for renewables to develop unthreatened by a commitment to a long-term alternative. Thirdly, CCS offers a political win. It would be more acceptable to people than the sudden switch in lifestyle demanded by some of the more radical green alternatives to deal with CO_2 and climate change, which mainstream political parties find it difficult to talk about, let alone implement. Have we really examined the political implications of authorising a new generation of nuclear power stations? CCS may be an easier choice, although we may need both.

CCS could offer other wins, such as a big global win. It is a workable, near zero-emissions solution for fast growing energy users such as China and India, which seem unlikely to want to give up their enormous coal reserves in favour of renewables. The west alone cannot tackle global warming. We have the opportunity to develop, supply and sell the technology—if we take a lead and derive the economic benefits of being a leader in such an industry. Australia, with its seemingly unlimited reserves of coal and gas, appears to be thinking this way too, and it is pursuing CCS. But to be a winner, we must act now and push ahead with developing the technology. At the very least, we must make the same commitment that is being made to keep the nuclear option open; I am not sure that we are doing so in terms of supporting development work for CCS.

Just as the nuclear option needs to be kept open, so the CCS option needs to be opened; moreover, the CCS/EOR option needs to be exercised in time. The Government should make sure that people have a range of low-emission generation options when those decisions have to be made in two to four years' time. It will be interesting to discover what choice people make.

In answer to another of my oral questions, I was told that CCS is a medium-term solution. The world has a medium-term CO_2 problem, and if we do not stabilise emissions by 2050, it will probably be too late to bother. Either we stop using fossil fuels, or we capture CO_2 and store it. That is not a hard political decision to make.

So I ask my hon. Friend the Minister to recognise the potential of CCS and the policy and political advantages that it has to offer. I am not asking for blind faith in a not fully proven technology, but I am asking him to put his weight behind it, so that it is given an opportunity. It would be terrible if it were the best idea ever that was never given a chance.

7.21 pm

The Minister for Energy, E-Commerce and Postal Services (Mr. Stephen Timms): I congratulate my hon. Friend the Member for Waveney (Mr. Blizzard) on securing this debate. He is an indefatigable campaigner on this topic, on which he secured an Adjournment debate in March, and as he said, he pressed me on it during Trade and Industry questions only last week. I am also grateful to him for his contribution to the debate on the Energy Bill, to which we have just given a Third Reading. His work as chairman of the all-party group on the offshore oil and gas industry is of course highly appreciated by the industry.

My hon. Friend works closely with the United Kingdom Offshore Operators Association, does a great deal of work on the issues facing the industry and puts a lot of effort into considering the offshore industry's long-term strategic opportunities. For example, he was active and vociferous—and from my point of view very helpful—on the question of offshore wind during consideration of the Energy Bill. He has also been an active campaigner for carbon capture and storage, which could also provide a big opportunity for the offshore industry.

We are well aware of the opportunities that CCS could provide in achieving our energy White Paper target to reduce carbon emissions by 60 per cent. by 2050. We certainly have not lost sight of its potential and the contribution that it could make to sustainable and secure energy supplies. I agree with my hon. Friend about the urgent need to move decisively in that direction.

We have investigated the feasibility of such technologies because we recognise their future potential and, more recently, we have undertaken two in-depth studies of CCS. The first investigated the feasibility of CCS as a means of disposing of the CO_2 emitted by power generation that uses fossil fuels such as coal and natural gas. The second looked at the possibility of using CO_2 to enhance the recovery of oil from our depleting oil fields, an idea to which my hon. Friend referred in particular. Both studies were undertaken in full consultation with the industry and others. We are building on that work and officials in my Department are developing a new carbon abatement technology strategy that will be of particular interest to him. It will begin to map out the work needed to help make these technologies commercially viable. Our aim is to publish the strategy at the turn of the year, but I hope that there will be an extensive public consultation beforehand to support it. We plan to publish the consultation document in the next few weeks to kick off the consultation.

The new strategy will replace the existing cleaner coal technology programme. The fourth and final call for proposed projects under that programme was made in February. Presently, 10 projects have been shortlisted for further consideration. The last call moved the emphasis of research and development into CO_2 reduction rather than the abatement of other emissions from coal-fired power generation. It is generally recognised that technologies to control emissions of acid gases—SOx and NOx—are now sufficiently developed that they no longer warrant Government support. A new carbon abatement technology research and development programme arising from the new strategy will focus specifically on CO_2 capture and improving efficiencies from traditional generating technologies.

We have started work on defining the new strategy in the context of the conclusion from the energy White Paper. As a first step, the industry-led advanced power generation technical forum has developed an industry view on what the new strategy should cover. A report from the consultancy, NERA, reviewing the old cleaner coal technology programme and making

[Mr. Stephen Timms]

recommendations for a new carbon abatement technology strategy was produced in June. Those and other reports, together with the public consultation, will provide the basis for the development of the new strategy. That will be significant for the aims that my hon. Friend has set out.

From the work completed to date, our conclusion has been that, although carbon capture and storage technologies could well assist us in meeting our 2050 target, they are unlikely to be ready and commercially viable before 2020, so they can be deployed only in the longer term. My hon. Friend rightly referred to some of the caveats around that conclusion. His point was accurate, but it is the case that mainstream commercial viability is likely to be achievable in that time frame. As I set out in answering his oral question last week, there are a number of hurdles that need to be overcome before the technology can be brought successfully to market. Our judgment of the time scale is very much in line with the judgment made in other countries—in the USA, for example, where the dependence on coal is significantly greater and where work is already in hand to identify projects such as FutureGen that will take a considerable number of years to develop. As I pointed out last week, there is a substantial price tag.

In discussing the barriers to carbon capture and storage, it is important to split the technologies into two distinct areas of capture and storage because each has a very different set of hurdles to overcome. First, on capture, the costs of the CO_2 capture technologies have to be reduced so that they become commercially viable and competitive with other low carbon solutions. There is not only considerable R and D required beforehand to get those costs down, but we need to tackle the energy penalty in capturing the CO_2 because the capture process alone takes up considerable additional energy. No one has yet demonstrated a fully integrated carbon capture and storage process, although the components have been used separately in a number of industrial applications. That is why the USA is planning to spend $1 billion over the next decade on the FutureGen project. We will follow it with great interest and work with the USA on some of the issues raised by it. In the meantime, there are other low to zero carbon technologies, such as renewable energy, wind power and offshore wind, which my hon. Friend has particularly championed, that will assist us in meeting our targets up to 2020.

Secondly, there are the storage issues and we need to address the reliable and permanent storage of CO_2. That is, when we store it underground, we have to be confident that it will stay there and will not leak back to the atmosphere. We are thinking along the same lines as my hon. Friend—that depleted oil and gas wells as well as saline aquifers beneath the North sea are likely to prove ideal repositories for CO_2. The British Geological Survey has estimated that we could store the UK's current annual CO_2 emissions for well over 100 years. That would certainly give us more than ample time to develop new, reliable, fossil-free power generation technologies. If that is to be an effective means of disposing of CO_2, we must be certain that we can safely and reliably store it in those locations.

There are a number of important issues arising from that requirement. On the legal side, we must make sure that we do not contravene the OSPAR and London conventions on dumping waste at sea. When the conventions were drawn up nobody was thinking of geologically storing CO_2 beneath the seabed, so those conventions are not clear about the legality of that, although I noticed what my hon. Friend said about Norway in that respect. We will need to work with the international community to resolve that challenge, and that will take a little time.

There are also opportunities for the UK from storing CO_2. The European Union emissions trading scheme that comes into effect in January could contribute towards the cost of capture and storage and could also earn credits from storing the carbon emitted by other countries. If we want to make sure that we can gain those benefits by earning carbon credits, a reliable monitoring and verification system will need to be established.

We must understand the risks around storage, the likelihood of leaks and the environmental impact on the ecosystem. Work to date by other countries—my hon. Friend mentioned two examples, Norway in the Sleipner gas field and Canada in the Weyburn oil field—indicates, as he said, that we can reliably store CO_2, but more work will be needed before we can be entirely confident.

A regulatory regime would need to be established to make sure of best practice and to cover the ownership and responsibility for stored carbon in the medium and the very long term. We should be aware that there would be some public concern about the wisdom of storing carbon beneath the ground and how secure that would be. We will have to be able to demonstrate that what we are doing is responsible and safe.

None of those barriers is insurmountable, but there is a good deal of work still to be done to bring us to the point where the technologies could be deployed with confidence. If the difficulties can be overcome, it is my view and the Government's view that there are considerable gains to be had, as my hon. Friend pointed out.

We recognise that much of our effort will be in collaboration with other countries—for example, with Norway on resolving the storage issues, with the USA under the US/UK memorandum of understanding on cleaner fossil fuel technologies and on developing capture technologies, and with EU member states on the proposed fossil energy coalition, which is preparing a case for support.

What I have not mentioned so far, although it is important, is the potential for hydrogen production from these technologies. My hon. Friend raised the question of where the hydrogen will come from in future. It is generally considered that the first generation of hydrogen will come from fossil fuel, rather than from renewables. Using natural gas-fired power plant with carbon dioxide capture would enable hydrogen to be produced, which would have applications not only for electricity, but for transport and for fuel cells. That alone gives us a strong incentive to research and develop carbon capture and storage technologies for future exploitation.

Our more recent report on the possibilities of using carbon dioxide for enhanced oil recovery was published in March. That work arose from the energy White Paper because we saw it as a possible first step to CO_2 storage, utilising the infrastructure already in place, as my hon. Friend pointed out, with the added benefit of the extra oil recovered and the commercial gain from that. From a good deal of consultation with the major oil companies operating in the North sea, it was clear that at present they do not see the technology as viable, due to the significant gap that exists between the revenue received for the additional oil recovered and the extra costs of adapting installations, as well as the cost of CO_2 capture.

However, we are maintaining a watching brief on this matter. The situation might change and my hon. Friend will be familiar with the pilot initiative on brown fields, which addresses the technical and commercial barriers to the further development of mature fields.

There has been some suggestion that we ought to be looking at a sustainable fossil fuel obligation comparable to the renewables obligation. I think that it is an interesting idea, although any such sustainable incentive would have policy, technical and financial implications that would require considerable study. A mechanism, similar to the renewables obligation, that was designed to promote the sustainable use of fossil fuels in electricity generation would be much more complicated to implement than that for renewables. Fossil fuel power plants emit a variety of noxious gases—such as the acid gases sulphur dioxide and nitrous oxide, as well as carbon dioxide—with varying degrees of intensity. In contrast, renewable technologies are carbon-free, or carbon-neutral.

I hope that I have been able to give my hon. Friend and the House some reassurance that the Government take carbon capture and storage very seriously as a way to make deep cuts in our emissions from 2020 onwards. We will be working on those and other matters in the new carbon abatement technology strategy that is being developed.

I warmly welcome the great interest that my hon. Friend has shown in this matter and the way in which he has drawn the House's attention to it again in this evening's debate. I look forward to working with him and others on this very important topic.

Question put and agreed to.

Adjourned accordingly at twenty-four minutes to Eight o'clock.

House of Commons

Wednesday 14 July 2004

The House met at half-past Eleven o'clock

PRAYERS

[MR. SPEAKER *in the Chair*]

REVIEW OF INTELLIGENCE ON WEAPONS OF MASS DESTRUCTION

Resolved,

That there be laid before this House a Return of the Report of the Review of Intelligence on Weapons of Mass Destruction.—*[Ms Bridget Prentice.]*

Speaker's Statement

Mr. Speaker: Right hon. and hon. Members will be aware that Lord Butler is due to publish his review of intelligence on weapons of mass destruction later this morning. I am aware of the considerable interest in Lord Butler's findings. In these exceptional circumstances, I have agreed that the Prime Minister will make a statement on this matter this afternoon. The statement will take place at 1.30 pm.

Oral Answers to Questions

INTERNATIONAL DEVELOPMENT

The Secretary of State was asked—

Forestry Projects

1. **Mr. Graham Allen** (Nottingham, North) (Lab): Pursuant to his oral answer of 16 June 2004, Official Report, columns 758-9, on debt swaps, what progress has been made by the continuing forestry projects to which he referred. [183716]

The Parliamentary Under-Secretary of State for International Development (Mr. Gareth Thomas): The Indigenous Peoples' Project has approved funding for about 30 projects promoting land demarcation and sustainable development in the Brazilian rain forest. In addition, the project seeks to support a number of indigenous movements and their leaders to be better able to articulate, defend and promote the rights of their peoples. Further support has been provided for the strengthening of the umbrella organisation for the indigenous people of the whole of the Brazilian Amazon.

Mr. Allen: Is my hon. Friend aware that the Commonwealth Development Corporation, which is heavily involved in forestry, is being accused by native peoples in Papua New Guinea and Indonesia of driving deforestation? Is he also aware that the central point of expertise that was established to fulfil the Government's promise of legal and sustainable sources for all timber coming into this country is neither adequately funded nor fully up and running, four years after that promise was made? Will my hon. Friend undertake to write to me on those two detailed questions, so that we can ensure that the UK purchases timber only from legal and sustainable sources?

Mr. Thomas: I am happy to write to my hon. Friend, as he requests, with detailed answers to the specific questions he raises. However, I can reassure him on the question of illegal logging. The UK has been at the forefront of a series of efforts across the continents to tackle the issue of illegal logging. For example, we have committed to a new programme of work on forest governance and trade in west and central Africa, following the ministerial conference that I attended last year, and we have led the debate in Europe on how we can ensure that traders bringing timber into Europe can verify that their supplies have not been logged illegally. We expect that the regulation to achieve that will shortly be brought before the EU College of Commissioners.

Maghreb

2. **Mr. Gordon Marsden** (Blackpool, South) (Lab): What assistance his Department is giving to the development of (a) civil society and (b) women's rights in the countries of the Maghreb. [183719]

The Parliamentary Under-Secretary of State for International Development (Mr. Gareth Thomas): DFID does not have any bilateral programmes in the Maghreb region. However, working with colleagues at the Foreign and Commonwealth Office, we have successfully encouraged the EU through its MEDA programme to use its resources to assist civil society organisations and to promote women's rights. In addition, the FCO's global opportunities fund supports a number of projects in the Maghreb region that seek to increase the participation of women and promote good governance.

Mr. Marsden: I thank my hon. Friend for that reply. This is a critical and opportune time for north Africa and the countries of the Maghreb. I had the privilege of chairing a conference with their Foreign Ministers here two or three weeks ago, and the emphasis was on the building up of civil society and, especially, the extension of women's rights, to which Baroness Symons referred. Will my hon. Friend work closely with his colleagues in the Foreign and Commonwealth Office to promote and develop our relations with the Maghreb? Those countries should not be seen as only within the French sphere of influence: they are keen to have support and encouragement for civil society projects and women's rights from Britain.

Mr. Thomas: I congratulate my hon. Friend on chairing and initiating the conference to which he referred and on his work on the issue over a long period of time. As he may be aware, a series of donors already provide substantial aid in the Maghreb region. The Commission, for example, provides some €700 million

to the middle east and Africa and a further €30 million to Mauritania. I can give a specific example to offer my hon. Friend encouragement that the type of work he wants to see is happening. In Mauritania, about €10 million have been set aside to build up the capacity of civil society organisations and to promote human rights. Clearly, more is needed and the European Commission, at the most recent Council of Ministers, made a commitment to do just that.

Sudan

3. **Mr. John MacDougall** (Central Fife) (Lab): If he will make a statement on action the Government are taking to prevent a humanitarian disaster in Darfur province in Sudan. [183720]

4. **Mr. Richard Bacon** (South Norfolk) (Con): What recent representations he has received regarding the humanitarian situation in Sudan. [183721]

The Secretary of State for International Development (Hilary Benn): The humanitarian situation in Darfur, western Sudan, is of the gravest concern and the need for food, water and shelter is enormous. Civilian protection is also a major concern, with reports of systematic attacks. With our EU partners, we have made it clear that all alleged attacks should be thoroughly investigated and the perpetrators brought to justice.

The UK has now allocated £62.5 million for humanitarian aid, which will include an additional £28 million for this year, as I announced yesterday. We are in daily contact with the Sudanese Government, non-governmental organisations and UN agencies both to ensure that humanitarian relief gets to those in need and to seek to improve security for the long-suffering people of Darfur.

Mr. MacDougall: I am grateful to my right hon. Friend for that response and I am pleased to hear his comments about the progress that has been achieved. Does he agree, however, that there are still significant gaps in humanitarian assistance and supplies to the camps, and that despite all the good work progress remains to be made? Can he comment on that?

Hilary Benn: My hon. Friend is entirely right, although I can tell the House that the UN reports significant progress on humanitarian access and on the removal of the constraints that aid agencies have faced. There are now 31 NGOs registered in Darfur, including most recently World Vision International, which has expressed thanks to the UK for our help in getting its registration through. That enabled the organisation to send two airlifts to the region last Sunday, but the needs remain enormous. Time is very, very short and although there are now 300 international humanitarian staff in Darfur, the UN estimates that 1,000 are needed, so we must continue the effort to ensure that help gets to the people who need it.

Mr. Bacon: Given the intense diplomatic activity of the Government and the UN Security Council in relation to Iraq, were we not entitled to expect more intense activity and pressure from the Government and the Security Council in relation to what is going on in western Sudan? When can we expect a robust UN Security Council resolution on the issue?

Hilary Benn: The UK has been vigorous both through the diplomatic channel and through the humanitarian work that I have just described. The hon. Gentleman will be aware of the reference to Sudan in the Security Council resolution passed in June and, I hope, of the resolution passed by the African Union at its summit last week, which was extremely significant and made clear the concern of the countries of Africa about what is happening. Like the United States and others, we have told the Government of Sudan that if there is not rapid progress in delivering the commitments that they have entered into—not just on improving access for humanitarian aid, but on ensuring security, which is the cause of the crisis—we shall have to return to the Security Council to take further measures, because if that is what is needed to protect the people of Darfur, that is what we shall do.

Mr. Tom Clarke (Coatbridge and Chryston) (Lab): I welcome the increased aid that my right hon. Friend announced this week, as well as the additional £150 million over the next three years that the Chancellor announced on Monday. Will my right hon. Friend continue to be resolute with the regime in Sudan to ensure that there is an infrastructure, so that aid can be delivered, and especially so that trucks are allowed access to those who desperately need what we want to provide?

Hilary Benn: I am happy to give my right hon. Friend that assurance. He rightly refers not only to the additional aid that we have been able to give for the humanitarian crisis, but also to the aid framework that we want to put into development in Sudan when there is peace—not just peace as a result of the Naivasha process but peace in Darfur. That is a product of the generous increase in the UK aid budget that the Chancellor announced on Monday. My right hon. Friend is also right to note that real obstacles remain, including shortages of aviation fuel and diesel for the airlifts and of the trucking required to get help to the people who need it. We have to address each and every one of those problems with vigour and speed if we are to get help to the people who need it.

Mr. Robert Key (Salisbury) (Con): Please will the Secretary of State tell us what progress has been made in the application of satellite technology to provide security and humanitarian aid in the area?

Hilary Benn: The hon. Gentleman raised that issue with me when I made my statement. Yesterday, I looked at a report that Amnesty International has produced that does indeed use satellite technology to identify the villages that have been attacked. I shall, as promised, write to him shortly with further information on that subject. That demonstrates how satellite technology can assist, and the other issue that I will raise with the AU ceasefire monitors is precisely the extent to which they may be able to use it to aid them in the task. There are now 30 monitors in Darfur. They have already

undertaken four investigations. They have access to three helicopters, and it is important that we continue to support them in deploying as quickly as possible.

Mr. Malcolm Savidge (Aberdeen, North) (Lab): Will my right hon. Friend expand on the UN's current and prospective involvement in Darfur?

Hilary Benn: The UN agencies have been present for quite some time. As I have said in the House previously, they were in the past, frankly, slow in responding to the scale of the crisis. The situation has improved since first Kevin Kennedy arrived for three weeks, and now Eric Damor has been appointed as the acting resident co-ordinator. Next week, I will talk to Carol Bellamy of UNICEF and Jan Egeland, the UN emergency relief co-ordinator. I have also had conversations with Jim Morris of the World Food Programme. What is required now is for all the agencies—the UN, the international NGOs and financial support from the international community—to come together to exert maximum effort to ensure that the relief that is needed gets past the obstacles, including the security problems that the UN and other agencies continue to face.

Mr. John Bercow (Buckingham) (Con): Given the harrowing plight of those in the internally displaced people's camps in Darfur, which I saw for myself only two weeks ago, what representations has the Secretary of State made to the Government of Sudan about reports that local authorities are still demanding travel permits in some areas? Does he accept that Khartoum's 90-day registration plan makes many NGOs reluctant to increase their asset bases because they simply do not know whether their permits will be renewed?

Hilary Benn: I am, of course, aware of the problem to which the hon. Gentleman refers. Overall, the reports that we have had—I spoke to our ambassador in Khartoum this morning—show significant improvements in humanitarian access, but the hon. Gentleman is right to draw attention to the continuing difficulties with the local interpretation of travel permits, and we continue to pursue that issue regularly with the Government of Sudan. I am also aware of the problem that he identifies about 90-day registration. We take things a stage at a time, and as we have got that 90-day registration window, he can rest assured that I will continue to do all that I can to ensure that, having got in the NGOs and given that the crisis will last for a very long time, they are able to stay.

Mr. Bercow: I am grateful to the right hon. Gentleman for that reply. Obviously, humanitarian improvement and sustainable peace are inextricably linked to each other. Further to the inquiry made by my hon. Friend the Member for South Norfolk (Mr. Bacon), will the Secretary of State tell the House what, if any, objection the Government have to the passage now of a tougher UN Security Council resolution that condemns unequivocally the Sudan Government for human rights abuses and demands that the abuses be internationally investigated, that the ceasefire and human rights monitors be vastly increased in number, that an assurance be given that people will not be forced to go home until it is safe to do so and that all the militias will be disbanded immediately, failing which a robust UN sanctions regime will be applied within weeks and a UN protection force deployed before we see in Darfur a replay of the human horrors experienced in Rwanda.

Hilary Benn: The words "failing which" that the hon. Gentleman used are the key to the progress. The Government of Sudan have given commitments on security, so it is right and proper that they should be given a chance—they have a short time—to deliver on those commitments in exactly the same way as we gave them a period to deliver on their commitments on humanitarian assistance, on which we are now seeing progress. That progress is unquestionably the result of international pressure. If the Government of Sudan fail to honour the commitments that they have given on security—to disarm the Janjaweed militia and to send in the police forces that they have promised—we will not hesitate to return to the Security Council to continue to apply pressure to ensure that there is further progress.

Tony Lloyd (Manchester, Central) (Lab): My right hon. Friend is absolutely right to emphasise the fact that security is at the centre of delivering humanitarian aid and making a difference. Does he appreciate that the Opposition's request for a clear and tough line would be supported by Labour Members and the Government? It is important that Khartoum is left in no doubt that the international community demands that it not only dissociates itself from the paramilitaries, but makes it clear that it will bring those engaged to justice. There is a suspicion that Khartoum will use weasel words yet continue to support those people unless the international community is resolute in its view and takes action.

Hilary Benn: I recognise the strength of feeling on both sides of the House, not least because I share it. My hon. Friend can rest assured that the Government are doing precisely what he is asking for. We have been playing a leading role in putting pressure on the Government of Sudan, as my conversation with Sudanese Government Ministers demonstrates. I assure my hon. Friend that we will continue to do that because it is the key to progress, which is what the people of Darfur need.

Tom Brake (Carshalton and Wallington) (LD): Does the Secretary of State agree that humanitarian aid will have been effective only if the refugees feel safe enough to return to their homes? How many Janjaweed have been charged and how many have been disarmed? How many weapons have been collected, and what safeguards are in place to ensure that the Janjaweed—who I understand are being incorporated into the police—will not simply carry on harassing the refugees?

Hilary Benn: On the hon. Gentleman's latter point, we have made it clear to the Government of Sudan that the refugees' sense of security will not be increased if, as one person put it to me when I visited Darfur, the Janjaweed return with police officers' badges on their chests. The Government of Sudan are sending police from other parts of the country to Darfur because they realise the force of that argument.

Some reports suggest that attacks from the Janjaweed militia are declining in some parts of Darfur, but other reports indicate that there is increased conflict between the Government and the rebels. Some of the vital access roads that are needed to deliver humanitarian supplies are currently blocked, which is being monitored on a daily basis. We need to see indications of progress, which explains why the AU ceasefire monitoring force is important. With the helicopters that it now has, it can investigate incidents and report back to the whole of the international community on the steps that the Government of Sudan need to take to improve security.

David Taylor (North-West Leicestershire) (Lab/Co-op): I heard the Secretary of State say that he is having discussions with UNICEF. Will he include on the agenda an update on the appeal that it launched only last month for £25 million, which will help the displaced communities in Darfur and Sudanese refugees in Chad, especially the thousands of children who are at risk of dying from entirely preventable diseases such as malaria and measles, and conditions such as diarrhoea? Will he help UNICEF to reach its targets?

Hilary Benn: I certainly will raise those issues during my discussions with Carol Bellamy next week. I can tell my hon. Friend that despite the coverage of the measles vaccination campaign, there are reports of outbreaks of measles. A further mop-up vaccination programme is planned. We are able to support UNICEF and other agencies because we have a rising aid budget—the UK is now the largest cash donor to the humanitarian situation in Darfur. That situation is in sharp contrast to Opposition calls for the budget to be cut.

Zimbabwe

5. **Mr. Henry Bellingham** (North-West Norfolk) (Con): When he next expects to meet representatives of aid agencies to discuss ways of ensuring that aid to Zimbabwe reaches the poorer districts. [183722]

The Secretary of State for International Development (Hilary Benn): I discussed humanitarian needs in Zimbabwe with the head of the World Food Programme earlier this month, and we are in regular contact with other UN agencies, major donors and non-governmental organisations. Recent Government claims of a bumper harvest are simply not credible. If large amounts of food aid are needed later in the year, UN agencies have warned that the international response could be delayed until there is more openness and co-operation with the UN. The Department for International Development and other agencies will continue to provide targeted help to the most vulnerable districts and sections of Zimbabwean society, including people affected by HIV/AIDS and vulnerable children.

Mr. Bellingham: I am grateful for that reply, but there is now overwhelming evidence that Mugabe and ZANU-PF, having destroyed their own agricultural sector, are preventing food from getting through to the poorest communities. Surely more can be done to supervise the distribution of food, or this evil dictator will have succeeded in his strategy of getting re-elected on the back of systematically starving the Opposition.

Hilary Benn: I share the hon. Gentleman's concern about the situation in Zimbabwe. He will be aware that the Government of Zimbabwe predict a 600,000 metric tonnes maize surplus. We do not agree with that. The international assessment is that there will be an 800,000 metric tonnes shortfall. It is the people of Zimbabwe who will pay the price, as he just said, for their Government getting it wrong. We retain the procedures that we have in place to ensure that the food aid that the international community gives is not used for political purposes, but none of us controls the distribution mechanism run by the Government of Zimbabwe.

Mr. Bill Olner (Nuneaton) (Lab): Can the Minister tell the House just how robust the intelligence is about the situation in Zimbabwe? It is essential that food gets through to the poorest people and is not used as a political weapon by ZANU-PF. Are we enlisting the agencies in South Africa to assist in gaining that robust intelligence?

Hilary Benn: I agree about the importance of having access to reliable information about what is going on. That is not helped by the fact that both the crop and food assessment surveys were cancelled by the Government of Zimbabwe—one can only assume because they do not want to know the real position. However, our estimates are based on the best intelligence and information available.

We continue to provide help to the poorest households—those that are suffering greatly. We are also running a clinic-based feeding programme for the under-fives, to help those who are most affected.

Mr. Julian Brazier (Canterbury) (Con): Through the Government's investigation, they have accepted that the Mugabe regime stole a great deal of aid in the past. Will the Minister also accept that aid workers in Movement for Democratic Change areas have been attacked and food distribution centres forcibly closed, and that ZANU-PF is delivering food to its supporters? Given that most of Zimbabwe's close neighbours are heavy recipients of aid from this country, when will the Government put some real pressure on them to assist us in getting Zimbabwe out of the dark ages? *[Interruption.]*

Mr. Speaker: Order. The House must come to order.

Hilary Benn: The hon. Gentleman will be aware that the United Kingdom Government have been very strong in their condemnation of what is going on and very robust in their conversations with Zimbabwe's south African neighbours about the steps that they need to take to bring the current intolerable situation to an end. In that respect, I welcome what Kofi Annan said to the AU summit last week. I also welcome the summary of the fact-finding mission to Zimbabwe, carried out by the African Commission on Human and Peoples Rights, which speaks openly about the testimony it received

"from witnesses who were victims of political violence and other victims of torture while in police custody. There was evidence that the system of arbitrary arrests took place."

It is a welcome sign that the African Union is beginning to take responsibility for the action required to bring an end to the suffering of the people of Zimbabwe.

Renewable Energy

6. **Lynne Jones** (Birmingham, Selly Oak) (Lab): What his policy is on the encouragement of renewable energy technologies in developing countries. [183723]

The Parliamentary Under-Secretary of State for International Development (Mr. Gareth Thomas): We work alongside a variety of agencies, including the World Bank and the European Union, to promote better access in developing countries to affordable and reliable energy services, including renewable energy, especially to the very poorest and those living in remote and rural areas.

Lynne Jones: Solar voltaics are close to commercial viability in areas that are not connected to an electricity grid. Will the Government do more, both here and abroad, to support solar energy, because increased demand has been shown to be the best way of reducing costs? That would help more people in developing countries to enjoy improved energy supplies without adding to the demand for fossil fuels.

Mr. Thomas: My hon. Friend is right. Solar voltaics have the potential of offering many of those who live in very rural areas—often the poorest people in developing countries—access to energy. We want to persuade the World Bank to go further than its commitment at the Bonn renewables conference, where it said that it would seek to increase funding for renewables by 20 per cent. in each of the next five years to some $400 million by 2010. It is starting from a low base. We want it to go a little further, but its statement at the Bonn conference was positive.

Hywel Williams (Caernarfon) (PC): Does the Minister agree that it would be beneficial for developing countries to take advantage of developments at centres of excellence such as the Centre for Alternative Technology at Machynlleth in Wales? What are the Government doing to assist that?

Mr. Thomas: I have visited the excellent centre to which my hon. Friend referred and, after questions, I will reflect on the opportunities for developing countries to take advantage of such expertise.

PRIME MINISTER

The Prime Minister was asked—

Engagements

Q1. [183733] **Tony Wright** (Cannock Chase) (Lab): If he will list his official engagements for Wednesday 14 July.

The Prime Minister (Mr. Tony Blair): This morning, I had meetings with ministerial colleagues and others. In addition to my duties in the House, I will have further such meetings later today.

Tony Wright: Amidst all the Prime Minister's preoccupations today, could I ask him about the elections? In just four months' time, the people of the United States may well elect a new Administration. Will he stand shoulder to shoulder with a new American Administration on climate change, the middle east and renewing the coalition against terror?

The Prime Minister: I will always make sure that this country remains a strong ally of the United States of America. As I said at the last Prime Minister's questions, it is not wise for me to intrude on the American elections, but I shall simply say to my hon. Friend that the alliance with the United States of America, however criticised from time to time, is a bedrock of this country's security. We should support it and be proud of it. In particular, I am proud of the part that we have played in sustaining it over the past few years.

Mr. Michael Howard (Folkestone and Hythe) (Con): Last weekend, the Health Secretary described hospital cleanliness as a new challenge, but in the Government's last NHS plan four years ago, they promised to tackle exactly the same problem. How have they done on the MRSA—methicillin-resistant Staphylococcus aureus—super-bug since then?

The Prime Minister: As the Health Secretary accepted, it is indeed a serious problem, which we have been tackling and must continue to tackle, as the National Audit Office report makes clear. I shall, however, read out one or two figures, as there has been discussion of our rate of infection and how much worse is it is than that in other European countries. In fact, the rate of hospital-acquired infection is 9 per cent. in England, compared with 7 per cent. in the Netherlands, 8 per cent. in Spain and Denmark, and between 6 and 10 per cent. in France. It is a serious problem, but we are not the only country to have it, and we are working very hard to eradicate it.

Mr. Howard: I do not think that those figures will give much comfort to people suffering from those infections or the families of the 5,000 people a year who die from them. Since the Government took office, the number of deaths from the MRSA super-bug has doubled, and today the NAO states that four years after its original report on the subject, the NHS still does not even have

"a proper grasp of the extent and cost of hospital-acquired infection".

Why not?

The Prime Minister: The right hon. and learned Gentleman should acknowledge that in fact the NAO says that there has been significant progress in dealing with the issue, but he is right that we still have a great deal to do to get proper information. I would point out, however, that until we came to office, there was no mandatory reporting at all. Indeed, it was introduced by the Government three years ago, precisely because we recognised that that was a problem. With respect, that

is why we should treat with a great deal of caution the comparisons that the right hon. and learned Gentleman made with 1997.

Mr. Howard: Perhaps the Prime Minister will treat with less caution something that the NHS chief executive admitted this morning—Government targets have made dealing with the super-bug "more difficult". Does he accept that Government policy has actually made matters worse?

The Prime Minister: No, I do not, but I accept that we need to make sure that we have the proper capacity in our NHS, because the higher the level of capacity, the easier it is to have isolation wards and so on. The Government are increasing that capacity in the NHS, and the Opposition voted against every penny of that extra investment.

Linda Gilroy (Plymouth, Sutton) (Lab/Co-op): I hope the Prime Minister would agree that a community safety partnership—a crime and disorder reduction partnership—that has delivered a reduction of more than 50 per cent. in vehicle crime and a reduction of more than 70 per cent. in domestic burglary since it was set up deserves to be congratulated. Does he also welcome, as I do, the fact that there have been days in Plymouth recently when there have been no domestic burglaries—in a city of 250,000 people? Will he go on with our right hon. Friends the Chancellor and the Home Secretary to ensure that the resources and the appropriate targets to deliver that can continue?

The Prime Minister: I am delighted with that good news from Plymouth, though we must be careful to state that we do not encourage criminals. It is important to recognise that there have been substantial falls in burglary. The crime rate is, however, still too high and although it has come down, we need to see it come down further. I am sure my hon. Friend is right to say that the combination of record numbers of police, now to be joined by community support officers, plus the changes in the criminal justice system, and in particular the measures in relation to the mandatory drug testing of people when they are arrested for certain categories of offence and the action on antisocial behaviour, are a very important part of cracking down on crime. That is why I am so sorry that the Liberal Democrats opposed all those measures in Parliament.

Mr. Charles Kennedy (Ross, Skye and Inverness, West) (LD): I thank the Prime Minister for that characteristic welcome. Returning to the National Audit Office report, what does he say to its finding that 50 per cent. of health service trusts said that they find the Government's drive to meet performance targets inconsistent with infection control? Does he accept that finding from the NAO on behalf of the trusts?

The Prime Minister: I accept that as we try to get more people treated and get people treated faster in the national health service that puts pressure on the system. But as I said to the right hon. and learned Member for Folkestone and Hythe (Mr. Howard), in my view it is important that we have performance targets for hospitals. It is important that we make sure that we are bringing down waiting lists and waiting times, as we are. We have said that MRSA is a serious problem and we are committed to tackling it, but let that not obliterate the huge progress that is now being made by NHS staff in the national health service.

Mr. Kennedy: It is significant that the Prime Minister has said that he accepts what the trusts are saying—that his targets are skewing their ability to deal with infection control. Why does it take seven years of a Labour Government and the problem getting worse and worse for the governmental response at the weekend to be simply to set yet another target? Surely cleanliness in our hospitals should not be a target: it should be taken as read by the patients when they enter the front door.

The Prime Minister: We are not saying that the answer is simply to set another target. We are taking action to try and make sure that the rate of infection is reduced. We must be careful that we do not misunderstand the position in that regard. We are taking action. The problem is serious, but it will not be made any better by extending the length of waiting times and waiting lists. We are expanding capacity in the national health service and making reforms. When we speak of MRSA, let me remind the right hon. Gentleman that the NHS treats about 1 million people every 36 hours. The vast majority of those people are treated excellently within the NHS.

Dr. Howard Stoate (Dartford) (Lab): I have recently seen two patients whom I suspected of having cancer, both of whom have been seen, investigated and had planned treatment within one week of my decision to refer them. That is a target that my patients are extremely grateful to have. The huge improvement in the health service will be sustained only if the Government continue to put in the resources that we need for meaningful reform. Can my right hon. Friend say how we can sustain the improvement to make sure that performance gets even better?

The Prime Minister: We will pursue the reforms inside the national health service. The other important aspect is that we make sure that every single penny piece of the money going into the NHS stays with the NHS. We do not want to see a large subvention to those using private health care, which takes that money out of the national health service.

Mr. Howard: Can the Prime Minister tell us what assumptions his Chancellor has made about increases in council tax over the next three years?

The Prime Minister: There are no predictions on council tax, because the figure is an average of the past five years' figures. Last year, the actual amount catered for in the spending review did not result in the expected council tax rise. This year's council tax rise is less than 5 per cent. in Labour areas, more than 5 per cent. in

Conservative areas and more than 6 per cent. in Liberal Democrat areas.

Mr. Howard: I am sorry that the Chancellor is not here to make sure that the Prime Minister is a bit better informed—he is probably still trying to decide whether to come and support the Prime Minister during the statement in an hour's time. Let me tell the Prime Minister the answer: the Chancellor is counting on council tax going up by 18 per cent.—almost one fifth—over the next three years, which, to take two councils entirely at random, would add £135 to the typical band A bill in Birmingham and £140 to the typical bill in Leicester. Last year, the Minister for Local and Regional Government said that council tax was very near "the limit of acceptability", so why is the Chancellor planning those further huge increases?

The Prime Minister: He is not, for the very reason that I have just given.

On the basis discussed by the right hon. and learned Gentleman, we should have had council tax rises of more than 8 per cent. last year, but the average was less than 6 per cent., for the precise reason that I have just given him. Average council tax rises are, of course, lower in Labour areas than in Conservative areas. The other interesting point concerns the right hon. and learned Gentleman's shadow Chancellor. [HON. MEMBERS: "Where is he?"] Perhaps the Chancellor and the shadow Chancellor are having a conversation together. His shadow Chancellor said that he would freeze the local government budget in cash terms. *[Interruption.]* There is no point in the right hon. and learned Gentleman shaking his head, because that is what the shadow Chancellor said. That freeze would result in a cut of £4.8 billion to the local government budget. What would that do to council tax?

Mr. Howard: It is interesting that the Prime Minister wants to trade council tax increases in Labour-controlled councils and Conservative-controlled councils, because the highest rate of council tax in the whole country is in Sedgefield, which has a Labour district council, a Labour county council and him as its Member of Parliament. Since he came to office, that council tax has increased by 70 per cent.—three times the rate of inflation. That is a rise of almost £500 for a band D household. The Prime Minister told people that there would be no excessive council tax rises under Labour. Is that not yet another example of his saying one thing and doing another?

The Prime Minister: The right hon. and learned Gentleman is wrong—the average council tax in Sedgefield is way below the highest in the country. Furthermore, the Conservatives keep using the band that includes only 10 per cent. of the properties in Sedgefield—90 per cent. of the properties are not in the band to which he is referring. It is typical of the Tories always to focus on 10 per cent., not 90 per cent.

In respect of council tax, it is true that there have been rises that we found unacceptable, which is why we took action and got them down this year. We have been increasing the money that we give to local government, which can use it on services. We have not had an answer to this question: if, as the right hon. and learned Gentleman says, council tax is too high, how on earth would cutting the budget to local government make it lower? It would make it higher, and I should have thought that even he could understand those mathematics, which will certainly be understood by people in Birmingham and Leicester.

Jeremy Corbyn (Islington, North) (Lab): Will the Prime Minister turn his attention to the plight of the Chagos islanders, who were prevented from returning to their islands by an Order in Council on 10 June, which cannot be debated in this House, having won their right legally to return in 2000? Will he accept that there has been huge American pressure to depopulate those islands and prevent the islanders from returning? Will he meet the islanders and the Government of Mauritius, and allow the gross injustice of the 1970s to be reversed and the islanders to go home?

The Prime Minister: I know that this was discussed yesterday in Foreign Office questions, and my hon. Friend will be aware of the statement on the issue made by the Foreign Secretary. The position of Diego Garcia as a base—that is what this is about—is extremely important for this country, as it represents an important part of our security. I understand the concerns that my hon. Friend raises, but the Foreign Secretary dealt with them comprehensively in his statement.

Q2. [183734] **Mr. Nick Hawkins** (Surrey Heath) (Con): Before the local and European elections, Conservative Members, the independent Electoral Reform Society, and the Electoral Commission, which his own Government set up, all warned that there would be fraud and chaos in the all-postal pilot areas. There have been yet more allegations of serious fraud in the current by-elections. Will the Prime Minister now abandon the Deputy Prime Minister's obsession with all-postal voting before the daft regional referendums?

The Prime Minister: I do not agree with the hon. Gentleman. The Electoral Commission is looking into the issue, and we will study its report carefully. It has the right people to produce an objective and independent report on the matter. There is a lot of evidence that postal ballots increase turnout; I should have thought that that would be welcomed in this House.

Q3. [183735] **Mr. John Denham** (Southampton, Itchen) (Lab): Does my right hon. Friend agree that a just and lasting peace in the Israel-Palestine conflict is essential not only in its own right, but in terms of undermining any international support for terrorism? In the light of last week's condemnation of the Israeli wall by the International Court of Justice, and the damage that the construction of that wall will inevitably do to the chances of a proper peace, can my right hon. Friend tell the House what further steps the Government will take to ensure that the Israeli Government engage constructively in a solution to this crisis?

The Prime Minister: We have pressed the Israeli Government on several occasions to re-route the fence away from occupied territory, and we have expressed our grave concerns about the humanitarian suffering of the Palestinian people. I agree, however, that the key to

many of the problems in the middle east is to get a negotiated settlement between the Israelis and the Palestinians, leading to the two-state solution—an Israel confident of its security and a viable Palestinian state. I assure my right hon. Friend that we will do everything that we can to make progress on the issue. I hope that as a result of the work that is being done over the next few weeks by the Quartet—the US, Russia, the EU and the UN—we will have something positive to say in this respect when we reconvene in September. I entirely agree that there is no more important issue in reducing some of the tensions in the world.

Q4. [183737] **Mr. Paul Tyler** (North Cornwall) (LD): Has the Prime Minister seen the research report in the *British Medical Journal* that shows a causal connection between British troops' service in the Gulf and infertility problems? Will he now insist that appropriate Ministers give evidence to the independent inquiry under Lord Lloyd, so that the appearance of secrecy surrounding this issue is dispelled once and for all?

The Prime Minister: I am afraid that I have nothing to add to what Ministers have already said on the subject. Of course, it is a serious issue, and we investigate it continually. I will discuss with my colleagues the issue of giving evidence. It is important that we make progress on the basis of the actual evidence.

Q5. [183738] **Mr. Eric Illsley** (Barnsley, Central) (Lab): My right hon. Friend will be aware of the recently published annual report of the Healthcare Commission, which expressed concern at the continued underfunding of those NHS trusts that have the greatest need. My right hon. Friend knows that this Government have funded the NHS to record levels, but will he take the opportunity of the comprehensive spending review to end once and for all the inequality in health funding that has blighted constituencies such as mine?

The Prime Minister: I entirely understand my hon. Friend's point. As he was gracious enough to say, we have massively increased the amount of investment that is going into the health service. Indeed, by the end of this spending review, somewhere in the region of three times the amount of money, in cash terms at least, will be going into the national health service compared with a few years ago. We are trying to ensure that we deal specifically with health inequalities, and that will be part of what the Health Secretary announces later in the year. Such inequalities do not always arise because some trusts are being unfairly treated—they sometimes arise because people in a particular trust area have severe problems. The Health Secretary is looking into that, and I hope that we can give my hon. Friend some solace later in the year.

Mr. Richard Spring (West Suffolk) (Con): Is the Prime Minister aware of a breakdown in part of the planning process on the siting of base stations and transmission masts? Is he aware that, in practice, there is no effective local planning control and that the operating companies' code of practice is simply not being adhered to? Will he instruct the Deputy Prime Minister to talk urgently to the Local Government Association and other interested parties to resolve the matter, which is of increasing concern throughout the House and to so many of our constituents?

The Prime Minister: I do not dispute that the hon. Gentleman raises a real issue for all parties and I am happy to engage in discussions with the Deputy Prime Minister and other colleagues. As I said in answer to a question on a different issue, it is important that we, as representatives of our constituents, are prepared ultimately to abide by what the science tells us about the risks, difficulties and dangers.

I entirely understand that there is a planning issue, but concerns about planning are often driven by people's worries about the supposed health risk and whether it exists. Both matters should be considered together.

Q6. [183739] **Mr. Piara S. Khabra** (Ealing, Southall) (Lab): Although I welcome the Government's commitment to providing more nursery places for children, can the Prime Minister confirm that the Government will take seriously the findings of a recent study by the National Institute of Child Health and Human Development, which warns of the dangers of starting nursery education too early and its impact on the child's character?

The Prime Minister: Common sense tells us that we must have a balance. However, I hope that my hon. Friend accepts that the expansion of child care and nursery education as well as Sure Start have played a huge part, especially in some of the most deprived areas of our country, in giving life chances to children who would otherwise be without them. My hon. Friend and other hon. Members also know that all the evidence shows that investment in a child's early years pays real dividends in later behaviour and developing a sense of responsibility. That helps to create a better society.

Mr. Elfyn Llwyd (Meirionnydd Nant Conwy) (PC): Last week, the Secretary of State for Defence stated that investigations into the deaths last year of the six military policemen at Al Majar al-Kabir are to be transferred to the Iraqi central criminal court. My constituents, the parents of the late Lance-Corporal Tom Keys, are concerned that the court will not proceed with the investigations. Worse still, the Iraqi Prime Minister has said that he is minded to grant amnesties to insurgents. Will the Prime Minister intervene personally to ensure that the investigation proceeds to a fair conclusion, especially since suspects' names are known? Will he make the strongest possible representations to the Iraqi Prime Minister about the unsuitability of granting amnesty to those murderers?

The Prime Minister: It is our understanding that the Royal Military Police special investigation branch has gathered sufficient evidence on the case for the central criminal court of Iraq to take on and direct the final stages of the investigation. In other words, we have evidence in respect of specific individuals. I shall

certainly ensure that we stay closely in touch with what is happening. There has been an exaggeration of the extent of any amnesty to insurgents in Iraq, but I would personally find it unacceptable if those people were pardoned for their appalling crime. I assure the hon. Gentleman that we shall stay closely in touch with him and with the families about the issue.

Q12. [183745] **Mr. Ben Chapman** (Wirral, South) (Lab): In the light of concerns about wind power generation—it is relatively expensive and inefficient; it blights land and seascape, and it damages wildlife and marine life—does my right hon. Friend intend to re-examine the nuclear option, as other countries are doing, if we are to achieve our targets on carbon dioxide and global warming?

The Prime Minister: My hon. Friend will know that I spoke about this in front of the Liaison Committee the other week. Nuclear power is an important source of carbon-free electricity, but the analysis of the energy White Paper showed that, at present, the economics make new nuclear build unattractive. However, I told the Liaison Committee that we are keeping the nuclear option open and continuing to invest in skills and research, but we would have to overcome both public concern and the cost issue. I entirely understand what my hon. Friend says, and as we move further to develop diversity of energy supply, we will have to keep all these options open.

Mr. David Atkinson (Bournemouth, East) (Con): If the Government have increased funding to local authorities as the Prime Minister has just claimed, why are the schools in Bournemouth and throughout the county of Dorset facing a funding crisis for the second year running that is causing head teachers to make their staff redundant and to appeal to parents to come forward with extra money? Why did the Prime Minister not warn our schools at the last election that they would be facing starvation, starvation, starvation?

The Prime Minister: I do not know the precise situation in the hon. Gentleman's schools, but I will certainly find out about it in the light of what he says. All schools this year are receiving increases that have been passported through by the Government. They will then be given ring-fenced money directly. Over the last few years under this Government we have increased education funding dramatically. Let me remind the hon. Gentleman that when the Government he supported were in power, in the last few years when his present leader was sitting in the Cabinet, they cut the funding per pupil. We have raised it substantially, and I would be astonished if we had not raised it in his area as well.

Q8. [183741] **Mr. John Grogan** (Selby) (Lab): Given that, in London, our good friend Ken can regulate the buses to determine routes and frequencies, why cannot we do the same in the great northern centres of population such as Liverpool, Manchester, Leeds, York and, in particular, Selby, where Arriva is planning significant cuts in bus services?

The Prime Minister: I understand my hon. Friend's concern. We introduced limited regulatory powers over bus services for local authorities four years ago, and we are currently consulting on ways of making it easier for the local authorities to use them. I know that my hon. Friend would not want us to forget, however, that it was this Government who guaranteed all over-60s and disabled people in England half-price or better bus fares on their local buses, and who in 2003 extended that provision to cover long-distance coaches. I entirely agree that there is an issue in relation to regulation, but bus use has recently gone up in this country for the first time in many years.

Mr. Roger Gale (North Thanet) (Con): Does the Prime Minister now regret his condemnation of the democratically taken decision by the people of the republic of Cyprus to reject Annan V? Will he give the House a clear undertaking that his Government will not support any measures in the European Union that would lead to a tacit recognition of the illegal regime in the northern part of the island?

The Prime Minister: I am afraid that I do not regret what I said then. I still believe that it would have been better if Kofi Annan's plan had proceeded; it was a fair settlement. I also think that, although we made it clear that Cyprus's accession to the European Union could not be dependent on unification of the island, it would obviously be better if some process leading to a settlement between the two parts of the island took place. We will continue to work for that—of course we will—but I thought that Kofi Annan's plan was well judged, and I hope that we can return to this issue and get it properly negotiated. There may be some changes to it, I do not know, but the basis of the plan was a sound one.

Q9. [183742] **Mr. Kelvin Hopkins** (Luton, North) (Lab): My right hon. Friend will be aware that the private finance initiative contractor, Jarvis, has been teetering on the brink of bankruptcy for weeks now. This is putting at risk a large number of school repair schemes and other public sector works. Would he not think it sensible, given that Jarvis's share price has now collapsed to junk levels, to buy out all those public sector schemes, get them done in the public sector, and save billions of pounds of public money?

The Prime Minister: No, I am not sure that I would say that to my hon. Friend. [HON. MEMBERS: "Think about it!"] I am not even going to say that I am going to think about it. Obviously, there are issues that need to be sorted out in relation to the Jarvis contracts. However, let us never forget that PFI has delivered enormous benefits in terms of infrastructure building in our constituencies and communities. I know from my own constituency that there are schools and hospitals that would not have been built without it.

Mr. Nigel Evans (Ribble Valley) (Con): On Monday, I met two of my constituents in Alma place in Clitheroe. The wife is disabled. Normally, she travelled to her local post office in Henthorn road in her wheelchair, and she enjoyed doing that. On Monday, we travelled in a vehicle past the post office, which is now closed, to another post office in the centre of Clitheroe, which is on a hill. We had to park some way away from it, then get

out of the vehicle and travel up to the post office. Does the Prime Minister realise that his policy of closing post offices is causing such a deterioration in the quality of life of so many disabled people?

The Prime Minister: As the hon. Gentleman must know, post office closures also proceeded under the previous Government, to the tune of several thousand. There is not a policy of post office closures, but as post offices undergo a tremendous amount of change, as fewer people collect their benefits from the post office, the Government must give an additional subsidy to post offices. Over the next few years, they will receive a subsidy of £1 billion. We are doing what we can, but we cannot simply put endless sums of money into post offices that are not commercially viable. That is why it is not fair to say that it is the Government's policy to close post offices. We are doing our best to keep as many of them open as possible. The only way of keeping more open is to spend even more money, to which he is opposed.

Regional Assemblies' Referendums (Voting Arrangements)

12.30 pm

Charles Hendry (Wealden) (Con): I beg to move,

That leave be given to bring in a Bill to make provision about the voting arrangements for regional assemblies' referendums.

I cannot recall a day when there has been greater media and public interest in what is going on in this House, and I am sure that I am not alone in realising that that is because people understand the importance of the issues contained in this Bill.

I am introducing this Bill because the experiments with all-postal voting in the elections in June did not give people the confidence that genuine free and fair elections demand. The Government have made it clear that they want to hold all-postal referendums for the regional assemblies, but I believe that before we continue down that path, the House must be given the opportunity to debate how those referendums should be held.

There is a real concern that the Government are only pressing ahead with all-postal voting in the regional assemblies referendums to ensure that there is not a derisory level of voting, partly, at least, because people are simply not persuaded by the case in favour of those assemblies. The Government's concern is that a poor turnout would deprive the proposed assemblies of their democratic legitimacy. In that, they are undoubtedly right, but the solution must therefore lie in the nature of the proposed assemblies, not in the nature of the electoral system.

The report by the Electoral Commission on the experiment with all-postal elections will be published in September, and I am glad that the Government have conceded that they will at least not go ahead with all-postal referendums if the commission concludes that they are unsafe. But there are fundamental reasons why we should decide now not to go down the route of all-postal ballots.

A few minutes ago, the Prime Minister spoke of the increase in turnout in the European elections. The turnout did indeed rise, but only marginally more in those areas in which there was universal postal voting than in areas in which traditional voting methods were used. Other factors that may have influenced turnout, such as a particular dislike of the EU constitution, were ignored.

First, there are logistical issues. The recent European elections have highlighted the fact that there are serious logistical issues that need to be addressed before we even consider more all-postal ballots. In Bolton, 6,000 ballot papers were never delivered, which resulted in emergency polling booths being opened. In Gateshead, boxes were placed in 18 libraries due to the late delivery of ballot papers: nearly 600,000 packs in Tyneside were delivered late. In Cheshire, in Vale Royal, a polling station had to be opened, as more than 700 electors did not receive packs. In Wigan, more than 1,000 voters had to go to the town hall to get their packs due to a breakdown in the delivery system. In Kingston upon Hull, a group of independent councillors are taking legal advice after many homes did not receive ballot papers and the United Kingdom Independence party won that seat by only seven votes.

Those issues have not yet been resolved, and the postal voting experiment should not be extended until we can be certain that such problems would not arise again. We cannot have that certainty in time for the regional assemblies referendums this November. If we are to go down the route of universal postal voting, safeguards need to be introduced to ensure that 100 per cent. of eligible voters receive one, and only one, ballot paper. As the Office of the Deputy Prime Minister: Housing, Planning and Local Government Committee has called for, there should be a requirement for Postcomm, the postal services regulator, to assess and set targets for 100 per cent. secure and accurate delivery of postal ballot papers.

We should, however, be worried about not just the logistical failures but the scope for fraud. Universal postal voting needs much stronger checks and balances if fraud is to be prevented. As the ODPM Committee's report suggests, there should be individual electoral registration; but again, we all know that that is not possible before the referendums to be held this autumn. The police should have additional powers of search and arrest to investigate claims of fraud, and there should be a new offence of intending to apply fraudulently for a postal or proxy vote.

Implementation of the Committee's recommendations would reduce the possibility of fraud. They need to be implemented immediately to maintain the integrity of elections, and the belief among the electorate that elections are genuinely free and fair. Without them, universal postal voting will continue to be subjected to widespread abuse and fraud.

The Government have dismissed claims of any widespread election fraud, but the evidence suggests otherwise. We should look at some of the examples of alleged fraud in the most recent elections. In Bradford, the city council has confirmed that 12 separate allegations to the police concerning undue influence and electoral irregularities are being investigated. In Burnley, Lancashire police are questioning 60 people about more than 100 suspicious postal vote applications. In Liverpool, a postman was mugged for ballot papers. The *Manchester Evening News* reported that the Greater Manchester police were snowed under with allegations of electoral fraud. In Oldham, a Liberal Democrat candidate was arrested on suspicion of stealing postal papers. Sadly, none of the Liberal Democrats are present to hear that. In Birmingham there were widespread allegations of fraud, although Birmingham was not a trial area.

The hon. Member for Birmingham, Sparkbrook and Small Heath (Mr. Godsiff)—who, I am pleased to say, is a sponsor of the Bill—spoke eloquently about the situation in Birmingham in his recent speech during a debate on the electoral system. He spoke of people being bullied to vote one way or another. He spoke of bribes being offered for ballot papers: a postman was offered £500 for a sack of them. He spoke of a councillor sorting through ballot papers in a back-street car park at midnight. Even Albert Bore, until June the Labour leader of Birmingham city council, said:

"At present, in relation to the handling of postal ballot papers, the law is so general that almost anything is legal".

[Charles Hendry]

Even he called for a rethink of postal voting after a candidate was found with a bag of completed ballot papers.

Mr. Henry Bellingham (North-West Norfolk) (Con): Another Liberal Democrat.

Charles Hendry: Further evidence of the abuse has been highlighted during the current campaigning in Leicester, South. A Liberal Democrat canvasser—

Mr. Bellingham: Yes.

Charles Hendry: A Liberal Democrat canvasser targeted a home for people with learning disabilities.

Mr. Bellingham: Another Liberal Democrat.

Charles Hendry: According to *The Mail on Sunday*, he bullied the owners of the care home, Mr. and Mrs. Tweddle, to try to gain access to residents.

Mr. Bellingham: Disgraceful.

Charles Hendry: The canvasser also claimed that the care home owners could vote on behalf of their residents as their appointee, which is untrue. Mr. and Mrs. Tweddle say that his use of the correct jargon made them fear that he had received formal training before approaching their care home to persuade them to use their residents' postal votes.

Mr. Bellingham: Liberal Democrat training.

Charles Hendry: We all know that under common law, people with mental disabilities are unable to vote if on polling day they are incapable of making a reasoned judgment, but universal postal voting removes that safeguard, and leaves people with learning disabilities open to abuse.

Mr. Bellingham: By the Liberal Democrats.

Charles Hendry: The integrity of the vote is further undermined by electoral registers not being accurate. Following a recent initiative to clean up the electoral register, the number of people on the register in Portsmouth, South dropped by 14.5 per cent. In Edinburgh, South it dropped by 11 per cent. and in Brent by 12 per cent. Only limited proof is required for someone to get on to the register. The *Daily Mail* registered Mr. Gus Troobev—an anagram of "bogus voter" on 31 registers within a few hours. A *Sunday Telegraph* journalist had the ballot papers of 36 voters sent to the same address. We also know that people's names can often stay on the register long after they have left or died. That is why, to make registers more accurate, there should be individual registration, with positive identification rather than head-of-household registration. Until the register is cleaned up, postal voting will only increase people's opportunities to vote fraudulently.

The House should consider the wider democratic implications of all-postal voting, which are as important as the integrity of the voting system. Most people return their postal votes soon after they receive them, so they cannot take account of the full facts and issues in the whole election campaign. That changes the results in a way that none of us would consider democratically correct. In the forthcoming referendums, it is essential that the electorate hear all the arguments and make an informed decision, rather than being encouraged to vote before being made aware of the full implications of setting up the regional assemblies.

These changes are essentially undemocratic and give an unfair advantage to the Government of the day, who control the timetable and much of the agenda in a campaign. The Government have chosen the dates for the referendums according to when they think they have the best chance of winning them. The all-postal system reduces the opportunity to convince the electorate of the problems associated with regional assemblies and the arguments against them.

The Bill has cross-party support and I urge the House to support it, to ensure that the voting process, which is central to our democracy, is not changed without proper consultation and consideration by this House.

Question put and agreed to.

Bill ordered to be brought in by Charles Hendry, Mr. Graham Brady, Mr. Nigel Evans, Mr. Frank Field, Mr. Roger Godsiff, Mr. Stephen O'Brien, Mr. George Osborne, Mr. Graham Stringer, Miss Anne McIntosh and Mr. Tim Collins.

Regional Assemblies' Referendums (Voting Arrangements)

Charles Hendry accordingly presented a Bill to make provision about the voting arrangements for regional assemblies' referendums: And the same was read the First time; and ordered to be read a Second time on Friday 15 October, and to be printed [Bill 140].

Orders of the Day

Patents Bill *[Lords]*

[Relevant documents: The Second Report of the Regulatory Reform Committee, Session 2003–04, on the proposal for the Regulatory Reform (Patents) Order 2004, HC 337, and the Eighth Report of the Committee, Session 2003–04, on the draft Regulatory Reform (Patents) Order 2004, HC 683.]

As amended in the Standing Committee, considered.

New Clause 1

COSTS AND EXPENSES IN INFRINGEMENT PROCEEDINGS ETC

'(1) Section 106 of the 1977 Act (costs and expenses in proceedings before the Court under s.40) is amended as follows.

(2) In subsection (1) (relevance of parties' financial position), for the words from "proceedings" to "the court)" there is substituted "proceedings to which this section applies".

(3) After that subsection there is inserted—

"(1A) This section applies to proceedings before the court (including proceedings on an appeal to the court) which are—

(a) proceedings under section 40;

(b) proceedings for infringement;

(c) proceedings under section 70; or

(d) proceedings on an application for a declaration or declarator under section 71."

(4) This section applies in relation to proceedings commenced on or after the commencement of this section.'.—*[Mr. Sutcliffe.]*

Brought up, and read the First time.

12.41 pm

The Parliamentary Under-Secretary of State for Trade and Industry (Mr. Gerry Sutcliffe): I beg to move, That the clause be read a Second time.

Mr. Deputy Speaker (Sir Alan Haselhurst): With this it will be convenient to discuss Government amendment No. 2.

Mr. Sutcliffe: The intention behind the new clause and the amendment is to make a small additional improvement to the framework for enforcement of patent rights. We listened very carefully to the debate in Committee, and following further consideration I have identified one more improvement to the enforcement framework that could assist small and medium-sized enterprises in some circumstances. I believe it appropriate for this provision on costs to be added to the Bill.

It might help if I begin by exploring some of the background that is relevant to the enforcement framework in general, and to the new clause and amendment in particular. Members will be aware that in Committee, we discussed a number of possible modifications relating to enforcement of patent rights. I know that we are all keen to have a framework for enforcement of rights that is accessible to all. The difficulty, however, is delivering a framework that is accessible to an SME patent holder, but which is also fair to a party against whom enforcement action may be taken. In this respect, it is important to remember that the other party may be another SME.

Moreover, patent disputes can involve—indeed, they probably often do involve—difficult technical and legal arguments, so the framework cannot favour a patent holder over another party. The other party may have perfectly valid arguments as to why there is no patent infringement, or why the patent is not in fact valid; that would mean that there is nothing that can be infringed.

Finding acceptable and workable ways that will really address the concerns raised in Committee is not easy, therefore. We explored various possibilities during the consultation process before the Bill was introduced, but some of them were not widely supported. Others received greater support, and we have pursued and developed them and made suitable provision in the Bill. We hope that the amendments and improvements to patent law that are relevant to the enforcement framework will provide some assistance on certain occasions.

I know that there could be some disagreement as to how useful the Bill's provisions might prove to be. However, I hope that the very full debates that we have had so far will help people to understand our reasons for including them, and how they might help. I accept that the provisions provide only some pieces of the jigsaw that is necessary to improve the enforcement framework. As I said, during our earlier deliberations Members proposed alternative or additional provisions. In addition, the noble Lords in the other place have also tabled some amendments with a view to improving the enforcement framework. Many of the amendments were inspired by the desire to address the enforcement concerns of small and medium-sized enterprises, with which we also sympathise. Unfortunately, most of the amendments would not, in our view, work as intended or deliver a system that is fair to all. I did promise in Committee, however, that we would continue to consult and consider whether any further adjustments to patent law to help SMEs in patent disputes might be possible in the Bill.

Since consideration of the Bill in Committee, we have consulted a number of stakeholders. My officials met the patent reform group, which was mentioned by some hon. Members in Committee. We also contacted several other individuals and groups, and the outcome of the consultation clearly showed the difficulty of finding a consensus on what more could be done to help SMEs. There has certainly been no widespread support for any of the proposals that were debated in Committee. Furthermore, it has not been possible to identify any additional provisions that could be added to the Bill that command support from all stakeholders.

The difficulty of finding a workable and fair way of modifying the enforcement framework is perhaps not surprising. Indeed, the issue of patent enforcement is one of the issues that the Intellectual Property Advisory Committee has explored. That independent committee, which generally chooses its own work programme, decided to investigate the perceived and actual problems associated with the enforcement of patent rights. The Committee was particularly concerned about the costs when a patent dispute goes to court and believed that those costs might compare unfavourably with costs in other jurisdictions.

It is perhaps regrettable that the Intellectual Property Advisory Committee was unable to report on the issue of enforcement of patent rights until November 2003.

[Mr. Sutcliffe]

By that time, following a public consultation that I have already mentioned, we were already well advanced in formulating and developing the contents of the Patents Bill. That consultation was conducted a year earlier, over the winter of 2002–03. Indeed, the Government's intentions for the Patents Bill were published a little before the Committee produced its position paper. Nevertheless, we found the Committee's report extremely useful in helping us to assess again whether the provisions in the Bill were right and whether more might be done.

We have carefully considered the recommendations made by the Intellectual Property Advisory Committee. Its recommendations on re-examination were helpful and our discussions with some members of the Committee informed our development of the Bill's provisions on non-binding opinions. The Committee also identified the useful development of the new streamlined procedure by the patents county court and the need to make sure that it is actively promoted. We are very happy to endorse that and we will be monitoring developments at the patents county court to see that that and other reforms make a difference.

It is interesting to note that the Intellectual Property Advisory Committee has not proposed provisions of the sort that would have been provided by various amendments that we considered in Committee. That perhaps illustrates again how difficult it is to identify measures that would have a wide degree of support and would actually work to give the desired result—that is, to help SMEs in trying to enforce their patent rights while being fair to all.

There have been some calls for a general review of the patent system and enforcement of patent rights in order to find a consensus for a way forward. Those calls have, I believe, generally come from people who have already dismissed the enforcement provisions in the Bill as insufficient or irrelevant. The additional amendments that we have identified and propose today have not, I understand, made any difference to those calls for a wide-ranging review. Not everyone to whom we have spoken in the past few weeks agrees that the proposed amendments on costs are worth making.

I am not so pessimistic, but we are not saying that what is in the Bill, either with or without the additional amendments, is a sufficient and complete answer to concerns about enforcement. Recent developments at the patents county court—I have already said that we shall follow them closely—are also important, and our continued exploration of the patent enforcement project is another useful work stream. Those examples demonstrate our continued commitment actively to engage with the enforcement agenda. Given the various strands of activity that are already under way, which may collectively deliver appreciable improvements to the enforcement environment, we do not believe that it would make sense to undertake a more general review now.

I would like to assure hon. Members again that we have listened to the concerns raised during debates on the Bill, and that we have explored with a number of people over the past few weeks whether anything more could usefully be added to the Bill to deliver further legislative change at this point in time.

I have already mentioned that the Intellectual Property Advisory Committee pointed out that the costs of litigation in the UK courts are a serious problem for those with limited means. That concern has partly inspired our further consideration of the enforcement framework. I am very pleased that we have been able to identify a further small amendment to the Patents Act 1977 in the past few weeks, specifically on the issue of costs of litigation before the courts.

The new clause and the amendment will, we hope, help SMEs in appropriate circumstances where they face litigation in the courts. However, we hope that the messages delivered by this amendment will also support the desire, which many of us share, to encourage parties to settle cases more cheaply by negotiation and mediation rather then litigation.

In more detail, the new clause will amend section 106 of the Patents Act 1977 to allow the courts to take into account the financial position of the parties as one of the factors when deciding on costs in different types of patent dispute. Section 106(1) currently states that

"the court, in determining whether to award costs or expenses to any party and what costs or expenses to award, shall have regard to all relevant circumstances, including the financial position of the parties".

However, this applies only to proceedings brought before the court under section 40 of the 1977 Act. As some of us may recall from our earlier consideration of clause 10 of the Bill, section 40 deals with employee compensation and, in particular, with compensation for an employee who has made an invention that belongs to his employer, the patent for which has proved to be of outstanding benefit.

The new clause would amend the current section 106(1) and insert a new section 106(1A) to extend the range of patent disputes in which regard must be had to

"all the relevant circumstances, including the financial position of the parties"

before the court makes an award of costs. Section 106(1) includes disputes concerning infringement, threats of infringement proceedings under section 70 and declarations of non-infringement under section 71, in addition to those concerning compensation for employees under section 40.

Government amendment No. 2 makes a consequential amendment to remove the specific reference to section 40 from the title of the section, as the new provision will no longer be limited to court proceedings under section 40. Thus, this new power would apply to all disputes where a decision has to be made regarding infringement. For example, when deciding a case concerning a groundless threat of infringement proceedings under section 70, it is first necessary for the court to determine whether any infringement has taken place. Similarly, in proceedings under section 71, the courts are asked to confirm that infringement did not, or would not, occur. However, the provision would perhaps be of most use to a patent holder who is an SME bringing proceedings for an infringement.

Of course, where a patent holder has commenced infringement proceedings against another party, it is common for that other party to raise concerns about the validity of the patent holder's patent. As well as deciding whether a particular activity falls within the scope of the

patent claims, and so infringes the patent, the court is therefore often also determining in the same proceedings whether the patent is valid. As long as infringement is one of the issues being determined in the proceedings, the new provision on costs would apply. That is, the court will take into account the financial position of the parties with regard to an award of costs for the proceedings as a whole, even if a significant—or even the most significant—part of the proceedings concerns issues other than infringement, such as the validity of the patent.

The wording of the amendment makes it clear that "all the relevant circumstances" have to be taken into account, and that the

"financial position of the parties"

is only one of the relevant circumstances that must be taken into account.

Malcolm Bruce (Gordon) (LD): I understand that the Minister is describing how costs might be apportioned at the end of proceedings, but is not part of the problem the fact that large companies effectively can prevent small companies from completing the action and getting to the costs stage? Is there anything in the amendment that supplies balance to the situation? In many cases, small businesses will say that they cannot afford to contest or defend their patent, because of the costs that their opponents can afford.

Mr. Sutcliffe: I acknowledge the point that the hon. Gentleman makes, and the amendment is an attempt to supply the balance that he seeks. I am perfectly willing to listen to what hon. Members have to say about what we are trying to achieve. I recognise that these are difficult matters, for the reasons that I set out earlier. We want to arrive at general agreement between all the stakeholders involved.

The amendment will not prevent other relevant circumstances from being taken into account. Accordingly, it is fully consistent with the existing duty of the courts, under the civil procedure rules, which requires them to have regard to "all the circumstances" in making orders about costs.

According to section 130(1) of the Patents Act 1977 and section 62(1) of the Supreme Court Act 1981, the courts in England and Wales that deal with patent disputes are that part of the chancery division of the High Court that is known as the patents court, and the patents county court. In Scotland, the Court of Session deals with patents, and in Northern Ireland the responsibility lies with the High Court. In each of the three different civil jurisdictions, the courts have the power to take into account a number of factors when deciding on the issue of costs.

For example, in England and Wales, the civil procedure rules lay down the rules for all civil litigation in the High Court or a county court. Hence, they apply equally to patent disputes, which are a form of civil litigation, whether they take place in the patents court or in the patents county court. Thus, the proposed amendment to section 106(1) of the 1977 Act must be consistent with the general rules on costs laid down in the civil procedure rules.

The main principle behind those rules is that the court must take into account all the relevant circumstances when deciding whether to award any costs and, if so, what amount of costs. For example, the court can take into account the behaviour of the parties concerned in conducting the litigation, and whether it was reasonable to pursue particular allegations. That can then be reflected in the extent of the costs award.

The proposed amendment to section 106 makes it clear that, in certain patent disputes, the court must have regard to the financial position of the parties in addition to all the other factors that it takes into account when deciding on costs. That is a factor that the court may already regard as relevant in some circumstances. As a result of this amendment, however, it will always be deemed to be a relevant factor.

Accordingly, the amendment offers those embarking on a patent dispute an assurance that that will be one of the factors that the court will consider. Parties will know in advance that there is a statutory obligation on the court to take both parties' financial position into account when awarding costs, and so both parties are able to consider what that might mean for them. That, in turn, might influence how they deal with a patent dispute.

The amendment will not alter the fact that the losing party will in any event normally have to meet its own costs, such as the costs of its legal advisers. Its main impact will be that, if the court thinks it appropriate after considering the relative financial position of the two parties, a less-well-off party may not be ordered to pay all the costs of a better financed party, even if the less-well-off party loses the case. I think that that covers the point raised by the hon. Member for Gordon (Malcolm Bruce).

However, I stress that the amendment does not mean that a smaller less-well-off party can behave irresponsibly and launch patent infringement cases with impunity, safe in the knowledge that his small financial size means that he would not have to pay the costs of the other party even if he lost. It is true that this amendment means that the financial position of the less-well-off patent holder, relative to that of the alleged infringer whom he is pursuing, will be taken into account when an award of costs is being considered if that patent holder is not successful. However, the financial position is just one of the factors to be considered. The court could decide that the behaviour of this less-well-off party was irresponsible, and that that was also relevant to how costs should be awarded. In such circumstances, the financial position may not be the most important factor. The courts would be entitled, if they considered it appropriate, to make a large costs award against the less-well-off party who has behaved in an irresponsible manner.

Moreover, even where a less-well-off party has behaved responsibly, but has lost the case, he may still have to pay at least some of the costs of the other party. Therefore, the amendment does not provide SME patent holders with a licence to litigate against wealthier parties without fear of paying any of the other side's costs, whatever the outcome. Yet the SME can be certain that its financial position will be carefully considered, along with other relevant factors, when the court decides how to award costs.

Perhaps the main value of the amendment will be as a marker or sign. It will encourage parties to take a sensible attitude when considering the prospect of

[Mr. Sutcliffe]

litigation. It acts as a warning to a party that has financial superiority and chooses to run up large costs in a dispute, that it will not necessarily get all those costs back even if it wins. We hope that that will encourage all parties to consider more carefully whether a dispute can be settled more cheaply, perhaps by mediation or voluntary binding arbitration. When appropriate, both parties might agree to infringement proceedings being undertaken at the Patent Office, where costs are likely to be less for all than when the proceedings take place before the courts.

There may be very good reasons why none of these options is appropriate for a particular case, and the amendment does not in any way preclude a patent dispute from being heard by the patents county court or patents court. Nevertheless, we hope that it will encourage both parties to consider all the options before a case is taken to the courts.

As I have already indicated, not all of those whom we have consulted about the amendment have supported it. Some have argued that it is irrelevant: as SMEs cannot even afford the expense of taking a case to the courts, it is pointless to make any provision on costs that could help. However, others have supported the amendment and agree that the proposed change would provide a useful signal to SMEs that their financial position can be taken into account by the courts.

If the amendment also has the effect that I have indicated of encouraging parties to agree to resolve an infringement dispute in a less confrontational and expensive manner, it could have a much wider impact. It could help some SMEs that are not able to afford to bring a case to the courts in the first place, and in that way begin to address the concerns of those who say that it is irrelevant.

By itself, the amendment may not have much effect. However, given the other changes in the Bill and the other improvements to the enforcement framework I have discussed, I believe that it is worth making. I hope that the House will agree with me, and that we can put in place today another small piece in the jigsaw to improve the enforcement framework for SMEs involved in a patent infringement dispute.

1 pm

Mr. James Arbuthnot (North-East Hampshire) (Con): The Minister frequently used the word "small", and we heard today how small his ambitions are and how difficult everything is. The purpose of the new clause is to help small and medium-sized enterprises that cannot afford the massive costs of taking patent cases, with all their legal and technical complexities, through the courts. The Minister anticipated my question as to whether the new clause will achieve that.

How will the new provisions provide any certainty for small and medium-sized enterprises? When deciding whether to take a case to court, they will still face the risk that the court will not exercise the new discretion and increase an award of costs in their favour. SMEs will not be able to budget in advance for that and will therefore still face the same risks, threats and uncertainties that they face at present.

My second question is whether the Government will issue guidance to the courts on how to exercise the discretion. What criteria will the courts be expected to use? If nobody knows, how will the provisions help anybody? The new clause amends section 106 of the Patents Act 1977, which relates to section 40 of that Act, so that it applies to several different cases. However, there has never been a successful case under section 40 in the many years of its existence, so there is no current precedent. The third question is how the new clause differs from the current powers of the court. In practice, the courts already take into account the circumstances of the litigants.

The Minister talked about consultation. What representations were made by those in favour of this change? How many people said that they favoured this change, and who made them say it? I worry about the new clause—not hugely, because it is a tiny Bill—because it is another action designed to reassure, or perhaps confuse, people into thinking that the Government are doing something important to help small businesses. There is little in the new clause. It is so watery that there is little to vote against, but the Minister still has some persuading to do.

Paul Flynn (Newport, West) (Lab): The right hon. Member for North-East Hampshire (Mr. Arbuthnot) has not taken a very positive line. The new clause is a genuine attempt to meet the objections from SMEs to the existing situation and what they perceived as deficiencies in the Bill. Certainty is too much to ask in litigation and there will always be some doubt about how legislation will work in practice. It would be generous of the right hon. Gentleman and the House to recognise the good will on the part of the Government that lies behind the new clause.

The right hon. Gentleman said that this is a small Bill. I assure him that it will be the major news item from this building today for the *South Wales Argus*, if not the rest of the press, which may be distracted by events of lesser importance. This is the first Patents Bill since 1977 and is a major event for many of my constituents. We should accept that behind the Bill lies a strong warning to SMEs that the worst possible way to attempt to solve a dispute is to go to litigation, which will always be the most expensive and long-winded approach. If the Government were to be more generous, it might encourage people to opt for litigation without trying the procedures that are already available through the Patent Office, where matters can be dealt with speedily.

Malcolm Bruce: I shall not be quite as churlish as the right hon. Member for North-East Hampshire (Mr. Arbuthnot), although I sympathise with his comments. The Minister said that he would consult further and table amendments if he felt that they would be helpful, and he has done so. However, as I suggested in an earlier intervention, the new clause does not go as far as the amendments I proposed, although it is a welcome gesture.

The difficulty for many small businesses is that the lack of clarity in the law creates greater uncertainty in litigation, which picks up on a point made by the hon. Member for Newport, West (Paul Flynn). That works to the advantage of the large company against the SME, simply because the larger company can afford to fund litigation and effectively squeeze out the smaller business to the point where it cannot challenge an infringement of patent or otherwise defend its patent. The new clause would be irrelevant in such a case because the company would never reach the stage at which costs were apportioned. Many of us hoped that the Bill would make the law on defence of patents clearer to give a signal to larger companies that using their power in a process of attrition against SMEs would not be tolerated.

Mr. Sutcliffe: I said that I would look again at the issue and I have tabled the new clause in that spirit. I do not want it to be irrelevant. It is a small step, as the right hon. Member for North-East Hampshire (Mr. Arbuthnot) said, but does the hon. Gentleman think that we would be better off without it?

Malcolm Bruce: No, I am not saying that and I do not think that anybody will oppose the new clause. I am trying to make the serious point that the new clause may make a genuine contribution to a settled case and the fair apportionment of costs, and that may affect the extent to which companies are prepared to litigate. However, as the right hon. Member for North-East Hampshire pointed out, there would still be uncertainty about the apportionment. The cost of reaching that point might also be too great for an SME to absorb. The new clause is fine as far as it goes, but issues remain unaddressed. I was lobbied very heavily about those issues, and the people who lobbied me will remain disappointed that the Bill has not been able to come up with a legislative framework that would address their concerns. The process of patent protection needs to be made more equal for different sizes of companies.

I do not wish to repeat the debates we had in Committee, where the arguments were well aired. I welcome the fact that the Minister has been courteous and consistent. He said that he would consult, he has done so and he has come back with a proposal. The problem is that he has consulted with both sides of the argument and therefore has to strike a balance. I welcome the new clause and shall not vote against it, but patent law still contains injustices that the new clause and the Bill have not addressed.

Mr. Sutcliffe: I appreciate the comments made by right hon. and hon. Members, if not all the points made by the right hon. Member for North-East Hampshire. The new clause is a genuine attempt to resolve a problem that was raised in Committee. Some of the amendments tabled were not workable and would not have delivered what was intended. I accept the point about how large companies operate, but we are trying to change behaviour by giving smaller companies an incentive and warning larger companies that costs could be considerable. We are trying to resolve disputes in the way that my hon. Friend the Member for Newport, West (Paul Flynn) suggested.

I was not being churlish when I asked whether we would be better off without the new clause. If hon. Members think that it would be pointless, I would be happy to withdraw it. It remains to be seen how it will work, but I think that it will help to change behaviour. We tried to accommodate the concerns of the patent reform group, and hon. Members will recall that it was represented in force watching our deliberations in Committee. We could not consult everybody, and we could not reach agreement on what we were trying to achieve. That is one of the difficulties that I set out and that is why expertise in the excellent Patent Office in my hon. Friend's constituency can be so valuable in resolving disputes. I ask hon. Members to support the new clause, despite their reservations.

Question put and agreed to.

Clause read a Second time, and added to the Bill.

Clause 13

Opinions by Patent Office as to Validity or Infringement

Mr. Sutcliffe: I beg to move amendment No. 1, in page 8, leave out lines 3 to 5 and insert—

'(6) In relation to a decision of the comptroller whether to issue an opinion under this section—

(a) for the purposes of section 101 below, only the person making the request under subsection (1) above shall be regarded as a party to a proceeding before the comptroller; and

(b) no appeal shall lie at the instance of any other person.'.

Hon. Members who attended our debate on clause 13 in Committee will recall that I undertook to reflect further on whether we should make amendments on a right of appeal in relation to opinions. We considered the matter carefully and the amendment relates to a technical point—whether there is a need, in relation to the opinion procedure, to include an exemption to the general right of appeal from all decisions of the comptroller under section 97 of the 1977 Act.

Our concern is to ensure that no person other than the requester of an opinion can appeal against a decision by the Patent Office as to whether or not to grant the request. That is to ensure that the issuing of an opinion is not subject to unnecessary delay while also safeguarding the requester's right to be heard before a request is refused. That right arises under section 101 of the 1977 Act, which gives a party the right to be heard before a discretion is exercised against him. However, there could be even more serious delays if a person who had no right to be heard on the original decision could none the less exercise a right to appeal the decision to the patents court under section 97. The current wording of the new section 74A(6) may, by implication, already

[Mr. Sutcliffe]

exclude such a right of appeal. However, I am advised that it would be better to put the matter beyond doubt, so I have tabled the amendment to achieve that.

I commend the amendment to the House.

Mr. Arbuthnot: The Minister has just proposed an important amendment. I claim no credit for it but give that credit entirely to him, because of the way that he has responded so generously and appropriately to the representations that were made. I congratulate him on a superb amendment and hope that it will be accepted.

Amendment agreed to.

Schedule 3

REPEALS

Amendment made: No. 2, in page 16, line 28, at end insert—

'In section 106, in the heading, the words "under s.40".'.—
[Mr. Sutcliffe.]

Order for Third Reading read.

1.12 pm

Mr. Sutcliffe: I beg to move, That the Bill be read the Third time.

I am grateful to hon. Members for their contributions on Report, especially the right hon. Member for North-East Hampshire (Mr. Arbuthnot), who was the architect of the thought pattern behind our second amendment. I thank him for that.

Our debates on the Bill have been interesting and well argued. On Second Reading, some reservations were expressed about the Bill, but it is fair to say that it was, by and large, welcomed on both sides of the House and I am pleased that hon. Members on both sides of the House have examined it in a constructive and detailed manner, both in Committee and again today. I thank them for that.

I shall make a few remarks before I commend the Bill to the House. The Government fully understand the importance of giving support to innovative and creative UK businesses. The patents system is one important way in which that support is provided and the Bill will help to ensure that our patents system is robust in its operation, while also being well-balanced and accessible to all. We are committed both to ensuring that protection continues to be available for those businesses that have the creativity and drive to make technical advances that help us all and to improving and modernising the patents system so that it meets the needs of its users.

As hon. Members know, the Bill brings our law into line with the revised European patent convention. I am, of course, pleased that it has been broadly welcomed for doing so, as there are significant advantages for UK businesses. The House will be aware that the Bill also makes some changes which, we believe, will help in the difficult area of the enforcement of patent rights.

As I said on Second Reading, we are much more alive to the concerns expressed by patent holders, especially patent holders in small and medium-sized enterprises, about the costs and time associated with patent litigation. In that debate and in Committee, we heard the view that the enforcement measures in the Bill do not go far enough to address those problems, especially in helping SMEs.

We believe that the changes we are making will certainly help all types of business, in particular SMEs, to resolve disputes over patents. We debated in detail clauses 12 and 13—two of the important ways in which the Bill will amend existing patents legislation, to help with the resolution of patent disputes.

I promised to consider the careful analysis made in Committee by the right hon. Member for North-East Hampshire of the relationship between clause 12, the Brussels regulation and proceedings for declaration of non-infringement. It is fair to say that although his analysis is, in essence, correct, his proposed solution would, in our view, undermine the delicate balance provided by the threats provisions—merely to circumvent the way in which the Brussels regulation applies in respect of proceedings for declaration of non-infringement. We should accept the operation of that regulation, and its effect on businesses operating in a global market.

The Bill is but one of the ways in which we are trying to improve patent enforcement. We realise that we cannot be complacent about the enforcement of intellectual property rights. Some new initiatives are being explored, and possible ways of addressing certain difficulties are being considered. We will continue to explore other possible ways to help patent holders enforce their rights, and to help patent holders and third parties resolve disputes over patents.

That exploration will not end simply because the Bill may be nearing the completion of its parliamentary journey—far from it. For example, there is our continued work on the patent enforcement project, and the results of the Patent Office-led study into that project will, as I indicated in earlier debates, be available shortly. We will no doubt look carefully at those results and how best to take them forward. To give another example: we have already said, during deliberations on the Bill in another place, that we will monitor the ongoing improvements to the patents county court to ensure that it provides access to a simpler, less expensive forum in which to litigate patent disputes.

The Government's innovation report, published at the end of last year, provides another example of our commitment not to let those issues pass us by. In addition, the joint project of the Prime Minister's strategy unit and the DTI on wealth creation from innovation and the knowledge economy will include an analysis of the current regime of intellectual property rights and their role in encouraging innovation in the knowledge economy.

We also had an interesting debate on the pronunciation of the word "patent". Colleagues with an interest in the Bill referred to it as the parents Bill and the patients Bill and there was much discussion of what it was actually about. However, the measure is vital.

Paul Flynn: My hon. Friend will remember the outrageous suggestion that I tried to pull the wool over the eyes of the Committee by saying that the 1,000 people in Newport who have to say "patent" hundreds

of times a day decided that as it took three nanoseconds more to pronounce it with a long "a", they would pronounce it with a short "a" so that they could go home earlier for their tea. The outrageous and flimsy counter to that truth from the right hon. Member for North-East Hampshire (Mr. Arbuthnot) was to suggest that the Romans pronounced the word differently. How does he know that? Can he explain?

Mr. Sutcliffe: I await the reply with interest. I congratulate my hon. Friend for his involvement in the Committee and I also thank the Patent Office in Newport for its excellent work and its support to industry.

In conclusion, I am proud that the Bill plays a part in the continual process of reform and improvement of the patents system—a process that can be traced back four centuries and which will no doubt continue. Our deliberations have truly been part of the long-standing and admirable tradition of making sure that patent law keeps pace with changes in the economy. We will continue with that process, to ensure that the patents system supports and encourages innovation, for the benefit of everyone.

I commend the Bill to the House.

1.18 pm

Mr. Arbuthnot: The Bill deals with something extremely important to our national economy: innovation and scientific advances. At the Lisbon summit in 2000, the Council of Ministers told us that Europe would become the most competitive and dynamic knowledge-based economy in the world by 2010. That is what the Bill is about. Well, jolly good. So why are we going so fast in the opposite direction? Why did a survey in May by the Swiss business school IMD show that the most competitive economy in the world was that of the USA, and that the UK had fallen another three places to 22nd? Why do we have the lowest growth in the English-speaking world? Why has our productivity collapsed in recent years? Why do we have the largest trade deficit for 300 years? One reason is that we have a Labour Government. Another reason is that this country's patents system is not in tune with that of the modern world.

Britain is falling behind in Europe. The *Financial Times* said in an article in 2001:

"Bottom of the pile for patent enthusiasm was the UK, where only 23 per cent."—

of small and medium-sized enterprises—

"had used the system".

That compared with more than 50 per cent. in Spain. Europe is falling behind in the world. In the USA, taking out a patent costs £10,000. In Europe, it costs about £50,000. In the USA, it takes about a year to take out a patent. In Europe, it takes three years. All that is partly because of the costs of translation, but they only amount to about £12,000 of the £50,000 that must be paid in Europe.

Enforcing patents is very difficult in this country. As we have heard, the patent reform group has been trying to put pressure on the Government to do something to help, and they have come up with the Bill, which will achieve little and deals with none of the real concerns of the business world. It is, as the Minister said, a necessary Bill because it introduces some minor changes to allow Britain to continue to be a signatory to the European patent convention. If we failed to do that, British inventors would have to take out lots of patents in many different countries in Europe, which would be expensive and time-consuming. There is no point in trying to force them to do that, but no one could say that it is a frightfully important Bill.

I come now to the key issue raised by the hon. Member for Newport, West (Paul Flynn)—the pronunciation of the word "patent", a matter that exercised the Committee for some time. I said that he had led the Committee and the House up the garden path in suggesting that his constituents were supposed to get home earlier to tea, but I am afraid that he has got me wrong: I was agreeing with his pronunciation of the word "patent", on the basis that the Romans would have pronounced patens—meaning, "open"—with a short "a". I just think that he got his reasoning wrong.

We do not oppose the Bill. How could we oppose it? There is virtually nothing in it, and it represents a sadly missed opportunity.

1.22 pm

Malcolm Bruce: I am conscious of the fact that another hon. Member wishes to speak, and I will allow him the time to do so.

The Bill is rather disappointing, given that there was a pretty ferocious debate about what people had hoped for. Many hon. Members' core concern is that the reason why there is a lack of enthusiasm for patents in this country is that people do not have enough confidence that they can enforce them. The cost of enforcing patents is so great that is raises the question whether the cost of registering is justified. The Committee addressed that issue, and I am disappointed that the Minister, having been unable to accept one or two of the amendments that I proposed—I understand the reason why—was not able to develop them in ways that would have met those concerns more than the Bill currently does.

First, we discussed frivolous patents, or vanity patents, and tried to suggest a way to deal with them so that the time, energy and cost were not expended on them. My hon. Friend the Member for Weston-super-Mare (Brian Cotter) entertained the House on Second Reading with examples not of bogus patents—they were fully approved—but of bizarre, irrelevant and rather unworkable ones. Secondly, I remain seriously concerned about the inequalities of defending patents for small and medium-sized companies. It was pointed out and not really challenged that the vast majority of new ideas come from small businesses, which may become larger businesses if they can patent the idea and develop that patent. I cited the example of Mandy Haberman, who invented the "anyway up" cup. I guess that, at the end of the day, she needed the benefit of the defence of her patent to maintain her business, but it cost her almost £1 million to achieve that. That is a good example, and I hope that new clause 1, which the Minister has just introduced, will help someone in that situation in the future, inasmuch as the allocation of the costs will be a little more equitable if one gets to the end of the process.

[Malcolm Bruce]

The Bill, assuming that the House will approve it this afternoon, remains unfinished business. We must return to some issues if we are to ensure that the role, defence and legitimacy of patents are properly enshrined in future. There are serious concerns if people are not registering patents because it is too costly or they have no confidence in the system and if large companies— *[Interruption.]*

Mr. Deputy Speaker: Order. I am sorry to interrupt the hon. Gentleman, but there must be quiet in the House. There may have been a late surge of interest in the debate, but it must be completed without disturbance.

Malcolm Bruce: Rarely has the House filled up so enthusiastically for a speech of mine as it has in the past couple of minutes. I simply want to conclude because I am anxious to ensure that the hon. Member with the Patent Office in his constituency has an opportunity to put on record his remarks on the Bill.

My final concern is that the Minister must continue to keep open the dialogue to try to find ways to ensure that there is confidence in the system, that the cost of registering is kept under control, that enforcement is kept within reasonable cost bounds that are fair and just for small and medium-sized business and that the process of attrition that large businesses can sometimes apply does not get out of hand. Of course, I welcome and support the small improvement that the Bill constitutes, but I hope that the Minister will acknowledge that this is not a closed book.

1.26 pm

Paul Flynn: My hon. Friend the Minister can take consolation in the fact that his eloquence and the growing realisation of the Bill's importance has drawn hon. Members into the Chamber in such numbers. Only every 25 years does the House debate a Bill on patents, and it is right that hon. Members should have that experience at least once in their parliamentary careers.

On the vexed question that has dominated the proceedings on the Bill—the pronunciation of the word "patent"—it is not reasonable to make any assumption on how the Romans spoke their Latin. The pronunciation of the simple word "Davidus", which gave the two Welsh versions of the name—Dafydd and Dewi—has been deliberated for years. There can be no certainty about the interpretation of Roman pronunciation made by the right hon. Member for North-East Hampshire (Mr. Arbuthnot).

It is a matter of great importance to my constituency that the Bill is passed. Of course, 2,000 years ago the Romans were in Newport, where the Patent Office is now, at a time when Europe had a common currency. It worthy of note that, after the collapse of the European union that existed in Roman times and the disappearance of that common currency, we entered the dark ages. That might well be a lesson for us all.

The Bill will do a great deal to modernise our patent service. Although the right hon. Member for North-East Hampshire was a bit sour in his negative comments at the end of his speech, he should note that one of our nation's great successes is our innovation and creativity, and we continue to be brilliant in coming up with new ideas and in building our stock of intellectual property. It was right to relocate the Patent Office to Newport, where it has been a huge success. The office's staff turnover in London was 17 per cent. It has now gone down to nil. The people who came from south-east London have settled happily there, and many of them have now retired and stayed in the area. This is a fine piece of legislation and we look forward to the House passing it without a Division.

1.28 pm

Mr. Sutcliffe: With the leave of the House, I should like to respond to this excellent debate. The right hon. Member for North-East Hampshire (Mr. Arbuthnot) said that the Bill was not important, but just look at the House filling up, as hon. Members clamour to come in to hear the detail of the Bill, which is vital to industry. The hon. Gentleman will know that the science and innovation budget has been increased under the comprehensive spending review and that we have a commitment to ensure that British businesses improve.

We have had good debates on the Bill. As the right hon. Gentleman says, our commitment is to come in line with the European patent convention. That is vital to ensure that our patent system works, and all hon. Members agree with that. It is an important Bill. I am sorry that the hon. Member for Gordon (Malcolm Bruce) is not in his place. *[Interruption.]* Oh, he is in his place. I should have liked to accept many of his amendments, but they were found to be unworkable. I know that he appreciates the spirit in which we tried to resolve many of the complicated issues involved.

The Committee was visited by people from the patent reform group and others who wanted to share with us their expertise and views. We had to try to find a way to ensure that we were effective and efficient—

It being half-past One o'clock, MR. SPEAKER *put the Question already proposed from the Chair, pursuant to Order [12 July].*

Bill accordingly read the Third time, and passed, with amendments.

Intelligence on Weapons of Mass Destruction

1.30 pm

The Prime Minister (Mr. Tony Blair): With permission, Mr. Speaker, I will make a statement on the report published by Lord Butler earlier today.

Lord Butler's report is comprehensive and thorough, and I thank the members of his Committee and their staff for all their hard work in compiling it. We accept fully the report's conclusions.

The report provides an invaluable analysis of the general threat in respect of weapons of mass destruction and the potential acquisition of WMD by terrorists. Although it devotes much of its analysis to Iraq, it also goes into detail on the WMD threat posed by Iran, Libya, North Korea and A.Q. Khan. Some of the intelligence disclosed is made available for the first time and gives some insight into the reasons for the judgments that I and other Ministers have been making. I hope that the House will understand if I deal with it in some detail.

The hallmark of the report is its balanced judgments. It specifically supports the conclusions of Lord Hutton's inquiry about the good faith of the intelligence services and the Government in compiling the September 2002 dossier, but it also makes specific findings that the dossier and the intelligence behind it should have been better presented, had more caveats attached to it, and been better validated. It reports doubts that have recently arisen on the 45-minute intelligence, and says that in any event that should have been included in the dossier in different terms. However, it expressly supports the intelligence on Iraq's attempts to procure uranium from Niger in respect of its nuclear ambitions.

The report finds that there is little—if any—significant evidence of stockpiles of readily deployable weapons, but also concludes that Saddam Hussein did indeed have

"the strategic intention of resuming the pursuit of prohibited weapons programmes, including if possible its nuclear weapons programme, when United Nations inspection regimes were relaxed and sanctions were eroded or lifted."

and

"In support of that goal, was carrying out illicit research and development, and procurement, activities, to seek to sustain its indigenous capabilities."

and

"Was developing ballistic missiles with a range longer than permitted under relevant United Nations Security Council resolutions".

Throughout the past 18 months, and throughout the rage and ferment of the debate over Iraq, there have essentially been two questions. One is an issue of good faith—of integrity. This is now the fourth exhaustive inquiry that has dealt with the issue. This report, the Hutton inquiry, the report of the Intelligence and Security Committee before it, and that of the Foreign Affairs Committee before that, found the same thing. No one lied. No one made up the intelligence. No one inserted things into the dossier against the advice of the intelligence services. Everyone genuinely tried to do their best in good faith for the country in circumstances of acute difficulty. That issue of good faith should now be at an end.

But there is another issue. We expected—I expected—to find actual usable chemical or biological weapons shortly after we entered Iraq. We even made significant contingency plans in respect of their use against our troops. UN resolution 1441, in November 2002, was passed unanimously by the whole Security Council, including Syria, on the basis that Iraq was a WMD threat. Lord Butler, in his report, says:

"We believe that it would be a rash person who asserted at this stage that evidence of Iraqi possession of stocks of biological or chemical agents, or even of banned missiles, does not exist or will never be found."

However, I have to accept that, as the months have passed, it has seemed increasingly clear that, at the time of invasion, Saddam did not have stockpiles of chemical or biological weapons ready to deploy. The second issue is therefore this: even if we acted in perfectly good faith, is it now the case that in the absence of stockpiles of weapons ready to deploy, the threat was misconceived and therefore the war was unjustified?

I have searched my conscience—not in a spirit of obstinacy, but in genuine reconsideration in the light of what we now know—to answer that question. My answer would be this: the evidence of Saddam's weapons of mass destruction was indeed less certain and less well founded than was stated at the time. However, I cannot go from there to the opposite extreme. On any basis, he retained complete strategic intent on WMD and significant capability. The only reason why he ever let the inspectors back into Iraq was that he had 180,000 US and British troops on his doorstep. He had no intention of ever co-operating fully with the inspectors, and he was going to start up again the moment the troops and the inspectors departed, or the sanctions eroded. I say further that if we had backed down in respect of Saddam, we would never have taken the stand that we needed to take on weapons of mass destruction, we would never have got the progress on Libya, for example, that we achieved, and we would have left Saddam in charge of Iraq, with every malign intent and capability still in place, and with every dictator with the same intent everywhere immeasurably emboldened.

As I shall say later, for any mistakes made, as the report finds, in good faith, I of course take responsibility, but I cannot honestly say that I believe that getting rid of Saddam was a mistake at all. Iraq, the region and the wider world are better and safer places without him. *[Interruption.]*

Mr. Speaker: Order. The House wants to hear the statement. I will move quickly on any Member who interrupts the Prime Minister. I say the same about the Leader of the Opposition—I will not tolerate any interference in his speech. Let us hear the statement; the House wants to hear the statement.

The Prime Minister: The report begins with an assessment of intelligence and its use in respect of countries other than Iraq. It points out that in respect of Libya, the intelligence has largely turned out to be accurate, especially regarding its nuclear weapons programmes. Those are now being dismantled. In respect of Iran, the report says that it is now engaged with the International Atomic Energy Agency, although there remain

"clearly outstanding issues about Iran's activities."

[The Prime Minister]

On North Korea, the report concludes that it

"is now thought to be developing missiles capable of delivering nuclear weapons as far away as the continental United States and Europe."

The report goes on at paragraph 99 to say:

"North Korea is a particular cause for concern because of its willingness to sell ballistic missiles to anyone prepared to pay in hard currency."

The report also discloses the extent of the network of A.Q. Khan, the Pakistani former nuclear scientist. The network is now largely shut down through US and UK intelligence work, Pakistani co-operation and the dialogue with Libya.

The report then reveals for the first time the development of intelligence in respect of the new global terrorism that we face. In the early years, for example, the Joint Intelligence Committee assessment of October 1994 said that the view was that the likelihood of terrorists acquiring or using chemical, biological or nuclear weapons was, while theoretically possible, highly unlikely. However, as the name and activities of Osama bin Laden became better known, the JIC started to change its assessments.

In November 1998, the JIC assessment said that Osama bin Laden

"has a long-standing interest in the potential terrorist use of CBR materials, and recent intelligence suggest his ideas about using toxic materials are maturing and being developed in more detail ... There is also secret reporting that he may have obtained some CB"—

chemical and biological—

"material—and that he is interested in nuclear materials."

In June 1999, its assessment said:

"Most of UBL's planned attacks would use conventional terrorist weapons. But he continues to seek chemical, biological, radiological and nuclear material and to develop a capability for its terrorist use."

By mid-July 1999, the view had hardened still further. The assessment said:

"There have been important developments in"

Islamist extremist

"terrorism. It has become clear that Usama Bin Laden has been seeking CBRN"—

chemical, biological, radiological and nuclear—

"materials ... The significance of his possession of CB materials is that, in contrast to other terrorists interested in CB, he wishes to target US, British and other interests worldwide."

A series of further assessments to the same effect was issued in January 2000, and again in August 2000 and January 2001. To anyone who wants to know why I became increasingly focused on the link between terrorism and WMD, I recommend reading that part of the report and the intelligence assessments received.

It is against this background of what one witness to Lord Butler called the "creeping tide of proliferation" that the events of 11 September 2001 should be considered. As the report rightly says, following 11 September, the calculus of the threat changed. I said in this House on 14 September 2001:

"We know, that they"

the terrorists

"would, if they could, go further and use chemical, biological or even nuclear weapons of mass destruction ... We have been warned by the events of 11 September, and we should act on the warning."—[*Official Report*, 14 September 2001; Vol. 372, c. 606.]

I took the view then, and I stand by it now, that no Prime Minister faced with this evidence could responsibly afford to ignore it. After 11 September, it was time to take an active, as opposed to reactive, position on the whole question of weapons of mass destruction. We had to close down the capability of the rogue states—usually highly repressive and unstable—to develop such weapons and the commercial networks, such as those of A.Q. Khan, helping them. Again, my clear view was that the country where we had to take a stand was Iraq.

Iraq was the one country to have used WMD recently. It had developed WMD capability and concealed it. Action by UN inspectors and the IAEA had, by the mid to late 1990s, reduced this threat significantly, but as the Butler report shows at paragraphs 180 to 182, by the time the inspectors were effectively blocked in Iraq, at the end of 1998, the intelligence assessments were that some chemical weapons stocks remained hidden, that Iraq remained capable of a break-out chemical weapons capability within months, had a biological weapons capability—also with probable stockpiles—and could have had ballistic missiles capability in breach of UN resolutions within a year.

This, of course, was the reason for military action, taken without a UN resolution, in December 1998. Subsequent to that, the report shows that we continued to receive JIC assessments on Iraq's WMD capability. For example, in respect of chemical and biological weapons, in April 2000 it said:

"Our picture is limited. It is likely that Iraq is continuing to develop its offensive chemical warfare ... and biological warfare ... capabilities."

In May 2001, in respect of nuclear weapons, its assessment was that:

"Our knowledge of developments in Iraq's WMD and ballistic missile programmes since Desert Fox air operations in December 1998 is patchy. But intelligence gives grounds for concern and suggests that Iraq is becoming bolder in conducting activities prohibited by"

UN Security Council resolution

"687. There is evidence of increased activity at Iraq's only remaining nuclear facility and a growing number of reports on possible nuclear related procurement."

Then in February 2002, the JIC said:

"Iraq ... if it has not already done so, could produce significant quantities of BW agent within days."

The report specifically endorses the March 2002 advice to Ministers, which stated that although containment had been partially successful and intelligence was patchy, Iraq continued to develop WMD. It said:

"Iraq has up to 20 650km range missiles left over from the Gulf War. These are capable of hitting Israel and the Gulf states. Design work for other ballistic missiles over the UN limit of 150km continues. Iraq continues with its BW and CW programmes and, if it has not already done so, could produce significant quantities of BW agents within days and CW agent within weeks of a decision to do so. We believe it could deliver CBW by a variety of means, including in ballistic missile warheads. There are also some indications of a continuing nuclear programme."

The point I would make is simply this: the dossier of September 2002 did not reach any startling or radical conclusion. It said, in effect, what had been said for several years based not just on intelligence, but on frequent UN and international reports. It was the same conclusion, indeed, that led us to military action in 1998, to maintain sanctions, and to demand the return of UN inspectors.

We published the dossier in response to the enormous parliamentary and press clamour. It was not, as has been described, the case for war, but it was the case for enforcing the United Nations will. In retrospect, it has achieved a fame it never achieved at the time. As the Butler report at paragraph 310 states:

"It is . . . fair to say at the outset that the dossier attracted more attention after the war than it had done before it. When first published, it was regarded as cautious, and even dull. Some of the attention that it eventually received was the product of controversy over the Government's further dossier of February 2003. Some of it arose over subsequent allegations that the intelligence in the September dossier had knowingly been embellished, and hence over the good faith of the Government. Lord Hutton dismissed those allegations. We should record that we, too, have seen no evidence that would support any such allegations."

Indeed, the report says at paragraph 333 that in general the statements in the dossier reflected fairly the judgments of past JIC assessments.

The report, however, goes on to say that with hindsight making public that the authorship of the dossier was by the JIC was a mistake. It meant that more weight was put on the intelligence than it could bear, and put the JIC and its chairman in a difficult position. It recommends in future a clear delineation between Government and JIC, perhaps by issuing two separate documents. I think this is wise, although I doubt that it would have made much difference to the reception of the intelligence at the time. The report also enlarges on the criticisms of the ISC in respect of the greater use of caveats about intelligence both in the dossier and in my foreword, and we accept that entirely.

The report also states that significant parts of the intelligence have now been found by the Secret Intelligence Service to be in doubt. The chief of the SIS, Sir Richard Dearlove, has told me that it accepts all the conclusions and recommendations of Lord Butler's report that concern the service. The SIS will fully address the recommendations that Lord Butler has made about its procedures and about the need for the service properly to resource them. The service has played, and will continue to play, a vital role in countering worldwide the tide of proliferation of weapons of mass destruction. Indeed, its successes are evident in Lord Butler's report.

I accept the report's conclusions in full. Any mistakes should not be laid at the door of our intelligence and security community. They do a tremendous job for our country. I accept full personal responsibility for the way in which the issue was presented and therefore for any errors that were made.

As the report indicates, there is no doubt that at the time it was genuinely believed by everyone that Saddam had both strategic intent in respect of WMD and actual weapons. I make this further point. On the sparse, generalised and highly fragmented intelligence about al-Qaeda prior to 11 September, it is now widely said that policy makers should have foreseen the attacks that materialised on 11 September 2001 in New York. I only ask: had we ignored the specific intelligence about the threat from Iraq, backed up by a long history of international confrontation over it, and that threat later materialised, how would we then have been judged?

I know that some will disagree with this. There are those who were opposed to the war, remain so now, and will for ever be in that position. I only hope that now, after two detailed parliamentary Committee reports, a judicial inquiry more exhaustive than any has ever been in examining an allegation of impropriety against Government, and now this voluminous report, people will not disrespect the others' point of view, but will accept that those who agree and those who disagree about the war in Iraq hold their views not because they are warmongers on the one hand or closet supporters of Saddam on the other, but because of a genuine difference of judgment as to the right thing to have done.

There was no conspiracy. There was no impropriety. The essential judgment and truth, as usual, does not lie in extremes. We all of us acknowledge that Saddam was evil and his regime depraved. Whether or not actual stockpiles of weapons are found, there was not and is not any doubt that Saddam used weapons of mass destruction and retained every strategic intent to carry on developing them. The judgment is this: would it have been better or more practical to have contained him through continuing sanctions and weapons inspections, or was this inevitably going to be, at some point, a policy that failed; and was removing Saddam a diversion from pursuing the global terrorist threat or part of it?

I can honestly say that I have never had to make a harder judgment. But in the end, my judgment was that after 11 September, we could no longer run the risk—that instead of waiting for the potential threat of terrorism and WMD to come together, we had to get out and get after it. One part of that was removing the training ground of al-Qaeda in Afghanistan. The other was taking a stand on weapons of mass destruction, and the place to take that stand was Iraq, whose regime was the only one ever to have used WMD and was subject to 12 years of UN resolutions and weapons inspections that turned out to be unsatisfactory. Although in neither case was the nature of the regime the reason for conflict, it was decisive for me in the judgment as to the balance of risk for action or inaction.

Both countries—Afghanistan and Iraq—now face an uncertain struggle for the future, but both at least now have a future. The one country in which one will find an overwhelming majority in favour of the removal of Saddam is Iraq. I am proud— was proud and remain proud—of this country and the part it played, especially our magnificent armed forces, in removing two vile dictatorships and giving people oppressed, almost enslaved, the prospect of democracy and liberty. This report will not end the arguments about the war, but in its balance and common sense, it should at least help to set them in a more rational light; and for that we should be grateful.

Mr. Michael Howard (Folkestone and Hythe) (Con): In his statement, the Prime Minister relied on a finding in the report relating to the good faith of the Government in paragraph 310. The Prime Minister read it out, and it refers specifically to allegations that the

[Mr. Michael Howard]

intelligence in the September dossier had knowingly been embellished, and it agrees with Lord Hutton on those allegations. It does not refer to other findings in the report; it does not refer to what the Prime Minister said; it does not give the Prime Minister a defence. In January this year, the Prime Minister said:

"The issue vis-à-vis my integrity is: did we receive the intelligence and was it properly relayed to people?"

The question that arises from that statement is: was the intelligence given to the Prime Minister accurate, and did he give an accurate account of it to the country? Let us examine, on the basis of the Butler report, what the intelligence services told the Prime Minister, and then what he told the country.

On 15 March 2002, the Joint Intelligence Committee said:

"Intelligence on Iraq's weapons of mass destruction . . . and ballistic missile programmes is sporadic and patchy."

I repeat, "sporadic and patchy". On 21 August 2002, the JIC said that

"we have little intelligence on Iraq's CBW doctrine, and know little about Iraq's CBW work since late 1998".

I repeat:

"we have little intelligence . . . and know little".

On 9 September 2002, the JIC said: "Intelligence remains limited." I repeat: "Intelligence remains limited." That is what the JIC told the Prime Minister, so let us look at what he told the country.

The Prime Minister, in his signed foreword to the September 2002 dossier, said:

"I am in no doubt that the threat is serious and current."

He also said that

"the assessed intelligence has established beyond doubt that Saddam has continued to produce chemical and biological weapons."

I repeat that the Prime Minister said that he was in "no doubt", and that the intelligence was "beyond doubt".

On 24 September 2002, the Prime Minister told the House that the picture painted by the intelligence services was "extensive, detailed and authoritative"—not "sporadic and patchy". Is that not why Lord Butler concludes that it was

"a serious weakness that the JIC's warnings on the limitations of the intelligence underlying some of its judgements were not made sufficiently clear"?

Is that not why Lord Butler concludes that the failure to include the limited intelligence base on which some of those assessments were made was "significant"? Is that not why Lord Butler concludes, specifically in relation to the language used by the Prime Minister, that it may have reinforced the impression that

"there was fuller and firmer intelligence behind the judgements"

in the September dossier than was, in fact, the case.

I return to the central question: was the intelligence given to the Prime Minister accurate, and did he give an accurate account of it to the country? It is now clear that in many ways the intelligence services got it wrong, but their assessments included serious caveats, qualifications and cautions. When presenting his case to the country, the Prime Minister chose to leave out those caveats, qualifications and cautions. Their qualified judgments became his unqualified certainties, and the question that he must answer today is: why? He has said that mistakes were made and he accepts responsibility, but it is not a question of responsibility—it is a question of credibility. I hope that we will not face in this country another war in the foreseeable future, but if we did and this Prime Minister identified the threat, would the country believe him? *[Interruption.]*

Mr. Speaker: Order. I want the hon. Member for Huddersfield (Mr. Sheerman) to be quiet. If there is any breach of the rules of the House there is a danger that the House will be suspended, which means that the Prime Minister and the Leader of the Opposition will have to wait until I recall it, so bear that in mind. I do not expect the right hon. Member for Dewsbury (Ann Taylor) to interfere either.

Mr. Howard: If we faced such a prospect, and the Prime Minister asked the country to rely on intelligence, would it have confidence in him? If he said that in his judgment war was necessary, would the country trust him? The issue is the Prime Minister's credibility. The question that he must ask himself is: does he have any credibility left?

The Prime Minister: Let me first deal with the issue of good faith. The right hon. and learned Gentleman supported the war—indeed, he supports it still.

Mr. Howard: On the basis of what you said.

The Prime Minister: Oh, is that reason? Let us just look at that for a moment. Was the right hon. and learned Gentleman duped into supporting the war by me? Let me quote something that the shadow Foreign Secretary said six months before the dossier was published:

"The Iraqi threat is indisputable. Horrific weapons of mass destruction in the hands of a despot who will use them or give them to others to use in every part of the world."

A few months later, before the dossier was published, he said:

"We know there are weapons of mass destruction."

The Leader of the Opposition made a speech to Murdoch's News Corporation in March this year, after the Hutton report, after all the arguments about the intelligence, and I managed to get hold of a copy. He said

"The war against Iraq was necessary. It was just. It was, indeed, arguably overdue."

He went on:

"The British Conservative Party has been consistent in its support for the British Government"—

that was in March this year, not March last year—

"and for our armed forces, over the war in Iraq. Indeed"—

he went on to boast—

"Tony Blair would not have won last year's vote in the House of Commons . . . which gave him the mandate to go to war, without the support of the Conservative Party."

So let us have no more of him being tricked into

supporting the war by me. The fact of the matter is that he thought it was right then and he thinks even now, does he not, that it was right to go to war?

Mr. Howard: Answer the question.

The Prime Minister: Go on—just a nod of the head will do. The right hon. and learned Gentleman thinks even now that it was right to go to war, does he not? So let us leave aside his usual opportunism and understand that we both agreed that Saddam was a threat, we both still think Saddam was a threat and we both think the war was justified. Let us therefore concentrate on making Iraq better, not on point-scoring that has nothing to do with the central issues.

Mr. Charles Kennedy (Ross, Skye and Inverness, West) (LD): As the Prime Minister rightly acknowledges in his statement, whatever views we all took about the war, there is no doubt, given the importance of this report and others and his statement this afternoon, that nothing will ever be able to erase the loss of British military life and the loss of life of innocent Iraqi civilians.

Our fundamental disagreement, as the Prime Minister knows from the time that he announced the setting up of Lord Butler's inquiry, remains. We argued from the outset that we wanted the political judgments that informed the decision that the Prime Minister took to go to war to be placed properly under the microscope. As we have seen from the very thorough and detailed piece of work that Lord Butler has produced, that was not possible within the remit set. However, what is possible within the remit and the words that Lord Butler has chosen to use in his report is to pose some direct questions to the Prime Minister arising from it, not least because the Prime Minister said in response to me when he made his statement setting up the inquiry that on the issue of political judgment

"to subcontract to some committee the issue of whether it was right or wrong to go to war is not merely wrong: ultimately it is profoundly undemocratic."—[*Official Report*, 4 February 2004; Vol. 417, c. 755.]

Lord Butler states in chapter 5 on page 99 that

"from the evidence which has been found and de-briefing of Iraqi personnel it appears that prior to the war the Iraqi regime . . . did not, however, have significant—if any—stocks of chemical or biological weapons in a state fit for deployment, or developed plans for using them."

As the Prime Minister says he accepts the report in full, he must accept that observation. Can he therefore square his acceptance of that observation with his own words in the introduction to the dossier, in which he wrote:

"I believe the assessed intelligence has established beyond doubt that Saddam has continued to produce chemical and biological weapons"?

Does not Lord Butler's conclusion, which I quoted, reinforce what the Prime Minister had said much earlier, in 1998, when he argued that the policy of containment was working?

In chapter 7, on page 141, Lord Butler points out:

"These international agencies"—

that is, UNSCOM and the International Atomic Energy Agency—

"now appear to have been more effective than was realised at the time in dismantling and inhibiting Iraq's prohibited weapons programmes."

He goes on:

"The value of such international organisations needs to be recognised and built on for the future, supported by the contribution of intelligence from national agencies."

If the Prime Minister accepts the first part of that observation, as he has acknowledged, what steps will he take to make sure that the conclusion is followed, to underpin those international organisations for any similar events in future?

Moving away, as we did, from the containment policy at the time of the September 2002 dossier, huge focus was placed on the 45 minutes claim. I take issue with the Prime Minister when he says this afternoon that that dossier assumed importance after the event. Surely he, like the rest of us, remembers, for example, well-publicised events such as tanks being deployed at Heathrow airport and the newspapers being full of the 45 minutes warning. That was the context at the time.

Lord Butler says of the 45 minutes claim:

"the JIC should not have included the '45 minute' report in its assessment and in the Government's dossier without stating what it was believed to refer to. The fact that the reference in the classified assessment was repeated in the dossier later led to suspicions that it had been included because of its eye-catching character."

If the Prime Minister accepts that conclusion, could he tell us who bears the ultimate responsibility for the claim's inclusion and its highlighting in that way?

Finally, in chapter 5 at paragraph 465, Lord Butler states:

"We conclude that it was a serious weakness that the JIC's warnings on the limitations of the intelligence underlying its judgements were not made sufficiently clear in the dossier."

That goes to the heart of the matter for many, many people. The legality of the war was a key issue. The advice of the Attorney-General has been looked at, as well as the advice—at times conflicting—from within the Foreign Office. It is acknowledged that twice in the past such advice has been made public. Is it not time that all of us were able to see the full advice tendered by the Attorney-General?

Lord Butler speaks of a collective failure on the part of the Joint Intelligence Committee, but if that collective failure applied to the JIC, did it not also apply to the key political players in and around No. 10 Downing street at the time?

The Prime Minister presides, we are told, over a Cabinet process of informality on such important issues. If he accepts the report's conclusions and recommendations, does he have any procedures in place, or is he planning any changes to his management of Cabinet government for such an important issue as war and peace? Surely we have a right to be told that.

Inevitably, Lord Butler and his colleagues, deep and elaborate though their task has been, have not been able to address the fundamental question that many of us wanted to have addressed from the start: what was the key reality of the political judgments that led us to this war? When the Prime Minister now says that the outcome was desirable, albeit arrived at by insufficient conclusions and methodology, surely that is not a

[Mr. Charles Kennedy]

satisfactory way to proceed. Congress is continuing to try and get to the bottom of these matters. Surely the British Parliament should be seen to do better as well.

The Prime Minister: First, I shall deal with one or two of the individual points.

With reference to the tanks at Heathrow, I am not sure what point the right hon. Gentleman was making, but I can assure him that the reason we took that action, as has already been explained, is that we were advised to take that action. It was for no other reason than that. If we had ignored that advice, we would have been behaving very irresponsibly.

On containment, yes, there was a policy of containment in respect of Saddam. People were always extremely doubtful whether it was working and became increasingly doubtful after the bombing of Baghdad in 1998. Yes, I and others wanted containment to work and at times believed it could work, but the evidence that we have now indicates almost certainly that it was not working. That is why I come back to the point about balance. At each stage, the right hon. Gentleman takes certain parts out of the Butler report and says that Lord Butler found that there was no threat from Saddam in respect of WMD. *[Interruption.]* That is what he tried to imply.

As I pointed out to the House, however, it is clear that Lord Butler reached no such conclusion. Indeed, he said that it would be rash to draw any conclusion, even about WMD missiles in Iraq at the moment. He said, first, that Saddam plainly had the strategic intention of resuming the prohibited weapons programme; secondly, that Saddam was carrying out illicit research, development and procurement activities in support of that programme; and thirdly, that Saddam was developing ballistic missiles with a range longer than that permitted under the relevant UN resolutions.

I shall quote what the right hon. Gentleman said in the *Western Morning News* two days after we published the dossier. He said that there was

"no killer fact"—

in the dossier—

"more a confirmation of what we already knew."

Everybody believed the same thing about WMD and it would be wrong to suggest that the dossier somehow altered his perception. He was not persuaded by the dossier and voted against the war, which is why I at least have some time for his objections, as opposed to those raised by the Leader of the Opposition.

On the basis of the Butler report, the right hon. Gentleman must accept that Saddam still remained a threat of some sort, and I think that he does accept that. I think that he accepts that it was important to put back the inspectors into Iraq, and I also think that he accepts that the inspectors would never have been anywhere near Iraq but for the presence of US and British troops. The issue is whether we should have waited longer. [HON. MEMBERS: "Yes."] I shall deal with that head on.

In March 2003, I made strenuous attempts to get a second UN resolution. I did so on the basis that we had to go through all Saddam's areas of non-compliance—it was clear that he was not complying—set them out in the prescribed form in a UN resolution, and then combine that resolution with an ultimatum to Saddam that either he did those things or we would take action. If we had managed to secure that resolution, I agree that we would have had more time, but the plain fact of the matter was that we could not get agreement in the Security Council resolution to any form of ultimatum in any set of circumstances.

In March 2003, we knew that Saddam was a threat and that the troops were the only reason why he had allowed the inspectors in, and we were left in a situation in which we could not obtain agreement on an ultimatum to him to comply with the UN inspectors. As I explained to the House at the time, we had a choice: we could either back down and not have inspectors backed by troops with an ultimatum or stick with it and see it through, and I still believe that we did the right thing in seeing it through.

I want to make one final point. As many people do, the right hon. Gentleman talked about the murder of innocent civilians in Iraq. That point is occasionally presented as if the civilians who have died and who are dying in Iraq are somehow dying as a result of coalition action. We are not killing civilians in Iraq, terrorists are killing civilians in Iraq. What is more, thousands of people were killed in Iraq year in, year out under Saddam. The best judges of the best interests of civilians in Iraq are Iraqi civilians themselves, and they are the ones who congratulate us most on getting rid of Saddam.

Ross Cranston (Dudley, North) (Lab): Will my right hon. Friend confirm that despite the speculation, the report does not criticise the Attorney-General or question the legal advice? He knows that there are disagreements among lawyers. In fact, the report notes that the deputy legal adviser at the Foreign and Commonwealth Office resigned—honourably—because she disagreed. At the end of the day, there was non-compliance over 12 years with UN Security Council resolutions. Security Council resolution 1441, which was unanimous, gave Iraq a final opportunity to comply, and Iraq failed to do so, which was the legal basis for what we did.

The Prime Minister: What my hon. and learned Friend says is absolutely right. As he pointed out, the Attorney-General's legal advice was not related to the intelligence.

Sir John Stanley (Tonbridge and Malling) (Con): Will the Prime Minister assure the House that the unprecedented degree of interleaving of the political presentation process with the intelligence process that took place in the lead up to the war in Iraq will not continue under his Government?

The Prime Minister: What I will say to the right hon. Gentleman is that we should accept entirely the recommendation of the Butler report that it would probably be better in future to separate the Government case and whatever JIC assessments are made. Had we done that, however, the effect would have been the same, and that point is very clear if one studies the Butler report. I remember—the right hon. Gentleman probably remembers this too—the enormous clamour

at the time to provide the intelligence. The provision of intelligence in that way was unique but, given the different world in which we live and the different type of security threat that we face today, I suspect that it will not be the last time that we are called upon to do such a thing.

Ann Clwyd (Cynon Valley) (Lab): My right hon. Friend is right when he says that it is the Iraqi people themselves who are most pleased by the removal of Saddam Hussein, whom they always saw as the biggest weapon of mass destruction. Over the past two days, I have been at my old university college, where I met a man who fled the regime some years ago and who has since become a fellow of the university of Wales, Bangor. In a newspaper article, he said:

"Millions of my people have been saved thanks to the downfall of Saddam."

The article includes a photograph of a crowd of students who attended university with him in Iraq, all of whom were murdered by Saddam's regime or went into exile. I am glad to hear my right hon. Friend say that, even if we knew then what we know now, we would still have gone ahead with removing that awful regime.

The Prime Minister: I thank my hon. Friend for that and once again congratulate her on the work that she did before Iraq was an issue for all of us. That work is an immensely powerful testament to her integrity and perseverance.

Mr. Robert Jackson (Wantage) (Con): As co-chairman of the Council for Arab-British Understanding, I chaired a meeting on Monday with the new deputy Foreign Minister of Iraq. The real progress that is being made in that country is not often acknowledged in our press, which sometimes gives the impression that it would prefer disaster, so that the war could be shown to be wrong. The deputy Foreign Minister's main point was that the country needs to learn the lessons from the past and tackle the problems that it faces in the future. Should we not draw the same conclusions for Britain? We in Britain should learn the lessons of the past, and put these inquiries behind us and we must get on and tackle the problems of the future concerning terrorism and proliferation.

The Prime Minister: I thank the hon. Gentleman for that point. I explained in some detail the intelligence that we received not only on Iraq, but on Osama bin Laden and that particular type of terrorism to try to explain to people why I believe that there is a link between those two issues, and why going after the issue of WMD is not a diversion from pursuing global terrorism. I agree with the hon. Gentleman, and I have spoken to the Foreign Minister of Iraq. The Iraqis face the prospect of becoming a stable partner in the region, which will make a huge difference to the stability of the region and the world.

Mr. George Howarth (Knowsley, North and Sefton, East) (Lab): Does my right hon. Friend agree that, perhaps justifiably, never has a Government decision been so deeply inquired into? At the end of those inquiries, two conclusions cannot be doubted: first, the security services acted with integrity; secondly, the Government acted in good faith and with integrity. Is not the proper response now for all of us to get behind the effort to build a democratic, secure Iraq and to stop the inquiries, because we now know what took place and why?

The Prime Minister: I do think that it is time that we recognised that the goal now is to make Iraq a stable country. I also emphasise once again that, as I said at the very outset of my statement, the key to this report is balanced judgments. People can pick out one part of the report or not, but the plain fact is that although it does indeed cast doubt on some of the intelligence that was relied on, it most certainly does not conclude that Saddam Hussein was not a threat in respect of WMD.

Mr. Kenneth Clarke (Rushcliffe) (Con): Will the Prime Minister bring himself to accept that Lord Butler has shown more clearly than ever before, in annexe B and elsewhere, that time and again the Joint Intelligence Committee's first publication used language to describe the threat that did not match the language of its own assessments by its own officers?

Can the Prime Minister think of any explanation for the removal of all the caveats and doubts in producing that publication other than that John Scarlett had been persuaded, by the Prime Minister's press secretary and others, to remove all the cautionary words and to stiffen up the case?

Most importantly, does the Prime Minister believe that if, when he came to this House and made the case for war, he had used the actual language of the intelligence assessments that he had read, he would still have won the vote that carried this country into war? I must tell him that I do not think that he would have done.

The Prime Minister: I totally disagree with the right hon. and learned Gentleman. He, of course, opposed the war, and was perfectly entitled to do so. He opposed the war at the time and opposes it now. I have absolutely no doubt at all that had the caveats been put in about the limits of intelligence and so on, the essential fact would have remained—that there was the clearest possible evidence on Saddam Hussein and weapons of mass destruction. Resolution 1441, which was passed subsequent to the dossier, was a resolution of the entire international community.

If the right hon. and learned Gentleman looks at Lord Butler's report as a whole, he will find that the allegation that there was a knowing embellishment of the intelligence is refuted. That is precisely what Lord Hutton looked into, and precisely what Lord Butler, along with everyone else, finds is not right.

I suggest that the right hon. and learned Gentleman, like others who opposed the war, should recognise that he simply made a different judgment as to what we should do in the light of this threat. The argument was not over the details of the threat. The argument was: is the judgment that the best way of dealing with this threat is to get the inspectors back in and leave them there for a period of time, or to continue the sanctions regime, or do we recognise that the only way of dealing with this threat is to remove the person constituting it? That is the difference of judgment between us: it was

[The Prime Minister]

then and it is now. Nothing will change that, but I am afraid that I disagree with the right hon. and learned Gentleman's judgment.

Mr. Robin Cook (Livingston) (Lab): May I welcome the Prime Minister's frank acceptance that there were no stockpiles of weapons of mass destruction at the time of war? He is entitled to argue that that does not mean that there was no justification for the war, but it does surely mean that there was no urgent necessity for the war, because there was no imminent threat. Will he now recognise that there was time for Hans Blix to finish his job and to confirm through the process of UN weapons inspections that Saddam had no weapons of mass destruction and that, had he done so, we might have been spared the unavoidable conclusion from the content of the Butler report—that we committed British troops to action on the basis of false intelligence, overheated analysis and unreliable sources?

The Prime Minister: I know that my right hon. Friend has always taken the view that it would have been better if we had proceeded with the second UN resolution. I know, too, that he believes that we should have allowed Hans Blix to remain there for a longer period of time. I simply have to say to him that, as I said to the leader of the Liberal Democrats, if we had secured the second resolution, with a series of conditions and an ultimatum, then yes, there would have been more time. As I used to say at the time, it is not a question of a specific amount of time, but a question of Saddam fully complying, because that is what resolution 1441 says—that Saddam had fully to comply. I think that my right hon. Friend would accept that there is no way the UN inspectors would ever have been back in Iraq without the troops being there. And there is no evidence that Saddam was ever complying fully—indeed, the evidence points the other way.

The problem is this. I agree—and I thought that my right hon. Friend put it, at least in the first part of his question, in a moderate way—that we have to put this in a different way with hindsight. I also say that, if it is correct, as Lord Butler also finds, that there was a clear strategic intent, that there was the illicit procurement of material in order to develop WMD, and that Saddam was carrying on developing ballistic missiles in breach of UN resolutions, there is no doubt that he was indeed in breach of those UN resolutions. So the question is this: if we had left the inspectors there longer, with the troops still down there, would they, in the end, have discovered, not that there were no stockpiles, but that there were actual breaches of the UN resolution, as Lord Butler finds?

I have to say to my right hon. Friend that, ultimately, I do not believe that even if we had left the inspectors there—with the troops, because he acknowledges, as I do, that the troops would have had to be there to keep the inspectors there—for three months, six months, or even nine months, Saddam would ever have complied, because he never had any intention of giving up his WMD ambitions. In the end, therefore, we faced the choice of whether to take this on and deal with it or not.

Incidentally, I would also say to my right hon. Friend that that is the reason why he and I, without a UN resolution, took military action in December 1998. We did not take that action because we had some doubt about Saddam and WMD—we took that action because we were certain of it and believed that it was the right thing to do. I know that there was a difference between us on the second resolution, but I believed that it was the right thing to do in December 1998 and I believed that it was the right thing to do in March 2003.

Mr. David Trimble (Upper Bann) (UUP): I wonder if the Prime Minister would agree with the following summary, as we stand back from things and look at them. There was, and continues to be, a very good case for the action that was taken with regard to Iraq; but the Government, in their anxiety and eagerness to get the widest possible support for that action, oversold the case, and the reaction from that has led to an undermining of the good case and results in a situation whereby it is now more difficult for us to make progress. Does the Prime Minister remember once making a similar mistake?

The Prime Minister: No, I am afraid that I do not; and I have to tell the right hon. Gentleman that I do not agree with him. Even if one put in all the caveats, as the report suggests, the fact is that what we said at the time, back in September and in March, is that Saddam Hussein is an active WMD threat and has actual deployable weapons. That was the effect of the intelligence. No matter what changes we made to the way in which it was put, that fundamental thing would have remained. I say to the right hon. Gentleman, as I have said to others, that the fact is—this is why I am afraid that I cannot say that we were wrong in taking the action that we did—that even if we accept what is in Lord Butler's report now, that does not mean going to the opposite extreme and saying that there was no threat at all.

Kali Mountford (Colne Valley) (Lab): Is it not the case that the policy of containment could be said to have been working only if we accepted people's containment in a situation of despair and mass graves? Is it not also the case that weapons of mass destruction, and the belief in them, were vital to the Saddam regime to maintain that state of despair? If we are to continue in this way as an international community, should not we now consider redrawing international agreements to ensure that when similar situations arise the case for action is absolutely clear?

The Prime Minister: I entirely accept what my hon. Friend says. There is a very strong case, in the different world in which we live, for recognising that there may be circumstances in which we have to take such action in future. There is clear evidence of bin Laden, al-Qaeda and this new form of terrorism trying to acquire WMD. The best account of that, strangely, is in the statements made by Dr. David Kay, who was with the Iraq survey group. He says that, because of the nature of Saddam's regime—its instability and the way in which people were treated—the threat may have been different from, but greater than, the threat that we anticipated. That is why I believe that in future we will be placed in a situation where we have to calculate whether we need to take such action.

Mr. Alan Duncan (Rutland and Melton) (Con): Does the Prime Minister agree that it would be unjust for any public servant to take the rap today? What steps will he take to shoulder the blame, which, he admits, rests with him, when the main reason for the failure that the report uncovers and outlines largely on page 147 is the Prime Minister's circumvention of all the decencies and formalities of a proven system of government, and his replacement of it by informality, chumminess, distorted lines of communication and the concentration of all power around him and a small coterie in No. 10?

The Prime Minister: I do not recognise that quote from the report, unless I missed something. Apart from the fact that regular, minuted meetings of the relevant Cabinet Ministers took place, the Cabinet discussed the matter in detail on no fewer than 24 occasions.

Donald Anderson (Swansea, East) (Lab): Will my right hon. Friend confirm that, at the relevant time—before the publication of the September dossier—the then Leader of the Opposition had full briefing from the intelligence community and did not try to play politics with the matter, impugn my right hon. Friend's credibility or criticise any loss of caveats when the relevant debates took place? Will he also remind hon. Members that we are considering the fourth such report on the issue? Of course, some will never be happy because they want my right hon. Friend's scalp, which, again, an inquiry has denied them. Is not it important that we now concentrate on the genuine consensus on the reconstruction of Iraq so that it does not pose a threat to the world community, its neighbours and, most of all, its own people?

The Prime Minister: I entirely endorse my right hon. Friend's comments about the previous Leader of the Opposition, who supported us strongly throughout and acted somewhat in contrast to the right hon. and learned Gentleman who now occupies his place.

It is important that we concentrate on the future in Iraq, while recognising that its history is one of trouble not only for its people but for the region and the wider world. That is why it is important that it becomes a stable partner for peace.

Mr. Richard Shepherd (Aldridge-Brownhills) (Con): I am sure that the Prime Minister recognises that many hon. Members voted for the war on the case that he made so passionately and assuredly, and that, in the light of the material that became available through the Hutton inquiry and now through Lord Butler, they would not have voted for it. Is not it even more alarming that, after the Prime Minister based his case for war so narrowly, clearly and vehemently on the threat of weapons of mass destruction to the country, he now extends the basis for going to war and thus justifies it?

The Prime Minister: We went to war to enforce the UN resolutions that were outstanding in respect of Iraq and weapons of mass destruction. I have had to concede, as the Butler report finds, that some of the intelligence cannot be relied upon, but the hon. Gentleman goes to the other extreme and says that, in that case, there was no problem. There was a problem: our evidence, which the Butler report details, is about breaches of UN resolutions. If that information had reached the inspectors when they were in Iraq, it would have constituted a breach of resolution 1441.

It is not a matter of my extending the case; there is a genuine issue, and that is why I went into such detail in my statement. It is my belief, which many people dispute, that there is a different sort of security threat today. It comes from the combination of the new form of global terrorism—terrorism is always evil, but we are considering a different sort, which is without limit—and the development and proliferation of weapons of mass destruction in unstable, repressive states or the commercial networks that live off them. That possible combination is the security threat that we face.

My thinking has changed after 11 September. I am prepared to take all the criticism and so on because I know that, in future, people would look back and want to know why, if we were given information about the actions of terrorists after 11 September, and we knew about the trade and development of weapons and that terrorists were trying to get hold of them and unstable countries were proliferating them, we did not do anything to stop that. I therefore believe that we have to take an active rather than a reactive position. That is why we are in the current situation. I do not regret it.

If the Butler report had found that Saddam and weapons of mass destruction were all a hoax, that would be different. However, no one seriously claims that. The issue is the extent to which readily deployable stockpiles existed. There is no question about the threat that Saddam posed because he used the weapons. There is no question about the intent, because the report found that. The question is what action to take—that judgment had to be made. Some people take the view that action was not necessary because the threat was not strong enough, but my view is that it was powerful enough. That is the difference between us. It is not an issue of integrity or good faith; it is just a disagreement.

Mr. Peter Kilfoyle (Liverpool, Walton) (Lab): The Prime Minister said that everyone genuinely believed that Saddam had both strategic intent for WMD and actual weapons. That is a classic definition of a threat: capability plus intent. However, I remind him that many of us took issue with that at the time. We voted for an amendment that said that the case for war was not proven—it was as simple as that.

On intent and the way in which the imminent threat has long been the key to trying to convince Parliament and the people of the Government's case, I refer the Prime Minister to paragraph 374 of the Butler report—

Mr. Speaker: Order. The hon. Gentleman must remember that a supplementary question should be brief. Other Back Benchers wish to speak. Perhaps he could ask the question succinctly.

Mr. Kilfoyle: The Attorney-General said that there would be no justification for the use of force against Iraq on the ground of self-defence against an imminent threat.

The Prime Minister: With the greatest of respect, that was not the issue. Indeed, on 24 September, when I presented the dossier to the House, I said that I could

[The Prime Minister]

not say that Saddam would use the weapons this year or next year. The dossier was the reason why we went back to the UN. If I believed that there was an imminent threat to this country from Saddam, we would not have waited for the UN but would have taken action immediately. I came to the view, which I still hold, that the potential combination of global terrorism and WMD meant that we had to act on WMD. That is what we did. As to the belief about Saddam and weapons of mass destruction, I simply refer my hon. Friend back to resolution 1441, which clearly stated that he was a threat in respect of the weapons.

Mr. Elfyn Llwyd (Meirionnydd Nant Conwy) (PC): I am pleased to say that we on these Benches were not duped into supporting the war, and we remain of that view. The Butler report refers to strains, mistakes, misinformation and the resultant carnage. Somehow, no one is to blame for all that. Why does not the Prime Minister take responsibility and do the honourable thing?

The Prime Minister: First, Lord Butler does not use the words that the hon. Gentleman did. Secondly, let us consider the judgment at the heart of the matter. The hon. Gentleman says that he is glad that he was not duped into supporting the war, but if he had his way, Saddam Hussein would continue to run Iraq. *[Interruption.]* I have to deal with the consequences of my position, and he must deal with those of his. Would Saddam Hussein's continuing to run Iraq mean that the world and the region was a safer place? I do not think so.

Angela Eagle (Wallasey) (Lab): In the press conference that launched the report before the statement in the House, Lord Butler said, in answer to questions, that there was

"no evidence to question the Prime Minister's good faith."

The report states:

"We have no evidence of deliberate distortion or culpable negligence . . . Government believed the assessments it was putting forward to the British people . . . There was no intention to mislead."

How on earth can we listen to the Prime Minister's integrity being traduced by the Leader of the Opposition and others? They are not reading the same report.

The Prime Minister: What my hon. Friend says is absolutely right. The disagreement that we should have is about the judgment over whether it was right to go to war. That is a disagreement that I can have with the Liberal Democrats. The problem for the right hon. and learned Member for Folkestone and Hythe (Mr. Howard) is that he supported the war and, truthfully, he supports it still. He therefore has to rerun the allegation of bad faith because he cannot make the case against the war.

Sir Patrick Cormack (South Staffordshire) (Con): As one who voted on 18 March to support the Prime Minister, who does not regret that vote and who recognises that the consequence of a different vote would have been a shattering of the alliance, the remaining in power of Saddam Hussein and the fall of the British Government, may I ask the Prime Minister whether he accepts that the Butler report underlines the fact that intelligence is an inexact science? It does not endorse or whitewash everything that the British Government did, but nor is it an indictment of the decision that the House took.

The Prime Minister: I thank the hon. Gentleman for that; I agree with him entirely. We should study the recommendations of the report carefully and implement them. As he rightly says, this is not an issue of integrity or good faith. It is about trying to deal with difficult decisions in a difficult world.

Mr. Mike Hall (Weaver Vale) (Lab): May I draw my right hon. Friend's attention to what Lord Butler said in his press conference this morning? He said that intelligence gathering in Iraq was very difficult because of the closed regime. He also said that intelligence gathering had been made more difficult by the cuts in the 1990s following the end of the cold war. What is my right hon. Friend going to do about that aspect of the report?

The Prime Minister: What we are doing already is increasing significantly resources for the intelligence services. There has been criticism of some of the people concerned, but I think that the intelligence services do a fantastic job for this country—I really do. They have been an invaluable support to me as Prime Minister and, I am sure, to many Prime Ministers before me.

Mr. A. J. Beith (Berwick-upon-Tweed) (LD): What about the question that Butler did not answer and could not really ask, which is: how far was the Prime Minister's willingness to act on very uncertain intelligence the result of a belief that he had already formed that Saddam Hussein had to be dealt with, and a belief that, because the United States was moving inexorably towards an invasion, it was in Britain's interests to try to influence the United Nations in support of that and to be a partner in it?

The Prime Minister: That is not what Lord Butler has found. The plain fact is that we did not go immediately to war. We went back to the United Nations to get resolution 1441. That was the whole purpose of what we were doing. One of the many things that has been exaggerated in retrospect is the idea that, when we presented the dossier, we were saying, "This is the case for war." We were not saying that; we were saying, "This is the case for dealing with this issue, preferably through the United Nations."

As I said a moment ago, if I had thought that Iraq was a direct threat to this country, I would have taken immediate action. I did not do that, but I did think that the WMD issue had to be dealt with. September 11 meant that we could not wait around for it to materialise; we had to get out and get after it now. So that is what we did. We started with Iraq because of the history of UN resolutions. We then went to the United Nations. I believe that UN resolution 1441 was very clear: Saddam had to comply fully and totally. Through all the conversations that I had with Hans Blix, he never once suggested to me that Saddam Hussein was

complying fully. He used to say, "Well, he's co-operating a bit", and I would say, "That's not enough", and he would say, "Well, you know—". Then came the argument that we should give him more time, and I said, "Okay, let's give him more time, but tied to an ultimatum. If we don't tie it to an ultimatum, he's never going to do it." That is why the decision had to be taken on 18 March, as opposed to some weeks later, as it could have been if an ultimatum had been agreed to. France and other countries made it clear that, whatever happened, they would issue no ultimatum. That was their decision, but it meant that, on 18 March, we were faced with either another UN resolution that would have been meaningless, or taking action. That is what we did.

Mr. Speaker: Order.

Several hon. Members *rose—*

Mr. Speaker: Order. I say to any Members who are complaining that Back Benchers have had half an hour.

Harry Cohen (Leyton and Wanstead) (Lab): On a point of order, Mr. Speaker. You will note that many Back Benchers on both sides still have questions to ask the Prime Minister. You have been in the House a long time, as have I, and you will know that it was the practice, certainly of past Governments, whenever legitimate questions were tabled for written answer, to say, "I refer the hon. Member to the statement that was made on this issue" and to give that as a reason for not providing any further answers. If that happens in regard to the statement that the Prime Minister has just made, will you have a look at the matter, to ensure that any further legitimate questions that are tabled get a proper answer?

Mr. Speaker: As always, the hon. Gentleman helps me out. This gives me an opportunity to say that a Committee of the House recommended to the Speaker that an hour should be given for statements. Because of the circumstances of this statement and the fact that the Prime Minister, the Leader of the Opposition and the Liberal Front-Bench spokesman took longer—I make no criticism of them for that—I gave exactly half an hour for Back Benchers' questions. As to questions being answered, I have said to the hon. Gentleman before that I am not responsible for the quality of ministerial answers. I thank the hon. Gentleman again.

Public Expenditure

Motion made, and Question proposed, That this House do now adjourn.—*[Margaret Moran.]*

2.46 pm

The Chief Secretary to the Treasury (Mr. Paul Boateng): The spending review announced by the Chancellor on Monday drew the dividing lines and gave a choice for Britain between this Government and the Opposition parties. The choice is between investment in security, law and order, or cuts; economic stability and investment in science and innovation, or cuts; and a future for our public services, or cuts, charges, privatisation and a return to the under-investment in our infrastructure that characterised the Conservative party in Government.

This Government are in a position to invest more, not less, in public services and in those areas that will enable the UK to grow and to prosper in the global economy of the future. We are in a position to do this because the savings that this Government are making on debt interest and unemployment—the two great costs under the Conservatives—allow us to meet our fiscal rules, keep taxes low and spend more on vital services. We have cut the costs of unemployment and the national debt. Together, they now consume just 2.3 per cent. of national income—as opposed to 4.6 per cent. in 1997—and net borrowing is only 2.4 per cent. of gross domestic product and falling over the forecast period. Both are lower than in the past and lower than in our major competitors in the industrialised world.

Because of the tough decisions that we have taken to secure economic stability, we have maintained stable and sustained growth, combined with the lowest inflation for 30 years and the highest levels of employment in our history. That is a far cry from the Britain under our Conservative opponents. That Conservative Government were first in and last out of the world downturns. That Britain suffered two of the deepest and longest recessions since the war. That Britain also had inflicted on it by a Conservative Government 3 million unemployed, interest rates at 15 per cent. and in double figures for four years, 1.5 million in negative equity and 250,000 repossessed homes. That was the Britain of our Conservative opponents.

Because of the economic stability that we have put in place, because the public finances remain sound and on track to meet the fiscal rules, and because we have held strictly to the discipline of the total spending envelope, we are in a position to raise departmental spending from £279.3 billion this year to £301.9 billion next year, £321.4 billion the year after, and £340.5 billion in 2007–08. In this spending round, three quarters of the spending will go to vital, front-line services, so while overall spending in 2006–08 will grow by just 2.8 per cent., departmental spending on vital services will have a real terms rise of 4.2 per cent. over the next three years.

Mr. Peter Pike (Burnley) (Lab): My right hon. Friend is making many important points. Is it not a fact that the 18 years of Conservative rule created problems in towns such as Burnley, which only this Government, with the housing renewal pathfinder project and neighbourhood

[Mr. Peter Pike]

wardens scheme, have begun to tackle? Certainly, places such as Burnley will recognise what Labour has done for them over the last few years.

Mr. Boateng: My hon. Friend, who served his constituency so well for so many of those Conservative years, and who made that case on so many occasions in the House from the Opposition Benches, makes an absolutely true point: cities and towns such as Burnley suffered degradation of their infrastructure, under-investment in schools and under-investment in health, which this Government have turned around. Under the spending plans unveiled by my right hon. Friend the Chancellor on Monday, we will continue to turn that around, with increased investment in health and education, but going beyond that in ways that we will no doubt explore during this debate.

As the Chancellor said in his statement on Monday, resources have been, and will remain, linked to reform. We are committed to maximising efficiency within the public sector and to reducing administrative costs, while continuing our ambitious programme of public service delivery. We recognise that we have a duty to ensure that public money is spent efficiently, securing value for all. Therefore, on the basis of the evidence drawn from Sir Peter Gershon's rigorous 12-month review, and over and above our economic stability, growth and strong public finances, we have announced efficiency savings that will free up more than £20 billion a year by 2008. That will mean even more resources going from backroom functions to front-line services.

Mr. Michael Fallon (Sevenoaks) (Con): The Chief Secretary says that he is committed to greater efficiency. Can he explain why the administrative costs of Whitehall, which he inherited at 4 per cent., have gone up in every single year in which he has been in government?

Mr. Boateng: The hon. Gentleman makes a profound error in that intervention as the percentage is now falling, and will continue to fall to 3.7 per cent. of total spend. Let us compare and contrast that with 5 per cent. and more during much of the period in which the Conservatives had stewardship of the economy. That is perhaps not his strongest point as, on reflection, he would be happy to admit.

Mr. Kenneth Clarke (Rushcliffe) (Con): The right hon. Gentleman gave a figure, which startled my hon. Friend and I, that costs were falling to 3.7 per cent. How much of that is because of the recent reclassification of quite a bit of Home Office spending and one other Department's spending, which has suddenly ceased to be classified as administrative spending and has been moved to front-line spending? Were we to keep a consistent definition, he would agree that administrative spending has been rising, as my hon. Friend suggested.

Mr. Boateng: The point that I made clear is that as a percentage of total spend, what we are experiencing is a fall, which will be to 3.7 per cent. by the end of this spending review period. The right hon. and learned Gentleman's point, however, is one that I would be only too happy to explore. Although what I have said is absolutely true, and we will see that fall, he, as a former Home Secretary, will recognise that it was always nonsense to classify a group of people such as prison officers, who are very much on the front line of our criminal justice service, as in some way equivalent to those working in back offices and providing administrative services. That was a reclassification that was long overdue—I notice him nodding in consent—but it makes no difference to the figures that I have given.

Mr. Andrew Tyrie (Chichester) (Con): Will the Chief Secretary give way?

Mr. Boateng: No, I am afraid not.

On Monday, the Chancellor announced details of planned efficiency savings: a gross reduction in civil service posts of 84,150, and efficiency savings in local government allowing for an additional reduction of some 20,000 posts; the merged Inland Revenue and Customs and Excise, which has increased planned gross reductions from 14,000 to 16,000; a total of 20,030 civil service posts to be relocated to the regions, which has been called for by Members on both sides of the House because it brings real benefits to all those outside London and the south-east whom they represent; and a real terms fall in administration costs and plans to deliver some £6 billion in procurement savings by 2008.

Therefore, while Conservative Members talk of fat Government, planned administration costs, which rose to more than 5 per cent. of total spending under the previous Government, will instead fall to a record low of 3.7 per cent by 2008.

Mr. Geoffrey Clifton-Brown (Cotswold) (Con): The right hon. Gentleman has just reiterated the Chancellor's announcement of a very big figure that he expects to receive from savings. If he does not achieve those savings, will public expenditure be cut, or will taxes be increased to make up the shortfall?

Mr. Boateng: The hon. Gentleman knows well that the departmental limits are set, and that we are committed to meeting our fiscal rules. We have met them, and we will continue to meet them in this cycle and the next. The sum to be released by efficiencies—£20 billion a year by 2008—will mean even more resources going from backroom functions to front-line services. I thought that he—as he usually takes a progressive outlook on those areas and is usually hot for efficiencies—would see that as a welcome commitment and one that, far from dividing us, ought to unite us on the sense that it clearly represents.

In this spending review, not only will we continue to address past under-investment, of the sort to which my hon. Friend the Member for Burnley (Mr. Pike) referred, but we will also invest to equip Britain to rise to the new challenges of the changed global environment: internationally, through investment not only in defence but in international aid and development; and here at home, with investment in the key drivers of our current and future prosperity and in our public services.

In contrast, the shadow Chancellor, who I am sorry to see is not in his place this afternoon, but I can well understand why because he must have rather a lot on his

mind because the sums do not add up—*[Interruption.]* The hon. Member for Hertford and Stortford (Mr. Prisk), who works so hard for his party, chuckles, but he knows that the sums simply do not add up in terms of the Conservatives' spending plans—

The Chancellor of the Exchequer (Mr. Gordon Brown): Cuts.

Mr. Boateng: As my right hon. Friend the Chancellor says, those plans mean cuts. That is what it is all about.

Members do not have to take our word for that. On 16 February this year, the shadow Chancellor made his position very clear. He told the Bow Group:

"I have agreed with my Shadow Cabinet colleagues that the baseline for spending across all of these departmental budgets will be 0 per cent. growth for the first two years".

We know what that means. I look forward to hearing any member of the shadow Treasury team say otherwise. Two years of cash-freezing departmental budgets would mean real-term cuts for every Department. Police numbers would be cut and crime would increase. Local government spending would be slashed, which would drive up council tax and force the closure of vital local services. Transport would be cut, which would undermine our infrastructure. The international aid budget—including programmes for Africa—would be cut. Defence would be cut, which would put our national security at risk.

I paused at that point because I expected at least one Opposition Front Bencher to leap to his feet and deny that what I had said was true. They do not stir. No, I see a slight stirring—but now even that has subsided. They cannot even look each other in the face. They certainly cannot look their Front-Bench colleagues in the face, because they have all complained about the impact of the shadow Chancellor's words on their own budgets. We can well understand why.

Let us explore the reasons for the element of confusion and chaos among Conservative spokespersons about their spending plans. We will invest more in the security of our nation. There will be a real-terms increase in the budget for our armed forces from £29.7 billion this year to £33.4 billion by 2007–08, to support their commitments abroad and to enable us to modernise and adapt our defence to meet the threat posed by the rapidly changing global security environment.

Mr. Tyrie: Will the Chief Secretary tell us by how much the Government intend to cut defence in real terms?

Mr. Boateng: We are providing a real-terms increase of some £3.7 billion by the end of the spending review period. It beggars belief—or perhaps it does not—that Conservative Members cannot distinguish between a cut and growth.

Mr. Gordon Brown: Perhaps the hon. Member for Chichester (Mr. Tyrie) will read out the figures.

Mr. Boateng: Yes, perhaps the hon. Gentleman would like to share the figures with us later in my speech, or perhaps he would like to make a speech of his own. The fact is, however, that the Conservatives would cut defence, while we are increasing our commitment to provide resources for the armed forces.

We are also increasing investment for security at home. Spending will have risen from £950 million in 2001 to £1.5 billion this year, and £2.1 billion by 2007–08. That is an annual real-terms rise of 10 per cent., which will go towards modernising our homeland security, our counter-terrorism efforts and our intelligence. Under the Conservatives, defence would be cut by £2.6 billion. We do not hear a word. No one is denying that that would be the result of the Conservatives' policy. Their silence says it all. Their silence signifies consent. The reality of Conservative policy is a defence cut of £2.6 billion.

We will invest more in our communities as well, in order to tackle crime and the cause of crime. That will be matched by investment to make our communities safer and stronger. There will be more investment in law and order, including resources to create a new National Offender Management Service, a new serious organised crime agency, and a reformed charging and sentencing system. We will invest in community support officers and neighbourhood wardens. The Conservatives would cut Home Office resources by £1.6 billion. Again, we hear no word of denial.

Mr. Dominic Grieve (Beaconsfield) (Con): We intend to increase the size of the police force by 40,000 officers. We have shown how that can be done within the financial constraints. I should like to ask—*[Interruption.]* I am asking a question. This is an intervention, not a speech. I should like to know whether the Government intend to go down the same road as us.

Mr. Boateng: Talk about brass neck! It is this party that has increased the number of police officers by some 11,000 since taking office. It is this party that proposes to increase the number of community support officers. It is this party that is increasing the number of neighbourhood wardens. It is the Conservative party that will cut Home Office resources by £1.6 billion—and now Conservative Members pluck from the air a figure by which they say they will somehow increase the police force. It simply is not credible.

Mr. Grieve: While we are on the subject of the Home Office, let me say that while looking at the claims for the future contained in the spending review, I noticed the claim that the Government would continue to reduce illegal immigration. As the Government have never given us a figure for illegal immigration and have never even deigned to give us an estimate, how can we judge whether that policy objective will be met?

Mr. Boateng: I am afraid the hon. Gentleman has missed the point. It was for him to explain in his intervention how he would do more with less. We are happy to explain, on the basis of our record, what we have done to increase the number of police officers. We are happy to explain, on the basis of our record, what we have done to make our borders more secure and what we have done to make the long-awaited investment in the immigration and nationality directorate—a division of the Home Office that was shamefully neglected under

[Mr. Boateng]

the Conservatives. We have reversed the decline of the IND, and strengthened our borders. Customs and the immigration service are working ever more closely together. The Conservatives would cut the Home Office budget by £1.6 billion. Not one of them comes to the Dispatch Box to deny that.

We will do more. We will continue our long-term investment in our infrastructure, particularly transport and housing. The housing budget in England will rise from £5.9 billion this year to £7.2 billion by 2007–08, a 4.1 per cent. annual real-terms increase. That will fund a major programme of investment in affordable and social housing. It will tackle the long-term under-investment in and neglect of housing that characterised the Conservatives' stewardship of the economy, and promote the housing that is vital to both our economic prosperity and the quality of our lives.

To deliver further reforms in the rail industry and on our roads, the transport budget will rise faster than was originally planned. By 2008, transport spending will be 60 per cent. higher than it was in 1997. In contrast, the economic judgment of the shadow Chancellor—who is still not present—is to cut investment in our transport infrastructure by £1.8 billion. That, I might add, is against the advice of both the Confederation of British Industry and a broad cross-section of representatives of British business.

The Conservatives are never able to explain how it is possible for them to have a policy that is designed to promote economic prosperity—so they say—while cutting the very transport infrastructure upon which such prosperity so obviously depends. Rather than freeze budgets, which is the Conservatives' policy, we want to secure balanced economic development in every region, and to tackle regional weaknesses and build on regional strengths. Funding for regional development agencies will therefore rise from £1.8 billion a year to £2.3 billion by 2007–08. In addition, we have announced that, as with central Government Departments, local authorities will for the first time have three-year budgets that allow more effective long-term planning at local level.

So rather than cutting investment, we will invest more in our children and build on our improvements to the education system. That will include a new determination to make pre-school provision available to the under-fives, as well as making child care available to all. As my right hon. Friend the Chancellor said on Monday, this Government are determined to equip Britain for the global economy of the future. To do this, we published alongside the spending review a 10-year investment framework for science and innovation, the aim being to make Britain the best location for science and innovation in the world. We will not cut science funding, but will increase it in real terms by an annual average of 5.8 per cent.—a doubling of cash spending on science since 1997. We have also set ourselves the ambitious target of raising overall research and development spending in the private and public sectors from 1.9 per cent. of national income to 2.5 per cent. by 2014.

The choice is clear: Labour investment that is built on the strength of our economy, or Tory cuts and privatisation. This spending review seeks to invest, in an uncertain world, in law and order and security and defence, in order to protect our citizens at home and our interests abroad. It also seeks to meet our global responsibilities to others by investing in international development and in the achievement of the millennium development goals. It seeks to secure and maintain the stability and growth of the economy and to invest in the education, skills, science and innovation that will drive our future growth and prosperity. It further invests in our vital health service and transport infrastructure, thereby increasing the well-being and prosperity of individuals, as well as delivering for UK business.

The choice is stark: a stronger economy and a stronger Britain with billions of pounds more invested in housing, science, transport, defence, national security, skills, safer communities, sport and children; or billions of pounds of cuts in security, infrastructure, law and order, science and local government, and a return to a Britain of economic failure. That is the choice that my right hon. Friend the Chancellor set out for the nation on Monday, and which we will debate today. I have no doubt which option this House and the nation will choose. They will choose Labour and economic success, rather than the Tories and economic failure.

3.13 pm

Mr. Howard Flight (Arundel and South Downs) (Con): The central challenge for all mature economies today is to improve the efficiency of their public sectors in order to achieve better delivery of public services and better value for taxpayers' money. In the light of an ageing population and rising demand for public services, unless that challenge is met the growth of the productive economy will be reduced, and with it the long-term ability to sustain provision of public services. As British experience under the current Chancellor has demonstrated, just turning on the spending taps does not work. Higher taxes and an ever-expanding public sector crowd out the productive economy and reduce long-term economic growth.

The real dividing line between the Conservative and Labour parties is our genuine commitment to improving public sector efficiency, downsizing the bloated Government that the Chancellor has created, and devolving power and responsibility to those at the sharp end who deliver public services—instead of seeking obsessively to micro-manage them—versus the sham of this Government, who have no intention of making the real reforms that are needed. As my right hon. Friend the shadow Chancellor pointed out so eloquently on Monday, Britain now has a fat—indeed, an obese—Government, and most of the extra spending has been absorbed by public sector inflation. That is the result of greater bureaucracy; more unproductive employees; failing and distorting targets; more initiatives, quangos and task forces; and greater regulation and centralisation.

The issue is not just the public sector in the traditional sense of wrong decisions, bad management, lack of controls and poor project management—issues that were ably investigated by the National Audit Office and

the Public Accounts Committee—but the inherent expense and ineffectiveness of a bloated, command-and-control Government.

Mr. Boateng: Will the hon. Gentleman confirm that the Conservatives would cut public spending first to 35 per cent. of gross domestic product and then to 30 per cent.?

Mr. Flight: It is perhaps time that the right hon. Gentleman grew up a little. That intention has never been indicated and, as he has just argued, the one commitment that the shadow Chancellor has given is to prevent public sector expenditure from rising to 42 per cent. of GDP, and to restrain it to 40 per cent.

On defence, the Chancellor and the shadow Chief Secretary had better go back to school and learn their arithmetic—

Mr. Gordon Brown: You are the shadow Chief Secretary.

Mr. Flight: I am sure that it is not in order for even the Chancellor of the Exchequer to interrupt from a sedentary position.

The Government's figures in the 2004 spending review show that their planned increase, in cash terms, for defence expenditure is 1.4 per cent. per annum. I was not aware that, even under his new consumer price index formula, the Chancellor was forecasting inflation of less than 2 per cent. *[Interruption.]* In cash terms, 1.4 per cent. set against 2 per cent. inflation is a reduction in real terms. In due course, I shall ask the Chief Secretary whether he is happy with the defence procurement record, whether he feels that good value for money has been achieved, and whether he thinks it appropriate that the number of civilian defence employees should be approximately the same as the number of front-line fighting forces.

Mr. Andrew Love (Edmonton) (Lab/Co-op): The hon. Gentleman referred to the speech that the right hon. Member for West Dorset (Mr. Letwin) made on Monday, and I shall paraphrase it by asking the following question. Does the hon. Gentleman agree that, according to the position adopted by the Conservatives, if they intend to waste less they must spend less?

Mr. Flight: Our position is that we will spend much better, and I have a great deal to say on how to achieve that. But before so doing, I should point out that this Government have increased public expenditure by some 63 per cent. in cash terms. As the National Audit Office reported, there has been a 54 per cent. increase in expenditure on public sector goods and services since 1997, but that has produced only a 12 per cent. increase in measured outputs. It is time that the Government learned to focus on outputs, rather than on spending.

The national statistics deflator shows that public sector inflation has risen from 1.6 per cent. when the Conservatives left office in 1997 to 10 per cent. today—a record of which I am sure the Chancellor is proud. Total spending on the NHS has risen by some 37 per cent., but hospital activity measured by finished consultant episodes rose by only 4.8 per cent. in the three years to 2002. While NHS spending has gone up by more than 50 per cent., productivity has declined by more than 15 per cent. since 1997. Indeed, overall productivity in the public sector has declined in the last three years by 10 per cent. No wonder the Government have tried to rig the figures.

As a Labour Trade and Industry Minister recently told a conference on regeneration in Philadelphia:

> "Too often, a lot of money has been spent, but very little seems to have been achieved . . . In a year or so, we are going to have an election in the UK when people will say we have paid a lot of taxes but what has been achieved with all that money?"

We now have a public sector in which the bureaucrats and administrators in all the Government-created units, boards and panels devise the heavy-handed regulations and set the conditions of the specific grants in order to implement the initiatives so that targets can be monitored by inspectors in the overgrown layers of Government that control central and local activity, administer over-complex taxation, organise the systems of dependency, constrain the choices of the consumer and end up by disempowering the citizen.

Public sector employment has risen by some 10 per cent.—509,000 jobs since 1998—and an extra 350,000 public sector employees are planned over the next three years. Last year, 162,000 new jobs were created in the public sector while the private sector lost 98,000. The civil service is now the size of Sheffield; more than 5,000 new civil servants were hired every week in 2003. For every extra police officer, virtually one more bureaucrat has been employed in the Home Office, and the number of tax collectors has increased almost twice as fast as the number of doctors and nurses. Without the discipline of competition, that is essentially what happened in the nationalised industries, and the Chancellor has actively encouraged it across the public sector.

Mr. Boateng: The hon. Gentleman's dislike of public service, the public sector and public sector workers is well known. Does he not accept that for every administrator employed in the NHS since 1997 there are six doctors and nurses? Does he not accept that if we examine outcomes in the NHS, we find that chronic heart disease mortality is down 20 per cent. and cancer mortality down 8.6 per cent. in the under-75s? All of that is a product of having a Labour Government since 1997. Has the hon. Gentleman not a word of praise for those public sector workers who have delivered those results and who have been helped by the targets and extra resources that he would take away?

Mr. Flight: It is about time that the Chief Secretary spoke to some people working at the sharp end in the NHS. I have every sympathy and support for those people, toiling under the distorted regime of targets introduced by the Government. I suggest that the Chief Secretary, rather than quoting selectively, looks at the overall ratio of increased expenditure versus increased outputs.

As William Keegan's book on the Chancellor—I am glad that he is in his place to hear it—points out, the Chancellor realises that his Achilles heel is that the electorate will perceive that his major increases in tax and spending have in the widest sense of the word been wasted and that he has failed to deliver. In order to head

[Mr. Flight]

off such criticism, the Chancellor introduced public service agreements in the 1998 comprehensive spending review to set out what public sector improvements were to be achieved from the additional spending.

The reality, as the Chancellor knows, has been failure to meet most of the targets. The volume of targets and the rigid centralised structures accompanying them have stifled local initiative, diminished professional responsibility, distorted priorities and diverted time and attention away from the task of improving the public services. It is analogous to the Chancellor's fake savings announced on Monday. The target regime was merely a substitute for real public sector reform.

Last year, as the Chancellor will be aware, a paper was produced for the European Central Bank. It compared the more efficient public sectors around the world, particularly Japan and the USA, with those of other countries. It found that to maintain output, UK public spending would need to be only 84 per cent. of the actual total spent if the public sector were as efficient as the best. Put another way, if the UK were as efficient as the best and maintained its current spending levels, output would be 25 per cent. higher. Effective reforms of the public sector need to focus on outputs rather than on spending, and to remove costs and activities that actually achieve little or nothing.

That is the context of the Conservative party asking David James and his 60-man team to investigate and address in a bottom-up review each area of public expenditure. *[Interruption.]* I suggest that the Government would do much better if, rather than making inane remarks, they reflected on the advantages of that approach over their Gershon approach and carried out a proper analysis of where the inefficiencies really lie. They need to know where things are going on that achieve little or nothing. As part of a process that we started more than a year ago, over the next few months we will present in major policy announcements the efficiency savings that should be made. We will present them in a way that stands up, unlike how the Chancellor presented his proposals on Monday.

The main precedent for establishing how to improve public sector efficiency has been the national partnership for reinventing Government in the US. It started by recommending more than 1,200 specific changes to make government work better and cost less, of which two thirds were implemented. It then focused on transforming the culture in the major Government agencies with the most public contact to be results-oriented, performance-based and customer-focused. It also addressed the scope for new technology to improve public sector efficiency. It succeeded in reducing the size of the federal civilian work force by nearly 500,000. Action on more than two thirds of the recommendations resulted in savings of approaching $140 billion.

Government was downsized the right way by eliminating what was not needed—bloated headquarters, layers of managers, outdated field services and obsolete red tape and rules. It succeeded in cutting 640,000 pages of internal agency rules and eliminated 250 agency programmes. Of great ongoing importance, it introduced annual performance reports, required under the Results Act. All Government bodies in the US are subject to regular operational efficiency, as well as financial audit, assessing whether the structures and processes in place in each Department and area are the most efficient and effective for carrying out their objectives.

Major improvements in the US public sector have also resulted from the creation of FirstGov, a one-stop website for Government information transactions, programme results and e-mail feedback to public officials, with connections to 27 million web pages.

In that context, we have welcomed the Government's Gershon initiative as a start. Gershon's cross-cut analysis of areas offering opportunity for efficiency saving is sensible as a starting base and useful as far as it goes, but the fundamental weakness is that the Government have failed to address how to implement the type of efficiency saving measures that Gershon recommends. The immediate shortcoming is that Ministers and civil servants have resisted reform in their territories. The existing huge infrastructures with strong vested interests outweigh the transitory and limited resources employed to implement change and reform.

I presume that the Chancellor and the Chief Secretary are aware that there is currently no valid way to measure desired Government outputs. Gershon also addresses only limited territories in the cross-cutting proposals on which he has focused. He does not address the culture problem of fat government—the culture of regulation, initiatives, targets, grants, panels, boards, tsars and inspectors. That culture has increasing layers of Government bureaucrats and administrators, and of complex and intrusive taxation. It involves widespread dependency on the state and restricted choices for the consumer.

Throughout the public sector, the ratio of back-office costs to front-line services is far too high in comparison with private-sector service industries. Much more decentralisation of operational responsibility is needed to improve front-line services. That is one of the main objectives of Conservative policy, and of our aim to give citizens greater choice in health care and education.

Gershon gives no explanation for the limited number of areas that he investigated other than that they might offer the greatest potential for efficiency improvements. His report does not question whether many areas of expenditure are needed at all. Essentially, it seeks to determine whether some costs can be shaved off some areas. That approach ignores the potential for other major efficiency savings.

Gershon's time span is also too slow, and he hardly mentions the potential efficiency improvements and savings from outsourcing, except to say that they are typically of between 20 per cent. and 30 per cent. Although he is right to indicate the need for greater use of e-government, the potential in the UK remains restricted by the fact that a large proportion of the population in receipt of Government benefits does not use, or have access to, the internet. Moreover, Gershon seems to ignore the efficiency potential offered by the much greater use of technology within Government. That can yield large benefits speedily, as has happened in the US. Business best practice is to increase significantly the spans of control—that is, the numbers of people managed by one person compared with the practice of the recent past. Gershon does not address that territory.

Gershon's proposals for procurement efficiency saving are confined to centralised bulk buying, but they ignore the potential for improvement at local levels. Such an improvement was recently implemented successfully by Norfolk county council, which has saved some 25 per cent. of its procurement costs. His proposals for streamlining back-office functions are also unlikely to deliver without the discipline of outsourcing. He focuses on efficiency savings available from downsizing both private and public policy funding and regulation. He rightly points out that the cost of compliance to business is many times greater than to Government. However, a bolder approach to both is capable of securing savings of at least £2 billion a year more, and in a shorter time.

Mr. Boateng: The hon. Gentleman began by praising Sir Peter Gershon, and then proceeded to rubbish him at length. He accused Sir Peter of not taking into account the efficiency gains that can come from local government. Has he actually read the Gershon report? I refer him to page 55, where Sir Peter states:

"Local government has a key role to play in this ambitious agenda, and many local authorities are already securing efficiency through investment in technology and rationalisation of back office and procurement functions."

That certainly includes the Norfolk example. Sir Peter has done the very thing that the hon. Gentleman accuses him of not doing. Will he withdraw his ill-advised and misplaced comment?

Mr. Flight: The Chief Secretary points out one sentence, but he does not refer to anything in Gershon that sets out how those improvements can be achieved. Gershon merely observes what has happened, and that is quite different from his cross-cut comments about centralised buying.

At last year's spending review, the Chancellor stated:

"In each area of service delivery from housing to education, from policing to defence, we are tying new resources to new reform and results, developing a modern way for efficient public services".

He also said that

"we have a special duty to ensure that public money is spent wisely and efficiently and we are as determined to secure value for money as we are to secure money for our services."—[*Official Report*, 15 July 2002; Vol. 389, c. 22, 25.]

He said roughly the same thing about the 1998 and the 2000 spending reviews. He has failed and failed to secure value for money.

The truth is that the Chancellor has engaged in a pre-election public spending spree, creating bigger and bigger Government, based on bigger and bigger borrowing and rising taxes, which will produce big problems for the future and require a major increase in taxation if Labour were to win another election. In recent weeks, the Governor of the Bank of England has warned not only that the housing market has become overheated, but that the public sector spending spree is causing the economy as a whole to overheat. The Chancellor shows no signs of heeding that warning.

Mr. Boateng: The hon. Gentleman accuses my right hon. Friend the Chancellor of engaging in a pre-election spending spree. Would he care to reflect on the words of the director general of the CBI—*[Interruption.]* Opposition Members say "Huh," but Digby Jones presumably speaks with greater authority on the views of British industry than any of them. He said:

"Mr. Brown has taken a big step in the right direction. Companies will breathe a sigh of relief that growth in public sector investment is not going to become profligate pre-election spending."

Those words are totally contrary to the claims made by the hon. Gentleman. Whom should we believe—Digby Jones, who speaks for British industry, or—

Madam Deputy Speaker (Sylvia Heal): Order. The hon. Gentleman has got the Chief Secretary's point.

Mr. Flight: I am delighted to note that my point has hit home. If the Chief Secretary were to read most of the economic comment, he would find my point being made. As I have just pointed out, the Governor of the Bank of England has warned the Chancellor that the extent of public sector spending is causing the economy to overheat.

The Chancellor and the Chief Secretary may try to speak the language of efficiency and of Gershon, but they are faking it. On closer analysis, many of the reductions are bogus. Bureaucracy has not been slashed: in just a single week at the end of June and the beginning of July, another 584 new jobs were advertised in the public sector, with a combined annual salary bill of £22 million. Salaries on offer included £74,000 for a new head of tourism sponsorship in the Department for Culture, Media and Sport and a whopping £130,000 for the chief executive of the Government education quango, Learndirect. On an annualised basis, that level of recruitment would add a further 30,000 jobs and more than £1 billion to the wages bill.

As *The Times* has commented, it was said of the Holy Roman empire that it was not holy, not Roman and not an empire, and likewise, the comprehensive spending review is not comprehensive and not a review, but an intensely political exercise, better termed "the big spend".

The public sector is now larger than Scotland. Whatever the Chancellor may say this week will not change anything, because he cannot give up his obsession with trying to manage and control everything from the centre—his only alternative to having the power of the Prime Minister. It is the medium and long-term economic damage caused by the Chancellor's big Government that is of the greatest concern.

The legacy inherited by this Government did not consist only of tightly controlled public spending, a greatly reduced bureaucracy and a public sector current balance. It also, and more fundamentally, consisted of an economy much more vibrant and better placed to compete than at any time in Britain's recent history. Taxes were lower, and regulation was lighter. Huge and profitable businesses had emerged from the ashes of failing nationalized industries. Britain's productivity growth rate was on a par with other major industrial competitors. Britain's household savings rate was respectable by international comparison, and we were fourth in the international competitiveness league. Now we have dropped to 15th and our productivity growth and savings rates have virtually halved.

The foundations of our economy are being eroded by over-regulation, over-taxation and excessive government. The vitality of the British economy has

[Mr. Flight]

been increasingly smothered. According to figures from the Organisation for Economic Co-operation and Development, the UK public sector now accounts for more than 42 per cent. of national output, making it the largest state sector in the Anglo-Saxon world, where our growth rate is now the lowest.

In the long-awaited Gershon report, there is also a gaping lack of credibility as to how to deliver the suggested efficiency savings. The Chancellor's announcements on Monday added a further seven agencies and cooked the figures on civil service reductions. We need to cut away layer after layer of unnecessary government activity and layer after layer of bureaucracy. We need to remove swathes of regulation instead of continuing to add to them. That is the brief of the David James review.

The next Conservative Government will take office with more comprehensive plans for downsizing bloated government than ever before in our history. That Government will require overall adherence to our medium-term expenditure strategy and the progressive reduction of the proportion of our GDP consumed by the state in order both to eliminate the structural deficit that the Chancellor knows he has created at a time when the economy is at full capacity and to prevent the massive increase in taxation that would be required if Labour secured a third term.

Our objective is to give Britain smaller government that does less but does it better and a more vibrant and competitive economy, which alone can sustain first-class public services in the long term.

3.41 pm

Mr. John McFall (Dumbarton) (Lab/Co-op): I welcome the Government's spending review, especially the commitment to public services. I think that I speak for all Members on the Labour Benches when I welcome the extra 2,500 children's centres to be set up by 2008 and the extra £2.1 billion to tackle crime. Following the Barker review, an extra 50 per cent. will be invested in social housing, where we have described the situation as a scandal. As a scientist, I welcome the indication that £1.5 billion more will be spent on science and research in 2008 than in 2004–05.

The dividing lines for the next general election are clear. The Labour Government promise higher, better-quality public services. On the other hand, the shadow Chancellor, in his speech on 16 February outlining the Conservatives' medium-term expenditure strategy, said:

"I have agreed with my Shadow Cabinet colleagues that the baseline for spending across all of these department budgets will be 0 per cent. growth for the first two years."

The electorate will find that the Conservatives will not be spending on defence at a time of increased terrorism and insecurity; they will not be spending on crime at a time when we have to bear down on that problem; and they will not be spending on education when we need extra skills so that more young people can enter the work force.

The Government have said that we must match investment with reform. I agree, but we must cast a critical yet constructive eye over the plans. Sir Peter Gershon advocates public sector efficiency goals of 2.5 per cent. over the next three years and efficiency gains of £20 billion in front-line services by 2007–08. As has been said, that will require the loss of 84,000 civil service posts and the relocation of 20,000 posts away from London. In his foreword to the efficiency review, Sir Peter stated that

"this will result in a significant loss of employment opportunities over a relatively short period. It is important that these reductions are managed well both for the individuals concerned and to sustain the commitment and motivation of the whole Civil Service in light of the invaluable functions it performs".

What discussions about those reductions have taken place with staff? How are staff savings on that scale possible? Will the Minister provide a regional breakdown of the proposed staff cuts?

The history of such efficiency savings does not leave much room for comfort. Civil service numbers have exceeded Treasury plans in every set of annual public spending projections since 1999. For example, if the plans published by the Treasury in May 2002 had been achieved, there would be 45,000 fewer civil servants than now. The Rayner scrutiny, the financial management initiative, market testing and Executive agencies have all been trumpeted as major sources of efficiency savings. Each of them promised £500 million in savings, but they resulted in the delivery of less than 50 per cent. of those savings. Those schemes are dwarfed by the Gershon review, so it is important that we have a transparent process to follow the progress and to introduce the recommendations sensitively. Many of the people in the posts that will be lost are relatively low earners. A number of my friends in my constituency have worked in the Department for Work and Pensions for 12 or 15 years. Their earnings are £17,000 or £18,000, and they are married people with children, so it is important that the consultations are sensitive and done properly.

I also note that the Lyons report asked for jobs to be moved from London, but again, I suggest to the Minister that we must ensure that we act more efficiently in such cases. I bring to his attention the DWP pensions centre in Liverpool, where more than 300 civil servants will lose their jobs on Merseyside. That news comes just three months after the Lyons report recommended that extra civil service jobs should be moved from London to Liverpool. The pensions centre in Breckfield only opened in December 2002 and the 316 staff deal with inquiries and claims for the state pension credit, but we now find that the plans that were trumpeted in December 2002 have been revised. That does not augur well for the efficient use of resources by the DWP and I look to the Minister and, indeed, the Chancellor when he appears before the Treasury Committee tomorrow, to answer those points.

It is appropriate to consider the golden rule because the spending review is taking place against a background of increased deficits in the public finances. We have to ask whether the spending commitments are affordable if the Chancellor is to stick with his fiscal rules. How much margin for error against the golden rule does the Treasury have if the public finances turn out worse than expected? We can refer to tax receipts on that issue. The forecasts in the 2004 Budget assumed an ambitious rise in receipts from 37.8 to 38.7 per cent. of GDP, but last year's out-turn—37.6 per cent.—caused our current receipts to be £1.6 billion lower than

expected. Tax receipts could surprise us on the upside, particularly if the economy grows rapidly this year, but if so, the output gap will become an issue.

Evidence that the Treasury Committee took from the Governor of the Bank of England and others shows that the output gap is narrower than expected this year, so meeting the golden rule will be harder to achieve, with growth running faster than trend. The Treasury indicated a 3 to 3.5 per cent. growth rate in the Budget. We have also seen increased employment in the labour market. Although those figures are positive, they put pressure on the output gap. Is it the case that the output gap will be eliminated by this summer—a year earlier than indicated in the Budget? The Treasury Committee will examine the Chancellor on that question tomorrow and in the future.

May I make a point about the time scale of the spending review on behalf of the whole Committee? We are dealing with an enormously compressed schedule and I question whether that adds to the scrutiny of the exercise. For example, the public expenditure out-turn White Paper will not be produced until next week, yet such information is needed to gather the full picture. The Atkinson review on public sector output, productivity and associated prices has not yet been published. Given that it will focus on whether growth and spending have fed through into increased output and improved services, it will be important when we examine the spending review. I make a plea to the Minister—I shall also raise the matter with the Chancellor tomorrow—for adequate time to examine spending reviews adequately.

The Treasury Committee held two meetings this morning with Treasury officials and our experts. The aim of Select Committees is to ensure that there is an informed debate in the House, so a Select Committee report should be available for hon. Members to debate and to help them with the process. We will take evidence from the Chancellor tomorrow, but given our other commitments, we will not produce a report on the matter. That represents an omission, and it is due to the time scale that the Treasury and the Chancellor have imposed. I ask for that lesson to be taken on board so that we may have a decent amount of time to examine reviews in their entirety—I cannot stress the importance of that enough.

One aspect of the spending review that has received little publicity is the establishment of the financial inclusion fund, which I welcome greatly. The Treasury Committee will examine financial inclusion over the coming months. Almost 7 million people are currently financially excluded and, in today's society, people who are financially excluded are also socially excluded. I wait with interest for the Government's development of the fund.

The Opposition have made several vigorous points against the Government, but it is important for an Opposition to have credibility and sound judgment. When I read the Sunday papers this weekend, I was appalled to discover that the shadow Chancellor would abolish the Financial Services Authority.

Mr. Flight: I, too, was appalled to read the headline. If the right hon. Gentleman had read the story, he would have realised that the headline was completely stupid. My right hon. Friend the shadow Chancellor made it clear that the FSA was over-burdened with the requirements of law and the Treasury, and that that was arguably leading to over-regulation, but nothing was said about abolishing the FSA—that is not our intention.

Mr. McFall: I take it from the hon. Gentleman that although there has been an absence of clarification from Tory Front Benchers over the past few days, the Conservative party is committed to a single regulator—the FSA.

Mr. Flight: I can confirm that.

Mr. McFall: It was rather unfortunate that the headlines went well beyond that, so the hon. Gentleman's clarification was useful.

The shadow Chancellor has claimed that official statistics are politicised, but he should apologise for saying that. He made a personal attack on both the head of the Office for National Statistics, Len Cook—he appears before the Treasury Committee and sometimes feels a bit traduced by us—and Tony Atkinson.

I note that the Cabinet Secretary, Sir Andrew Turnbull, wrote to the shadow Chancellor on 27 April, saying:

"there has not been any political interference with official statistics"

and

"the suggestion that the important work being done by a figure of Sir Tony Atkinson's stature is being used for political ends is untrue and deeply unhelpful."

The shadow Chancellor has been personally assured by Len Cook that the work that the ONS and Sir Tony Atkinson are carrying out to improve current measures of productivity is completely independent. He was also told by Len Cook that any changes would be subject to peer review and in line with international guidance and the national statistics code of practice.

The hon. Member for Arundel and South Downs (Mr. Flight) could do two things. He could confirm that the shadow Chancellor will apologise for those personal remarks and ensure that we have both integrity and soundness of judgment when we scrutinise the work of figures such as Len Cook, Tony Atkinson and the ONS staff.

Mr. Flight: I understand that the shadow Chancellor had a conversation and meeting with Len Cook and the misunderstandings have been sorted out.

Mr. McFall: So I take it that a private apology has been made.

The Chancellor has committed the Labour Government to devoting 0.7 per cent. of national income to international development by 2013. That is a massive move forward. We must remember that the Government have increased spending on international aid by 140 per cent. since 1997. An extra £6.5 billion will be spent by 2007–08, but there is still an awful lot of work to do.

It is important that the signal that the 0.7 per cent. gives out is loud and clear. It should be made into a manifesto commitment. That has still to be discussed by

[Mr. McFall]

the Cabinet, but I put it strongly to the Minister that that is what is needed. When the Treasury Committee visited Washington two or three weeks ago, we spoke to Mr. Rodrigo de Rato at the International Monetary Fund and Jim Wolfensohn at the World Bank. Jim Wolfensohn said that third-world countries must see the developed countries give a commitment for the future. If the 0.7 per cent. commitment were given in the manifesto, that would be of enormous benefit. It would be symbolic and help people around the world. It would also help the Chancellor's international finance facility proposals, which are appropriate.

Hon. Members may know that the Chairman of the International Development Committee wrote to me and asked whether we could take a joint approach to our American colleagues and others to ensure that that IFF commitment is made. The United States Administration are against it, but it is important to keep lobbying and to continue the political contact between ourselves, our European colleagues and our American colleagues. The establishment of the 0.7 per cent. figure is a great step forward. Let us turn it into a manifesto commitment so that we have domestic prosperity and an international commitment for the future.

3.58 pm

Mr. Kenneth Clarke (Rushcliffe) (Con): This debate is the second part of the Budget. Indeed, before 1997, both the tax changes and the public spending changes for the coming year were announced at the same time in November. So this is the second arm of the Chancellor's explanation to the House of Commons of the fiscal policy that he is producing and how he intends to meet his fiscal rules. In my opinion, that is the most important thing that we should address. It is highly unlikely that the Chancellor will meet his fiscal rules. He is getting ever more ingenious in trying to disguise from the outside world what little margin he has and what he is likely to have to do after the election if he fails to comply with his golden rule and his other fiscal rules.

At the time of the Budget, the Chancellor tried to explain how the rapidly deteriorating public finances would not lead to his breaking his golden rule. He forecast a sudden and dramatic acceleration in the collection of revenue, but he explained that that would not require a tax rise, which the public might find uncomfortable. Instead, he would stop avoidance, and there would be a dramatic rise in tax revenues over the next few years. At the same time, he said in the Budget that there would be a remarkable deceleration in the growth of public expenditure. Policy changes or diminution of the delivery of public services would not be required, as the public might find any such announcements uncomfortable. We were therefore told that 2.5 per cent. efficiency savings would be achieved over the next few years as the result of the great work of Sir Peter Gershon and his team. We are considering those proposals today, but I still doubt whether the Chancellor's tax revenues will accelerate over the next few years as he has forecast. I shall not give the House my figures, because they are different from those given by the right hon. Member for Dumbarton (Mr. McFall). We have been told that the tax take will increase more rapidly than the growth in gross domestic product, with particularly remarkable accelerations in the collection of corporation and income taxes, but I still fail to believe that that is the case.

Sadly, I doubt very much whether the proposed reduction in the growth of public spending will not have any effect on Government activity. I do not accept that that slow-down can be achieved by improvements in efficiency without affecting delivery rates. Politics is not like that—policy changes are needed.

The golden rule, which I have criticised in the past, is extremely lax and elastic. I prefer, as do the International Monetary Fund and the Organisation for Economic Co-operation and Development, to seek to balance the public budget over the cycle. However, we have a golden rule that we should borrow only to cover capital investment and never for current investment. Even if the Chancellor's figures turn out to be right, he has left himself a tiny margin for error. No one can ever get their forecasts exactly right. I remember the Labour party being amused by my remark, when I was Chancellor, that forecasts of deficits and surpluses involved such enormous figures that one had to give or take £10 billion either side. That is still true, so the Chancellor's tiny margin for error is almost incredible.

I fear that we will carry on with the pretence of an explosion of tax revenues and a surge of public sector efficiency until the election. Afterwards, a Chancellor who has consistently denied that he will have to raise taxes will do so if he returns to office. Let us face it—that is what he did in 1997 and 2001. The public cannot say that they have not been warned if they vote Labour next year and find that the same thing happens after 2005. However, substantial reductions in the growth of public expenditure are required, but the Chancellor has not done well enough. I shall not invoke the name of the Governor of the Bank of England, save to say that I agree with my hon. Friend the Member for Arundel and South Downs (Mr. Flight). Mervyn King is, of course, independent of the Government and the Opposition—he is his own man, and I admire that. He talks in the delphic tones of governors of central banks, but his recent remarks are the closest that he has come to a warning and reproof that if we are to get mounting inflationary pressures in the economy under control and, more importantly, to maintain economic stability and consistent growth, the central bank, which is in charge of monetary policy, and the Chancellor of the Exchequer, who is in charge of fiscal policy, must pull in the same direction while they make their contribution. The Chancellor's contribution is not good enough.

When the Chancellor made his statement on Monday, I made disparaging remarks about the consistency of his policies. He has been quite successful, I do not deny, as the British economy has performed moderately well over the past 10 years or so. He has been extremely lucky, but he has also shown the most remarkable ability to change the entire basis of his approach to policy. When he first came into office, prudence was the guiding watchword of everything he did. He applied, in a rather mechanical way, which had not been anticipated, the strict fiscal controls that he inherited, and we saw a substantial and rapid tightening of public expenditure limits.

In 2000, or thereabouts, the Chancellor went in for a complete reversal. That came in the run-up to the 2001 election and in response to the political pressures of the

Prime Minister in particular, and quite a few of his political colleagues. From 2000, the iron Chancellor was gone and prudence deserted, and since 2000 or thereabouts, we have had four years of spend, spend, spend, on a quite extraordinary scale.

We are now about to enter the third phase. There has been a sudden, sharp reduction in the growth of public expenditure, and a new Chancellor of the Exchequer has emerged—a man committed to efficiency, cost control, the quality of performance, cuts in bloated payrolls and so on. I find this third phase very unconvincing and, like the first two, not adequately described.

The key to understanding the Chancellor, which is true to a certain extent of all Chancellors of the Exchequer, is in recognising that he is, above all, an intensely political man. Here we are, with the Chairman of the Select Committee and several members of the Committee that is about to start the serious business of parliamentary scrutiny of the public accounts, and we are debating a statement about public expenditure that made some references to the public accounts, gave some indications of what was to happen and set departmental limits, but was actually political pantomime. It was entirely aimed at creating a whole new basis for debate and seemed largely aimed, and still is, at trying to have a go at the Conservative party on the basis of a slightly deluded representation of what the Conservative party is supposed to be saying instead. That does not really help us to get to what the Government are doing.

In my opinion—again, I mentioned this on Monday so I will not labour the point—the Chancellor would dearly have loved to go in for another pre-election spending spree. The classic thing, particularly for Labour Chancellors and, alas, occasionally for Conservative ones, is suddenly, when the election is coming up, to start spending a lot more public money to bribe the electorate out of their own pockets, get their party re-elected and deal with the consequences afterwards.

The Chancellor cannot do that now because he did it last time, and he is dealing with the consequences. So this time, as a pre-election stand, we have Gordon the champion against waste, the new drive for efficiency, better government, more into the front line and so on, all of which is a worthwhile sentiment, but is political sloganising. It is all based on the assessment that the public feel strongly, and quite rightly, in my opinion, that they have not been getting value for money from the increased taxation that they have been paying.

Of course, the public services are getting modestly better. The Government cannot keep increasing spending on the health service at 7 per cent. in real terms each year without getting something for it, but most members of the public realise that they are not getting value. Gordon feels vulnerable on the subject of waste. He decides to address that, and suddenly the most extraordinary targets are set for improving performance and shifting money to front-line services.

The Chief Secretary today and the Chancellor on Monday almost passed over the fact that the key decision was the slow-down in the growth of public spending. We have two new years being brought into the public expenditure survey. We have been told that in those two years the rate of growth of public spending will almost be halved. Departments such as the Ministry of Defence will unarguably see their spending as a proportion of GDP reduced as a result of the announcement. New Labour has never seen anything like it. If they get themselves re-elected, some of the more veteran Members may be reminded of the first two or three years, when the figures began to dawn on them. They are entering a new world of a marked slow-down of public expenditure. I seriously doubt whether anything of that kind, although desirable in principle, can be achieved so dramatically and so quickly without policy changes to improve efficiency. With the greatest respect, anyone who has been in this House for any length of time has heard hon. Members from all political parties try to square the circle on how they will constrain the cost of their policy proposals by saving on waste and increasing efficiency. I can see hon. Members on both sides of the House who have held the responsibility of office, some at national level and some at local level, and none of us believes it. We should learn from experience and realise that more must be done.

That is not to disparage Sir Peter Gershon's work. I have praised him and, although I do not know him well, I am sure that he is an admirable man, and he and his team of keen, young accountants have been doing their best to deliver the remit presented to them by the Chancellor of the Exchequer. I have the Gershon report here, and it and the Butler report are two documents that will embarrass the Government in the longer term. As observers outside the machine, it is difficult to believe that Sir Peter and his team can transform delivery in every Department, and most of local government too, in anything like the terms described. Most of Sir Peter's proposals are sensible, and he goes for obvious areas such as backroom services and procurement. The sentiments are perfectly worthy, and the comments on management are good.

On Monday, we were encouraged to believe that from now on every Department of State from the Treasury to the Scotland Office, local authorities, every branch of the NHS, the Ministry of Defence and all will embrace the principles of the Gershon report and—most importantly, given the Government's publications and public expenditure review—hit spot on the figures that we were given. Some of those figures were slightly alarming, such as the number of jobs that will be lost, and some of them are important to the Chancellor, such as the billions of pounds of efficiency savings. To believe those figures is to believe in magic, and events will not occur in that way.

I am happy to concede that the report will prove to be a worthwhile influence on those parts of the public sector where officials genuinely wish to improve efficiency, to take on board experience from the management of other large outside organisations and to argue with the Treasury about how they have applied some of the Gershon principles. We will never know whether the Gershon report is delivered. It emphasises that delivery should be measurable and that an audit trail should be left, so that we can turn back in 2008 and see that it has been delivered, but I do not believe it.

We have been promised that technical guidance will be given by each Department to enable us to audit and measure what the Gershon report delivers. I do not believe it, and I shall give some examples why. We have been given gross figures on staff savings, which must be alarming to Labour Members who are particularly close

[Mr. Kenneth Clarke]

to the white-collar trade unions. Never fear, we do not know the net figure, and many of those jobs will be saved, although the people will work somewhere else, and some administrative posts have already been redefined as front-line posts.

On Monday, one of my hon. Friends asked a sensible question about how many of those jobs will be outsourced, which, particularly if one goes in for information and communications technology, is obviously the way for large organisations to go. Outsourcing often means that the same man or woman continues to do the same job in the same building, but they no longer work for their first employer and are transferred to a new employer.

The targets include giant organisations that are not within the Government's direct control. Some local authorities strive to improve their efficiency, and a few have succeeded. I look forward to the process by which different authorities are persuaded to pool their backroom functions. The transformation of procurement across local government will not be delivered: in my opinion, much of local government was untouched by the Thatcherite managerial revolution of the 1980s, let alone by the Gershon report of 2004. Their reaction has not been to welcome with joy the idea that they should make these efficiency savings. This morning, the Local Government Association is reported to have commented that the total is at least £1 billion less than it requires to hold council tax increases below 7 per cent. a year. I continue to believe, and say so to all my colleagues, that unless and until someone comes up with a proposition that will credibly restrain local government expenditure and increases in local government taxation to anything like the rate of inflation, rate-capping is the only way to improve efficiency and to limit the cost to many of my constituents of the ever-rising demands of local government.

As for the national health service—the largest employer in western Europe and a giant oil tanker of an organisation—the delivering of all these targets in relation to various NHS trusts is not under the direct control of Government. I find an extraordinary contrast between the highly desirable talk on all sides of localising more responsibility and the production of central documents mandating parts of such a huge organisation to produce particular efficiency improvements in particular ways. The principle of managing any giant organisation is that one devolves responsibility locally as much as possible, so long as local bodies remain accountable to the centre and one can give them clear objectives regarding the standards and quality that they are meant to deliver. One cannot give a bottom line in the public services as one can in a private company, but one can set quality standards such as waiting time targets, pupil achievement targets or rates of detection targets for those who deliver the service.

Localism has now been taken to an extreme degree, with hon. Members on both sides of the House advocating that all central responsibility should be passed on to locally elected groups or locally appointed people who are to be allowed to go their own way. It is very unlikely that they would all be able to deliver Gershon efficiency improvements.

Mr. Fallon: Does my right hon. and learned Friend find it as telling as I do that of more than 100 local authorities and 100 NHS trusts consulted by Gershon in his review, only 12 local authorities and 12 NHS trusts responded?

Mr. Clarke: I did not know that, but it is a telling fact that gives some indication of how they intend to respond once our debates are over and the report has been put, together with many others that now reach them, on the shelves of the chief executive's office in county halls and NHS trusts up and down the country.

This process is not even new—it has been tried before. The underlying drive behind the Gershon review, is on page 10 of the report:

> "The focus on productive time of frontline professionals reflects existing initiatives to reduce bureaucracy and significant investments in workforce reform and ICT across the health, education and police sectors in the 2002 spending review."

The same things were put forward in the 2002 spending review, when we were given value-for-money public service agreements. In 2004, those have become efficiency agreements, but they are essentially the same, although much bigger numbers have been put on to them.

Nevertheless, I hope that some good comes of Gershon and the other attempts to consider central government efficiency, because they are much overdue. My hon. Friend the Member for Arundel and South Downs cited several examples to show that we have been going in the opposite direction in the past four years of spend, spend, spend.

Some things, many of which are very important, we will never measure. In making efficiency savings, a great deal depends on improving the productive time of staff, especially professionals. That would be valuable because the productive time in most professions has not increased in the recent years of massive increases in expenditure. We are all used to meeting teachers, doctors, nurses and policemen who say that, despite the recent vast increases in expenditure, the amount of time that they spend on their productive work is decreasing. Increasing that time is one of the principal and desirable objectives of the review. However, the Government have been going in the other direction for some time.

Whatever the case for many of the changes that the Government have made in the name of reform, they have not tended to increase the productive time of our professional staff. For some reason, they renegotiated the contracts of all the key professionals in the national health service. I do not know why the Government bothered to do that. My experience of negotiating contracts with NHS professionals showed that it is a Pandora's box—the lid is best left where it was. The Government's negotiators lost. The guys from the British Medical Association are tough characters. The main achievement of the new contracts is to increase salaries and reduce work load significantly.

In education, the Government take credit for the large number of classroom assistants. They were not employed to improve efficiency but because the

National Union of Teachers complained about teachers' work load. Extra people were brought in because the NUT complained about that. Extra people were employed to shift from teachers' shoulders the burden of work and share it with them.

Alan Howarth (Newport, East) (Lab) *rose—*

Mr. Clarke: I do not want to argue the merits of the case. My former right hon. Friend might be passionately in favour of all the improvements in professionals' working conditions, but they do not increase productivity. It is no good changing the statistics, as the Government have done, to try to prove that, because everyone works shorter hours with fewer duties, productivity is increasing. It is not.

Alan Howarth: My former right hon. and learned Friend, who is also a former Secretary of State for Education, takes a broad-brush view. However, has not he noted that the NUT is the one teachers' union that did not want the classroom assistants?

Mr. Clarke: That is a fair point.

Let me give examples to conclude my point. We will never know how the extraordinary figures will be delivered. Let us get behind them and examine the so-called efficiency improvements and savings. How will we know, when we get to the end of the period whether, for example, NHS staff are making better use of their time? That is one of the Gershon objectives. Under that heading, half the Department of Health's total efficiency targets will be delivered. Anyone who could produce some means of auditing that would be the most brilliant accountant or work study consultant that I had ever met.

The front-line professionals in schools, colleges and higher education institutions will use their time more productively, according to the report. That accounts for 30 per cent. of the total figure put down for the Department for Education and Skills.

How will we know whether our police services become 3 per cent. more efficient? It would be interesting to have a conversation with one's local police commander about how he would demonstrate that he was 3 per cent. more efficient in three years as a result of Gershon. We should be glad to know that local authorities will achieve further improvements in the productive time of their staff. Figures are attached to those headings. Of course, it is highly desirable that all those things should happen, but we will never have the first idea about whether they have been delivered.

Mr. Kelvin Hopkins (Luton, North) (Lab): I am enormously entertained by the right hon. and learned Gentleman's speech. He talks about efficiency, which is obviously a good thing in one sense, but improving public services often means higher staffing ratios. If we want better teaching in schools, we need smaller classes. In hospitals, we need more staff per patient to improve the service. In one sense, that decreases efficiency, but it makes for a better service.

Mr. Clarke: I accept that that can sometimes happen. A sensible approach to efficiency in government should be a permanent duty of every Minister. It should not be based on arbitrary figures for staff reductions or on conjuring imagined monetary values for proposed productivity improvements.

Every Government have their different methods. If I were really going in for déjà-vu, I could tell the House about the Rayner reviews in the early days of Margaret Thatcher, when I was a departmental Minister. In those days, it was not Sir Peter Gershon but Sir Derek Rayner who came round and explained to us how to run our Departments, along with some bright young accountant who was still trying to find out what the responsibilities of the Department were. I hate to say it, but I went in for staff number reductions. I did it in the NHS—often specifying how many jobs had to go—in despair of anyone attempting to raise productivity.

I agree, however, that what is required is a wholly different approach to policy from the one that we have seen over the last seven years, in which the control of running costs, and the balance between administrative costs and what is being delivered by front-line staff, is a permanent feature of policy, to be built in to what is being done. I share the view of those critics who say that this Government, who lecture us on improving public sector efficiency, have actually been neglecting it for the last seven years.

Before this debate is over, I shall no doubt hear more examples of all the areas in which things have gone in the wrong direction, even in my old Department, the Treasury, which I hold in very high regard. One day, the Chief Secretary must explain to me why even the central Treasury, which does not employ very many people, seems to have increased by at least half as much again since I was there, and now has about 600 more civil servants than it did on the day I left it. I have no doubt that the Minister has found productive ways of employing the time of all those officials, and I suspect that I would find that situation reproduced across Whitehall if I were to look at the way things have been going in the last seven years.

The required policy changes would need a whole new speech to specify them, but I would advise my right hon. Friends to add some policy changes when they produce the James report and we all concentrate on efficiency again. To give an obvious example, we have far too many quangos. I would like to see a list produced by both sides, and by the Liberals, of the quangos that should be rapidly abolished. Of those quangos that now send me literature, I have often never heard of the acronyms of organisations that are now responsible for some comparatively obscure part of the public service. I would even get rid of some of those that have got themselves a certain dubious public popularity. The Electoral Commission drives me up the wall—it already has 150 staff, it is spending several million pounds and I am not sure what it is for—and there are a whole lot of other quangos that ought to be addressed.

We do not even know how many regulatory bodies we have; it is thought to be between 140 and 150. I would like both Front Benches to produce a list of at least half of them that could be abolished or amalgamated. I agree with the Liberals about getting rid of the Department of Trade and Industry. It would have some residual functions—but no great budget—which could be put among other Departments. The Chief Secretary told us about the increased budget of the regional development

[Mr. Clarke]

agencies; I would abolish them. I do not think that they make worthwhile use of public money or serve any worthwhile purpose. It is the old regional planning stuff all over again. As for the proposed new tier of regional government that some people are having referendums on in the autumn, I would kill it off now, if we are really trying to improve the efficiency of government in the country generally.

I suppose that this is true of many people at my stage of life, but over the last few years I have found myself genuinely feeling—all politics aside—that I am living in a country that is increasingly governed by regulation. I am increasingly faced with forms to fill in for all sorts of routine parts of my life. I increasingly have to deal with public bodies that I have never heard of, but which have suddenly found that their participation is essential in whatever I am doing. Far too much of the world nowadays seems to be run by a second-rate bureaucracy that is over-manned yet still growing. That is what the Government need to tackle, and that is what I am sure that my right hon. and hon. Friends will tackle. Smaller, better government is what we require in the modern world—it has been growing too fast—and that way lies the health of the public finances and the long-term sustainability of growth in the British economy.

4.28 pm

Mrs. Lorna Fitzsimons (Rochdale) (Lab): I feel rather humble to be following the right hon. and learned Member for Rushcliffe (Mr. Clarke), with his august Cabinet history. I clearly have not held any august office—I am just the lowly Back Bencher who represents Rochdale—and all that I want to comment on is the impact of the comprehensive spending review on my constituency, where I have lived all my life, apart from a blip when I went to university.

The CSR has made a huge, long-lasting, significant and long-overdue difference. After all the hyperbole about what Gershon and everyone else says, we need to cut to the heart of what the CSR means, in real-speak, to real people's lives. When I was elected, unemployment in my constituency fluctuated between 9 and 11 per cent., depending on the point in the cycle. Now, it is never much more than 3 per cent. Youth unemployment and long-term unemployment have been cut so drastically that they are virtually impossible to measure. In terms of school results, we have the best in my constituency's history. Yes, they have a long way to go, but they have come a long way. The investment in schools is phenomenal and is set to continue.

So phenomenal is this Government's investment in my constituency that my local paper will not even publish the figures, because it thinks that they are too incredible. The local development agency, at its annual general meeting this year, published a figure of £2 billion worth of investment by 2010 in the borough of Rochdale. The vast bulk of that was public money, but it will lever in a significant amount of other money. That figure is indeed incredible, but it can be broken down to projects all around the borough, and specifically in my constituency. We need to safeguard that investment, and I will do all in my power to support the CSR that has been laid before the House to do so. We need to build on that investment.

In my constituency, there are initiatives that need to be enlarged, but there are also those that we need to celebrate. For example, we have a new hospital, which has more doctors, more nurses and more people being treated in it. Yes, change means uncertainty in terms of certain profiles of service, but it does not mean lack of growth. We are developing extra services in Rochdale—more than we have ever had. For example, Rochdale has more police than it has ever had in its history. We have a bigger policing budget and a bigger and far more effective drugs treatment programme, and we hope to be beneficiaries of the Chancellor's announcement about neighbourhood wardens. The more local and specific the policing, through partnerships in law and order, the more effective it is, as the evidence shows.

On housing, I welcome the wonderful announcement in the CSR. Rochdale is a net beneficiary in the housing market renewal project, arm's length management organisations and investment in better social housing. Housing market renewal is a real test in the pilot areas. It is a huge leap of faith in the amount of Government money that has been invested, but the difference that it will make will revolutionise communities that time forgot, and certainly the Conservative party when in government forgot. The reality is that those communities live in circumstances that most of us would not even tolerate, and they have been in that position not for five or 10 years, but 20 years and more.

We need to ask specific questions of the Liberal Democrats about area-based initiatives, of which Rochdale has a lot: housing market renewal, single regeneration budget round 5, new deal for communities and neighbourhood renewal fund. The Liberal Democrats' economic policy contains a specific little clause—those are the interesting ones—proposing to scale back area-based initiatives. I would like to know what that means for constituencies such as mine, which need specific targeting. It is not the whole borough of Rochdale that needs those initiatives, as it houses two dramatically different communities. Norden and Bamford, which is in the constituency of my hon. Friend the Member for Heywood and Middleton (Jim Dobbin), has 0.03 per cent. of the richest population in the country. Wardleworth, in my constituency, has 0.03 per cent. of the poorest population, and we need area-based initiatives. I wonder what the Liberal Democrats mean by their economic policy.

On the specifics of the statement, I wonder whether my hon. Friend the Minister will answer a few questions about area-based initiatives such as housing market renewal. One of the things we have learned through earlier programmes such as SRB5, and are still learning, is that the Treasury needs to allow flexibility—through the Office of the Deputy Prime Minister—to the regional development agencies, and organisations such as English Partnerships, in local spending on, for instance, housing market renewal. There is no doubt that that must be based on housing outcomes, but houses are about communities, and communities cannot be sustained without community facilities.

Two years ago, 48 per cent. of Wardleworth's population were under 16, but there were no significant youth or sports facilities in the area. We have had to put bids together for the sports lottery. We have just secured £1 million, which is wonderful. It is £2 million short of our bid, but it is still £1 million, and we are not going to

say no to it. What we need, though, is the flexibility that I mentioned. Housing market renewal, English Partnerships and the regional development agency will then be able to add to the money we already have. We can use our initiative, with the help of brilliant local officers in both the RDA and the council, to capitalise on that. Yes, we are going to have mixed-market economy new homes, but they will not sustain a community without real youth facilities. I hope that my right hon. Friend can throw some light on that because we need detailed answers.

I may have misheard, and I have heard no further details, but I believe that the statement referred to community facilities. I understood that a fund provided through the ODPM might help. Specific funds such as the housing market renewal fund are aimed at specific targets, and it might be as well not to deviate too far from those targets. This fund, however, might be used to provide much-needed health services and youth facilities. I should very much like to hear more about it.

The extension of the neighbourhood renewal fund for three years is very welcome. As my right hon. Friend will know, one of the problems with some of the initiatives—although we do not suggest in any way that we do not want them—is that they involve short-term amounts. Anything that can be done to put chunks of money together and make the provision more permanent and sustainable will add to the undoubted impact of many NRF projects in our patch and across the country, and make them even more beneficial to the communities that they are intended to help.

I am very pleased about the extra investment in early years and family facilities. It makes so much sense. Anyone who has worked in education or child development, or takes an interest in antisocial behaviour, will know that the most important investment is made in the first six years of a child's life. I am lucky to represent a constituency that has received wave upon wave of Sure Start support. It is so good that people think they designed it themselves. It is probably the most successful of all Government policies.

I would welcome any additional investment from the CSR to extend the reach of Sure Start to all communities. The child poverty review acknowledges, among other things, the importance of investing in families. Although all the evidence suggests that poverty is a huge indicator of a child's health—including mental health—educational attainment and life chances, we must not assume that all parents, regardless of wealth or lack of it, do not need help with parenting. Nor must we assume that all children involved in antisocial behaviour come from poor backgrounds. Many children in my village who cause a neighbourhood nuisance—I would not place it on the same scale as the antisocial behaviour that some people must put up with—do not come from deprived backgrounds. Nevertheless, investment in youth facilities, in the extension of schools and in parenting assistance would accord with Government policy that is already making huge inroads in constituencies such as Rochdale.

In places such as Rochdale, economic regeneration is also very important. We are very lucky in having Kingsway business park, which is the biggest economic development in the north of England. I thank the Northwest Development Agency, English Partnerships, the Treasury and the Office of the Deputy Prime Minister for creating that huge development, which has used £35 million of taxpayers' money to lever in hundreds of millions of pounds of private money. As a result, a very deprived area of north Manchester enjoys untold investment in new economies.

However, we need to capitalise on that investment. My right hon. Friend the Chief Secretary alluded to investing in the Northern Way, which forms part of the Deputy Prime Minister's vision. Can my right hon. Friend assure me that consideration will be given to capitalising on the public money that has already been invested in the Northern Way, and in places such as Kingsway business park? As I said, we have £35 million of Government money and hundreds of millions of pounds of private money, yet a certain tension exists, in that there are those who are focusing on investment in the major cities. We should note that the poverty index shows that the northern part of Greater Manchester is one of the poorest conurbations in the entire country.

There is another Greater Manchester organisation, Knowledge Capital, into which the Government are pouring a lot of money; in addition, there is the merging of the universities. It would be a tragedy if we failed to widen the aperture a little—if we failed to combine these elements in order to ensure that we bring the Deputy Prime Minister's Northern Way vision to fruition. We need to make use of the substantial investment that the Treasury has made in places such as Rochdale, Oldham and north Manchester. I ask the Treasury to look into this issue and to ensure that we join up such investment. There is only a matter of miles between these locations; it would be a real shame not to capitalise on that investment.

Constituencies such as Rochdale have not only thriving Church communities but huge and diverse ethnic populations, so I welcome the great interest that the Government are showing in international affairs. It is impossible to overstate the importance of their historic level of investment in international development. Cutting to the chase, such investment is also investment in security. My constituency is one of the biggest recruiters for the British Army, so it has a huge interest in defence. In the light of that and of my international development work, it is clear to me that we need to invest in other countries, because eventually somebody else's poverty becomes one's own lack of security.

I pay tribute to the Government's approach to international investment. People talk about the war and describe us as the great devils, but we are the biggest single investor in Palestine. We are holding things together, yet no one else is putting their money where their mouth is. Indeed, we are about to become one of the biggest investors in Africa. I say to the Government: please do not stop making such investment. Some people argue that investing in Palestine and Africa undermines jobs and prosperity in this country, but the reverse is true; indeed, such arguments endanger community cohesion in places such as Rochdale. That investment ensures jobs and prosperity in this country, because the richer we make the rest of the world, the richer we make ourselves. I am not a religious person, but I do believe in the principle that we should do as we would be done by, and that one should give in order to receive. I commend such investment; it is morally valuable in itself, but it also constitutes a defence policy.

[Mrs. Lorna Fitzsimons]

Be it housing, regeneration, schools, families, law and order or international development, the comprehensive spending review builds on policies that make me proud to be a member of the Labour party, and proud to be a Member of a Labour Government who are remembering forgotten communities such as Rochdale.

4.44 pm

Dr. Vincent Cable (Twickenham) (LD): I shall first respond directly to the hon. Member for Rochdale (Mrs. Fitzsimons) who threw a question at me. She is right, and I have never concealed the fact that I believe that all parties, whether in government or in opposition, have to make choices. That means saying that we cannot solve all the problems of government by eliminating waste. I entirely agree with the spirit of the comments made earlier by the right hon. and learned Member for Rushcliffe (Mr. Clarke). That is why we have said that there are certain things that the Government should get out of.

We have paid considerable attention to area-based initiatives. It may well be that the one in Rochdale is brilliant and I commend it if it is, but our experience has been—it is not an academic analysis, as there are Lib Dem councils in northern cities as well as in the south-east—that many of the area-based initiatives duplicate and centralise many of the functions of local government. They should therefore be cut back. The hon. Lady is right that we are arguing in favour of cutting back those initiatives.

The former Chancellor, the right hon. and learned Member for Rushcliffe, made wise and helpful comments. He rightly started off by placing the discussion in the context of macro-economic policy. Discussion about waste is important, but we have to look at the macro-economic context. It is certainly true, at least on the surface, that the budgetary position is very good and the debt position is comfortable. The golden rule appears to be being met.

My concern about the macro-economic position is that, although the British economy as a whole has been fairly stable, the Budget has been highly unstable. We have had a lurch from famine to feast. We saw public spending at roughly half the growth of the economy as a whole for the first few years, then it greatly exceeded the overall growth of the economy, and we now have the third phase. The Government have not pointed out clearly that public spending plans are front-loaded with a big increase for 2005–06 and then a sharp slowdown subsequently.

It is not simply that instability is a problem in itself, because enormous costs are associated with it. One of the biggest causes of waste in government is not so much bureaucrats—we will get round to them in a minute—but the £1 billion a year that we pay on excess charges in the NHS for agency nurses. There are several reasons for that. One of the reasons why there are so many agency nurses is that key decisions on nurse recruitment and education were not taken five or six years ago. We are paying the price for that today.

Another example is that we are currently talking about paying £60,000 for a maths teacher, again because the problem of scarcity was not identified earlier on in the Government's term of office. It takes a long time to take a child through from A-levels, to university, teacher training and then into teaching—and it is only now that the problems have been identified. We are now paying the costs and the price of the instability when we lurched from under-funding to over-funding within the public services.

Mr. Hopkins: On nursing, a chief executive of a hospital trust told me that if he could take the same global sum of money that he spends on nursing and pay a higher rate to all his nurses, he would have a full permanently employed nursing staff. He would not need to employ agency staff. Unfortunately, he is not able to do that, so he has to have a lower level of pay for his nurses and buy in agency nurses.

Dr. Cable: There is a lot of wisdom in what the hon. Gentleman says, but he knows that there is an overall problem of supply, which traces back in time to failures of recruitment.

Our debate today has focused primarily on the concept of waste in public services. It was particularly evident in what the Conservative spokesman said, but it has been equated by virtually everyone with the cost of administration. We can argue about too much administration and too much bureaucracy, but waste is a wider concept than that. The Government are right to point out that some elements of waste have fallen. We have less unemployment, fewer debt interests and we are avoiding policy areas such as the poll tax.

The concept of privatisation was also slipped into the Government's litany of Conservative crimes. I was rather surprised by that: as I understood it, one of the key elements in the Government's spending plan is £30 billion worth of asset sales. I think that that is privatisation, so I do not understand why it found its way into the list.

Other elements of waste have not been mentioned. We heard the Prime Minister's statement earlier today. For some of us, the £3.5 billion spent on the war could be classified as a sort of waste—not simply because the war was fought, but because if it had been fought properly under multilateral rules, it would have been funded internationally, as the first Gulf war was.

Yesterday we debated energy. What was not spotted by too many people was the fact that the Government have now put into the public domain, admittedly over a long period of time, liabilities of a minimum of £50 billion, because electricity—particularly nuclear electricity—was not properly costed. That waste, both physical and financial, is now dumped back into the public sector. Waste is multi-dimensional, and not only to do with bureaucracy.

Mr. Flight: I said that there were two types of waste. One is defined in the narrow and traditional sense and investigated by the Public Accounts Committee and the National Audit Office; the other requires major policy change to address, as my right hon. and learned Friend the Member for Rushcliffe (Mr. Clarke) pointed out. It is highly important that we all are clear what we are talking about. I certainly meant the word "waste" to be taken in its widest sense.

Dr. Cable: I agree, and I will develop the point now.

The key point in the debate is the assumption that public sector productivity can grow by 2.5 per cent. a year. In the private sector, which has additional incentives, service productivity growth is only 1.5 per cent. The Government assume that the public sector will be much more productive than the private sector, even without the incentive structures. The figures are elusive, but I understand public sector productivity growth is close to zero. That means that some pretty heroic assumptions are being made.

I often call to mind the old story about the economist stranded on a desert island with tinned food and nothing else. When asked how he will survive, he says, "Let's assume the existence of a tin opener." Essentially, that is what lies behind the Government's plan. They are saying, "Let's assume the existence of 2.5 per cent. productivity growth—plausible or otherwise."

The Chief Secretary helpfully clarified a confusing element in the statement. I refer hon. Members to page 13 of the published version. He said that the £20 billion Gershon savings, which include savings from the dismissal of a net total of 70,000 civil servants, will be outside the spending review. Therefore, the savings made from the sacking of civil servants and implementing the Gershon report will be over and above the spending limits. The Government's strategy is to feed those savings back, in some sense, into public services.

That raises some important questions. How will the Gershon dividend be paid? What is the mechanism? I offer a simple example involving the Department for Work and Pensions. I do not want to go into the pros and cons of the matter, but by sacking 40,000 civil servants costing roughly £25,000 each the Department will save £1 billion a year. What will happen to that money? Will it go into improved services in work and pensions? Will it go into pensions, or back to the Treasury? How does the dividend get paid?

There is a bigger question for the economy as a whole. I hope that Ministers will correct me if I am wrong, as I am trying to understand what is going on, but the Government have said that the £20 billion a year generated in additional savings and extra productivity will all be spent on public services, and that it will not go back to the taxpayer. Is not the logic of that that the share of public spending in gross domestic product will rise as a result of the successful implementation of Gershon? I should be happy to be corrected if I have misunderstood the proposition, but we need to be very clear about how the Gershon dividend will operate, at both micro and macro level.

My second question is about conditionality, and it relates in part to what the right hon. and learned Member for Rushcliffe said. How do Departments get their spending allocations in the context of the Gershon reforms? Let us suppose—it may not happen—that the Department of Health performs extremely badly in respect of all the Gershon reforms, and that it does not achieve its IT or procurement targets and so on. Does that mean that the funding in the spending review will be withheld, or will it be increased because of the Department's underperformance? There has always been much ambiguity about what public service agreements mean, but what rewards and penalties exist in the system to ensure the implementation of the Gershon improvements? How the conditions work is massively unclear.

The right hon. and learned Gentleman asked another question: how do we know when reform has been implemented, and how do we measure performance? I am delighted that Professor Tony Atkinson, who is an underestimated and important academic, will be brought in to try to help answer those questions. However, economists have been worrying for 20 years about how to assess public sector productivity.

The attempts to improve productivity in the public sector can be very daft. Shortly before I became an MP, I visited my local borough police commander. He was a bright young thing who had just come out of a refresher course at the police college and was buzzing with management speak about productivity. He told me that he had been thinking through his borough's strategy and that he intended to get rid of beat policing. He gave me a little homily to the effect that the chances of a burglar being caught by a beat police officer were as remote as the chances of being hit by an asteroid. That proved to him that good management and improving productivity meant getting officers back into the police station so that they could go out in their cars in emergencies. He called that high-productivity policing, but we all know in retrospect that it was just daft. The police have since done a U-turn on that policy, and we are no closer to understanding how we could improve productivity in policing.

Further education is another example. The head of my local FE college tells me that it has been subject to productivity targets from the Treasury, via the Department for Education and Skills, for the past five years. The sector already has a 2.5 per cent. productivity target. The college achieves the target by increasing class sizes—more students, same number of staff. Is that what the Gershon reforms will mean?

The Financial Secretary to the Treasury (Ruth Kelly) *indicated dissent.*

Dr. Cable: Well, it is not clear who will decide how the target should be achieved and how Departments will be rewarded or penalised if they succeed or fail.

The immediate action—as opposed to the general commitments in Gershon—is the dismissal of 84,000 civil servants. How much will that actually save? We hear some confusion about numbers. The BBC said that it would save £5 billion. However, a little mental arithmetic suggests that the loss of 84,000 people who are paid an average of £25,000 a year—who would all be paid redundancy money—would save only £2 billion. That suggests that Digby Jones is right to suggest that the 84,000 would be only a tiny fraction of the job losses necessary to meet the Government's objectives.

Can the Government tell us a little more about the civil service cuts? Who will suffer them? Will it be the people who have been brought in over the past two years, many of them to do IT work? What will be the split between senior and junior civil servants? That will make a big difference to the cost savings, but we have no specific information at present.

Can the Government tell us something about the deeper aspects of the Gershon reforms and how they will be delivered? From the documents that I have read it

[Dr. Cable]

appears that one of the key arguments is that we will see a big leap forward in information technology. However, the Government's record in that area is abysmal. The National Audit Office suggested in a report a couple of years ago that only a third of Government IT projects succeed. We all remember the Passport Office story, and the courts and the Post Office have suffered fiascos in that area. To their credit, the Government have introduced a much improved procedure, including the gateways, and the level of error has been reduced. However, many of the projects are still highly doubtful. People close to the industry, such as *Computer Weekly*, are concerned that the IT programme will unravel badly with disastrous consequences, especially for the NHS. One of my reasons for arguing that the Home Office should abandon its plans for identity cards—apart from the civil liberties aspect—was the management issue. How would a Department that has conspicuously failed to manage big IT projects in all its other operations be able to handle one that would be even more complicated and difficult?

The other element in Gershon that is very important—the hon. Member for Arundel and South Downs (Mr. Flight) highlighted it too—is the centralisation of procurement. It will be a key part of the process. In business, centralisation of procurement has gone in and out of fashion, but Gershon goes in for it in a big way. A move from 400 to four major civil service procurement centres is planned. Is that feasible? At the end of the debate, may we have an indication as to the Government's progress in centralising procurement and how it will work? My understanding is that few councils or agencies have agreed to undertake that process.

The Government and the Conservatives place great emphasis on the idea that somehow or other they can achieve great savings by getting rid of the back-office staff and concentrating on the front line—to use the jargon. However, I have never been wholly clear as to the distinction between the two; nor are the Government, because they have just reclassified £5 billion in that regard.

One of the things that most shocked me when I became an MP was visiting my local police station and seeing big, brawny, fully-trained police officers doing their own typing. We were in the wake of cuts in the Metropolitan police; at the time, the current Conservative leader was Home Secretary and we had just gone through a period of downsizing, so when I asked why those officers were typing instead of being out on the streets, I was told, "We decided we needed to get rid of our civilian support staff to concentrate resources". However, somebody had to do the clerical work—the police officers.

One of the new fashions that the Government have adopted and the Conservatives are advocating is to get rid of local education authorities—those parasitic, bureaucratic tiers of management. They claim that great savings will be made by getting rid of LEAs. In my area, I discovered that the LEA is small. I am not making a political point, by the way; the local council is a Tory one. The LEA occupies one floor of a multi-storey building and comprises fewer people than the James committee, yet it is responsible for all the borough's education administration. Which of those people would the Government get rid of? Who would do their tasks when that "unproductive" layer of management was stripped out?

Perhaps we do not need the LEA's four inspectors, although it is self-evident that schools need inspecting—they cannot wait for Ofsted every three years. A few people handle student grants and a few deal with special needs. Those people cannot be stripped out with no consequences. Other people deal with the payroll and staffing. If their posts are abolished at the LEA, they will reappear in schools, so where will we see the savings from stripping out that layer of management?

Both the Government and the Conservatives have created the illusion that these changes can be easily made. I have been in a big company that was McKinseyed and saw the process at work. Management consultants decide that many functions can be stripped out, but it cannot be done, and senior managers end up doing their own secretarial work. In business, that is called "managing your own function" and it is often extremely inefficient. There is much glib talk about savings from eliminating waste and stripping out management. Of course, there are things that should be done, but much of what is actually achieved is worryingly superficial.

It is my view, which I have also argued as my party's spokesman, that the Government must get out of certain activities. Although arguments about waste are important and we have to be on the ball about such matters, we have to make political choices. One of the reasons that my colleagues and I focused on the Department of Trade and Industry is that although it is not one of the biggest Departments, it raises the biggest questions about whether the Government have any basic competence in that field. It has a budget of £5 billion and it is supposed to help business and industry.

When I attended a conference recently I was struck by the comments of one of our leading Asian entrepreneurs, Ghulam Noon. He turned to the Secretary of State for Trade and Industry, who was in the audience, and said: "Will the Government please stop trying to help us? Just let us get on with our job. Make sure the infrastructure works. Keep taxes reasonable, but please stop trying to help us."

The Chancellor is passionately committed to science, innovation and research and development schemes, but many of those things are unproductive. The OECD did some good research recently, which showed that support for R and D distorts and completely displaces private sector R and D. It adds no value in the economic sense. I would not go quite that far; there is a residual role for the DTI, but much could be taken out.

We really need money for pensions, which are a big priority; they must be lifted out of means-testing. We have to find the money from somewhere. That is the kind of choice we have to make.

5.5 pm

Alan Howarth (Newport, East) (Lab): The hon. Member for Twickenham (Dr. Cable) calls for perfect forecasting and perpetual stability. All Governments would like to achieve that but, of course, government is very difficult. This Administration are decent and outstandingly capable, and the spending review demonstrates their intellectual and moral energy. The

review is based on seven years of experience, during which a matured and successful strategy for government has been developed.

The fiscal stance seems to be sound and that is confirmed by a rather better judge—the markets, which are unperturbed by the spending review. The right hon. and learned Member for Rushcliffe (Mr. Clarke), my former right hon. and learned Friend, has the ability, amiable indeed, to make apocalypse sound very jolly, but I think that he will be disappointed. There is every reason to suppose that my right hon. Friend the Chancellor will successfully adhere to his fiscal rules and he has proved a better forecaster than most of his critics in recent times.

An independent umpire, the Institute for Fiscal Studies—all hon. Members could accept its objectivity and competence—tells us that, as total public expenditure rises to a planned £580 billion by 2007–08, it will represent 42.3 per cent. of national income. That figure is below the average of 44 per cent. of national income that prevailed in the years of the Conservative Administration. It is in line with OECD standards and lower than the figure found in many European countries.

The sustainable investment rule should be met. Public sector debt is expected to rise to no more than 36.5 per cent. of GDP—well within the 40 per cent. limit that my right hon. Friend the Chancellor sets himself—and public sector net investment is planned to rise from 2 to 2.25 per cent. I note that that is well outwith the rules of the stability and growth pact. The borrowing requirement will clearly exceed the requirement of the stability and growth pact that a balance or surplus should be achieved over the cycle, taking into account public investment. Thank goodness, we are outside those constraints, and my right hon. Friend the Chancellor has kept us out of that financial morass. Given the dismal history of deflation and wasted potential in the eurozone, surely we cannot now wish that we were part of that system. It is interesting to note that the flat-earthers in the Commission were upheld yesterday by the European Court of Justice. Will they then proceed to impose penalties on France and Germany, compounding the deflation for which they have been responsible through their policies in past years? The answer is no. They would have had a go at that a couple of years ago; they will not do so now, thanks to the pressure for reform created by my right hon. Friend the Chancellor.

Mr. Hopkins: I have great sympathy with what my right hon. Friend says. We have a happy fiscal policy because we have the ability to choose our monetary and fiscal policies and to ensure that they work well in tandem. That is possible because we are outside the eurozone. Does he agree that we should stay outside the eurozone so that we can continue to manage our economy sensibly?

Alan Howarth: I can certainly see no case for subjecting ourselves to the consequences of a single currency, such as a one-size-fits-all interest rate and all the associated constraints on fiscal policy, so I agree with my hon. Friend.

The Government's spending plans are predicated on an assumption that there will be no serious economic slow-down in the wider world. It is difficult to be entirely optimistic about that. Given the fiscal profligacy and the monetary imprudence that have prevailed in the United States of America for a good long time past, clearly, after the presidential elections, there must be a retrenchment in the USA, which will be bad for growth. Equally, if the politburo manages to slow down the Chinese economic juggernaut to some extent, it might provide a shock to the world economy. However, I think that my right hon. Friend the Chancellor's plans allow for sufficient margins to accommodate any setbacks of such a nature that might occur.

The departmental expenditure limits are anticipated to rise by 4.2 per cent. per annum on average throughout the spending review period but, as has been noted, reductions in the rate of growth are intended in later years. Rather than assuming that that will be achieved through a process of slamming on the brakes that would be impossible to handle, I take it that it is a prudent provision for the future. Let us see what proves to be fiscally manageable in the event.

It must be acknowledged that it will be hard to spend a 4.2 per cent. average increase in public expenditure efficiently and effectively, which makes the efficiency review all the more important. Moreover, increases to front-line spending are intended to be substantially funded by the benefits of the efficiency drive. As hon. Members have noted, it will be difficult to achieve the efficiencies that are held out. All Governments have promised to achieve dramatic efficiencies in the use of public funds, but the Parkinsonian tendency for bureaucracies to expand is unrelenting. It will be a tough job to get the process right without any doubt. The process will also be tough for the public servants affected, so I was pleased, but not at all surprised, to note that my right hon. Friend the Chancellor intends to take a great deal of care of those staff, in human terms, to ensure that the personal consequences that they face are no harder than they need to be.

Several commentators—the hon. Member for Twickenham added himself to their number this afternoon—have said that we will never actually know whether the efficiency targets have been achieved, but I do not think that that is right. My reading of the Gershon review is that it is rigorously set out and establishes bases and benchmarks against which we may judge performance and progress. It sets out relevant definitions, describes the methodologies for achieving efficiency and offers a variety of expert support systems.

I do not think that any of us can doubt that there is scope now, as there always is, to achieve economies. Let me offer one small vignette that arises from my recent constituency experience. The young son of one of my constituents assaulted a teacher and there was a requirement that the boy attend a non-maintained special school. Monmouthshire local education authority was unable to provide appropriate schooling in its own system, so the boy had to be sent away. Two options were considered: a special school in Cardiff charging fees of £124,000 a year; and a special school in Somerset charging fees of merely £75,675. To get those amounts into perspective, I checked the fees at Eton, which will rise in the autumn to £22,380. It beggars belief that the public sector is paying such sums. I do not criticise the director of Monmouthshire LEA because he has no choice but to find a placement for the boy. He says that supply is limited and that the situation is what

[Alan Howarth]

market forces dictate. That provides a small example of the scope for considerable legitimate cost savings in the public interest. The search for efficiencies must be continuous because economies are always there to be won.

On a more cheerful note, public servants who might have the opportunity to relocate to Newport have nothing to fear. I myself relocated there only a few years ago, and the House must discount my bias because I always fall in love with any constituency that is good enough to put up with me. Better witnesses to the merits of setting up public service shop in Newport are the public officials who already work there—the staff of the Patent Office, the Office for National Statistics and the UK Passport Service.

As long ago as 1994, the National Audit Office found that, following the Patent Office's relocation to Newport, it had not only improved performance but saved on accommodation and staff costs. It saved on staff costs partly because salaries were somewhat lower in south-east Wales, but mainly because staff turnover was so much lower compared with turnover in south-east England. I shall not descant at length on the beauties and joys of Newport, but I ask my right hon. Friend the Chief Secretary to study an excellent document produced by Newport city council—"Newport: a pleasure doing business"—which is both eloquent and sobersided and makes the case irresistibly.

The Government are also right to pursue a programme of asset sales, as one would in any substantial business in which assets are found to be surplus to need. It is no more and no less than their duty to the taxpayer, as is the whole drive for efficiency savings.

I thank my right hon. Friends for specific features of the spending plan. I thank them on behalf of Wales for the average real-terms increase in funding of 4 per cent. that is planned over the period. In particular, I want to mention two items that are small in the scale of things but significant to me, partly because they represent unfinished business from my incarnation as a Minister with responsibility for the arts and heritage.

I very much welcome the Government's decision to extend the VAT refund scheme to university museums and galleries to enable them, too, to offer free entry. I spoke on that subject in the public expenditure debate two years ago. The Chancellor and the Chief Secretary were kind enough to meet me and a deputation to discuss it. I pay particular tribute to Professor Martin Harris and Dr. Christopher Brown for their expert advocacy of the cause.

The other small item in the cultural field for which I want to thank the Government is the decision to double the size of the national heritage memorial fund. The fund enabled the National Trust to acquire Tyntesfield. There are now similar needs and opportunities, with the possibility of the National Trust for Scotland acquiring Dumfries house, a wonderful house that reflects the undisturbed work of the three Adam brothers and which has Chippendale furniture, and Abbotsford, which is a house of great historic importance.

More broadly, I want to express my appreciation to the Chief Secretary for the provisions in the spending review on the voluntary sector. Like me, he has taken a close interest in policy for the voluntary sector over the years. The decision to introduce longer-term funding agreements, to consider in new ways the assignment of risk between the voluntary and statutory sectors, to accept full cost recovery if charities and voluntary organisations provide public services so that they are not subsidising the Exchequer, and the proposed lightening of regulation are all good news for the voluntary sector.

As a member of the Intelligence and Security Committee, I express my appreciation of the additions to the secret intelligence account. Like all my other right hon. and hon. Friends, I single out the Government's commitment to achieving the 0.7 per cent. of GDP spending on aid as important and welcome. I hope that it will go into the manifesto. I also hope that the Chancellor's plans for an international finance facility are accepted by the international community so that we reach our 0.7 per cent. of GDP in 2008 rather than 2013. Next year, with the chairmanship of the G8 and the presidency of the European Union, Britain will have an important opportunity to mobilise the rich countries of the world to that cause.

I want to speak about two other policy areas. On higher education and science, I welcome the reiteration of the Government's commitment to maintain funding per student during the spending review period. There are, however, other important requirements for higher education, such as infrastructure—buildings, libraries, laboratories, classrooms, lecture rooms—support for part-time students and, perhaps most particularly, academic pay. The House will recall that in the 20 years to 2002, academic pay rose by 4 per cent. while average earnings rose by 45 per cent. The Treasury used to insist that that did not matter and that there was not a market failure, but that discrepancy was bought at the price of rapid deterioration in staff-student ratios and the jeopardising of quality. It has inevitably affected the quality of recruits to higher education. The Bennett report from the British Academy expressed unequivocal anxieties about the numbers and quality of people embarking on PhDs, including on subjects that are important by the utilitarian standards of the modern world, such as economics or Chinese.

The issue is whether we can renew our enlarged universities, of which so much is expected, to an acceptable quality. The Government have paid more heed to the Roberts report on the supply of people with scientific, engineering and technological skills, but we must balance the needs of the arts and humanities with the need for science. We should be wary of going down the US route of simply paying more for teachers with marketable skills. I readily acknowledge that there has been a good settlement for academic pay this year, but where are the funds in the plans properly to restore academic pay? Where are the funds to make sure that our remarkable new laboratories will have remarkable scientists in them? How are we to pay for the costs of higher education? If every course charged the full £3,000 allowed under the new tuition fee regime that would bring in a maximum of £1.4 billion after 2009, which should be set against the shortfall in higher education funding of £8.8 billion cited by Universities UK. I do not expect the Treasury to agree with the latter figure, but the disparity is still huge.

I hope that the Government will at least fund the recommendations in the Thomas report, which looked at the possibility of creating endowments for our universities. It recommended that the Government provide time-limited match funding to pay for the costs of establishing development offices in universities and training in fund-raising techniques. It also recommended that they look again at tax relief. It is noteworthy that the largest endowments enjoyed by universities in the United States of America have, in the main, been built up in the past 20 years. Although it would be a long haul and a difficult task to raise endowments on a significant scale for our universities, we should certainly try to do so. If higher education in the United Kingdom achieved the same share of individual giving as higher education in the USA, our universities would be £600 million a year better off.

Naturally, I welcome the extra £1 billion of spending on science in the plans, although I fear that it may partly be at the expense of other areas of the higher education system that are no less important, as a good proportion will come from the budget for the Department for Education and Skills.

The planned spending on science represents funding beyond any dreams of avarice that I had as Science Minister. The Treasury has become quite dewy-eyed about science. It expects spending to increase by 5.8 per cent. a year in real terms, and is moving towards an objective of research and development taking 2.5 per cent. of GDP. The Government's science strategy in the "Science and innovation investment framework 2004–2014" is, however, rather long on assertion and aspiration and rather short on tight argumentation and precision. It seems to say that a lot of science means a lot of wealth, which is more redolent of alchemy than science. Science is somehow to be the elixir of competitiveness.

There is much reference in the document to indicators and goals, but when one looks at them, they are all rather vague. The strategy dilly-dallies on its way, for example, to achieving the funding of the full economic costs of public interest research by Government Departments. We are told that the final adjustment to the methodology for that will not be in place until 2007–08 and the research councils should fund close to 100 per cent. only by the beginning of the next decade, yet the issue has been around for a very long time. The transparency review exposed the fact that the Government are not paying the economic cost of the research that they commission from universities. A decision should be taken so that the matter can be resolved.

All that is strange, as I believe that Lord Sainsbury is an outstanding science Minister. The document smacks of negotiations not quite completed in Whitehall and material that was not quite ready for publication. Its commitments are deferred, qualified or imprecise. More Gershonesque rigour is needed in this regard.

I am worried in particular that the document holds out a prospect of too much bureaucratic hassle. We are told that to inform periodic reviews of public spending, the Government will conduct every two years a detailed assessment of progress towards goals. Why not just let good scientists get on and do good science? It is not quite in the spirit of devolution, letting things go from the centre and allowing people to take responsibility, that we find both in the Gershon review and in the spending review document.

I am worried, too, that the tilt towards applied science may be carried too far. The research council programmes are to be more strongly influenced by and delivered in partnership with end users of research. The research assessment exercise is to favour research relevant to users more than in the past. But if higher education moves too far towards applied knowledge, the irony is that this may damage the economy because it may impair our national capacity to generate talent for broad-based problem-solving, disinterested consideration and original thought.

If we commercialise and marketise higher education too far, we also risk losing the public values that we should respect in the universities and which the Government certainly do respect. Higher education is not just an annexe of the economic production line. Academics should address fundamental questions on our behalf. They should prepare students for democratic participation and social leadership, and they should speak truth to power. I hope that the Government will not overlook those important points.

Finally, I shall say a word about pensions, as there is strikingly little mention of the subject in the spending review document. It states on page 159 that 3.2 million people will be on pension credit and 2.2 million will be receiving guaranteed credit by 2008, which the document acknowledges is a "stretching commitment" for the Department for Work and Pensions. The funding of pensions and the consequences of pensions policy are a major issue for public expenditure. We face looming problems in both the public and the private sector. The Government have been addressing aspects of pensions policy requirements piecemeal, and I believe this is a field where the Chancellor has not yet applied his own magisterial intelligence.

The TUC is right to note with concern that fewer than half of people under 30 are saving for pensions. The defined benefit promises that the previous generation felt able to make will prove unaffordable. It is clear that the private sector is withdrawing wholesale from that commitment and, if not now, before long, the public sector will be in serious difficulty with it too. We are hearing about local authority pension scheme deficits. Part of the trouble is that local government employees contribute too little and people retire too early, presumably at the expense of council tax payers. Every time there is a new chief executive, he or she gaily restructures the senior management team, with a pension fund footing the bill.

We used to be complacent about our prospects on pensions vis-à-vis Europe, but there is no more room for complacency. Radical reforms are needed. I hope my right hon. and hon. Friends will look carefully at the proposals from the Pensions Policy Institute and the National Association of Pension Funds for a citizens pension on something like the New Zealand model.

We need a better basic state pension that is universal and based on citizenship and residence, not contributions. Only 14 per cent. of recently retired women are on a full basic state pension, so we do not have a universal state pension and we should have one. We should conflate the basic state pension and the state

[Alan Howarth]

second pension to build a platform at or above the present means-testing level, which would be affordable now. We should then index pension benefits to national earnings. We would get rid of the complexities and disincentives that riddle the system such as contracting out and great swathes of means-testing, including pension credit. That would enormously benefit not only women, but low-paid people who earn less than the lower earnings limit for national insurance and carers, which is entirely consonant with the Government's commitment to social justice.

Above the basic pension platform provided by the state, individuals should build their own schemes to which employers should be compelled to contribute. The evidence from the Association of British Insurers is that, where employers do not contribute, only 13 per cent. of employees save for pensions, but where they contribute 5 per cent., 69 per cent. of employees save for pensions. The Treasury should switch from tax relief to grants, because an enormous proportion of tax relief goes to people who are already well off and who least need incentivising to save. Whether that is the right pattern for reform—I think it attractive and practical—we cannot continue as we are for very much longer.

The spending review is admirable. It was made possible by a disciplined and intelligent approach on the part of the Government, who understand the dynamics and interdependencies in our society. They are dedicated to strengthening our society, so that talent and energy find scope and reward. They support vulnerable people, who find that they are respected, cared for and have opportunity. And they particularly seek to improve life for children born in poverty. The title of chapter five of the spending review, "A Fairer Society with Stronger Communities", expresses this Government's ethic, a society in which the public and private realms flow into each other fruitfully and in which the values of community and personalised public services, which are therefore true services, are restored.

5.32 pm

Mr. Michael Fallon (Sevenoaks) (Con): It is a pleasure to follow the right hon. Member for Newport, East (Alan Howarth). I hope that Front Benchers noted some of his points about science and higher education, with which I agree. This afternoon's debate seems to be turning into an old Department of Education and Science reunion, although some of us have not changed our positions. I begin by declaring my business interests, as recorded in the register.

I note that the review is no longer called the "comprehensive" spending review, which is probably a wise omission because it does not give us a picture of public expenditure as a whole. As the Chairman of the Treasury Committee pointed out, the spending review has been published before departmental out-turns are available. We heard evidence this morning that that is an accident, because 14 days' notice must be given to the National Audit Office, the Office for National Statistics or somebody, so the departmental out-turns cannot be published until Monday. That is either incompetence or conspiracy, or, as I prefer to think, the spending review is a political exercise that has been rushed forward in this particular year to try to influence the results of tomorrow's by-elections.

The review does not include the all-important Atkinson report on public sector productivity, and I do not know why the Government could not wait for its conclusions, which would have enabled all of us more accurately to examine the efficiency targets. On the targets themselves, we have been told that the measures, which are now called the efficiency technical notes, will not be published until October. Sir Peter Gershon, an admirable man, has toiled away for a year on his report, and the Government have had two years in which to prepare the spending review, so I do not understand why the efficiency technical notes are not ready to be published alongside the efficiency targets.

That point is all the more important when one considers some of the woollier targets. The Department for Culture, Media and Sport is pledging itself to save some £260 million a year by 2007–08. It has four plans to achieve that, the fourth of which is simply to

"work with its sponsored bodies, local authorities"

and other Departments

"to facilitate the delivery of these . . . gains."

That is not a specific plan. Such an objective should be properly measured: that is why the efficiency technical notes should have been finalised and published alongside it.

The spending review document does not include crucial information that we need about the uprating of benefits. The Government blandly commit themselves to yet another reduction in child poverty, which is a very important target, but the totals for managed expenditure given in table A1 reveal that for the second two years—2006–07 and 2007–08—there is no assumption that tax credits, including the all-important child tax credit, should be uprated by any more than inflation. In other words, there is no assumption that the child tax credit will be uprated by the level of earnings growth, as is necessary if the target is to be met. The document has serious weaknesses, and I suspect that it has been rushed forward for political purposes. I regret that it does not provide the supplementary information that we need and that it does not give the Treasury Committee sufficient time to produce a report, as we normally would have done, that might better have informed the debate.

It emerged in evidence given to the Committee this morning that the reduction in head count through the sacking of 100,000 civil servants will provide only between 10 and 15 per cent. of the proposed efficiency savings—the magical figure of £20 billion. In other words, 85 to 90 per cent. of the £20 billion has to come from everything else that is promised—better procurement, better working, lower sickness rates and so forth. In reality, better procurement often means more centralised procurement. The Government have already run into difficulties in forcing their way towards better NHS procurement because of objections from the devolved and empowered primary care trusts.

On better working, I am, like my right hon. and learned Friend the Member for Rushcliffe (Mr. Clarke), sceptical about how some of the targets will be met. In the case of the Department for Education and Skills, we are told that 30 per cent. of its £4.3 billion savings—a total of £1.3 billion—will be provided by teachers and college lecturers working harder. I see nothing in Gershon or in any other document to give us any

comfort about those savings being delivered in practice. It is noteworthy that when Sir Peter Gershon consulted the devolved units on the efficiency gains that they could deliver—contacting more than 60 police authorities, more than 100 health service trusts, and more than 100 local authorities—only 12 health service bodies and 12 local councils responded. I suspect that the Government will find it much harder to enforce such savings on the devolved public services.

The 2.5 per cent. efficiency saving is an enormous amount—I agree with the hon. Member for Twickenham (Dr. Cable) about that. The annual average productivity improvement in the economy over the past 40 years has been 2.1 per cent., yet we are suddenly told that the public sector will be 2.5 per cent. more productive. Like my right hon. and learned Friend the Member for Rushcliffe, I suspect that that is a rain dance.

I want to consider the fiscal position, to which there are three keys. Each is critical to the Government's obeying its fiscal rules and our being spared the additional tax burden that Conservative Members feared and that was realised after the last two elections.

The first key is that tax revenues have to come in. There is already evidence that they are not coming in as the Treasury forecast that they should. Secondly, the Government must deliver the asset sales that they promised. The document mentions a total of £30 billion of asset sales, yet I cannot find a single list of what will be sold to deliver them by 2010. As we found in Government, asset sales get harder as one goes on. One sells the land and privatises the industries but the search for the £4 billion, £5 billion or £6 billion of asset sales that one needs every year gets increasingly harder. It should therefore perhaps be no surprise that the Government have not even listed where the asset sales will be made. They are unlisted, unquantified and will become much harder to achieve. As I said earlier, if efficiency savings—the third key—are not achieved in full, we shall be in trouble.

The Government will be in trouble because the one certainty is not asset sales, tax revenues or efficiency savings, but spending. The spending is guaranteed and will now begin to flow, whether or not efficiency savings are realised, asset sales are pocketed and tax revenues come in. If the three keys are not achieved, taxes and borrowing will have to increase all over again.

As my hon. Friend the Member for Arundel and South Downs (Mr. Flight) said, we have the largest state sector in the Anglo-Saxon world. We have a public sector that is larger than Scotland and we have slipped down the competitiveness league. It is a stark fact that if British GDP per head were measured against that in each of the American states, we would come 45th. Only four American states have a lower GDP per head than ours.

We have had seven years of rising administrative spending. The Chief Secretary tried to bluster his way out of the figures, and I commend the table in this morning's *Financial Times* to him. It clearly shows that administrative spending has increased from 4 per cent. to 4.5 per cent. The right hon. Gentleman promised to reduce it to 3.7 per cent. but the table shows how the Government have always promised to reduce it and always failed.

There has been a lack of genuine, radical reform in our public services and a massive increase of more than 500,000 jobs in the public sector. That is real Labour. They start by spending and hiring more and more public servants and end so desperate to find savings that, suddenly and without warning, they send out 100,000 redundancy notices to their civil servants. Those 100,000 civil servants will see through the Government when they are put out of work. When the rest of the country sees through the Government, they will be put out of work, too.

5.44 pm

John McDonnell (Hayes and Harlington) (Lab): I preface my remarks with the traditional statement of fealty or loyalty to the Chancellor and all his works. From the Budgets that he has introduced since 1997, my constituency has gained for the under-fives a Sure Start centre, a neighbourhood nursery and an early excellence centre. We have gained three schools—a primary school and two secondary schools—although I have to say that one was a private finance initiative that was imposed on us. I met the head of that school this morning, and we are not sure whether Jarvis will go bust over the summer so we are slightly anxious about that. My constituency has gained two medical centres, one of which I opened last week, and a mental health unit. We are also bidding for a new hospital. There is now neighbourhood policing in some of our wards, and it is developing throughout the others.

That represents a programme of traditional Labour policies of investment in the community, of which I am proud. Especially welcome this week was our commitment to the development of international aid to a level that this country has not seen before and for which the United Nations has been calling for a number of years.

However, the Budget statement and the spending review statement were tarnished by the treatment of the Government's own staff. They are the very people who deliver all those services and policies in my constituency and across the country, and we have treated them badly. We have used some of the worst employment practices of the worst employers. In the Budget, without any consultation, discussion or negotiation with the trade unions, the Chancellor announced 40,000 job cuts. In the spending review, it was announced—again without consultation—that there would be 100,000. Is it 100,000, 84,000 or 96,000? I am not sure. Certainly, it is now acknowledged that there will be compulsory redundancies. We need clarification on the precise numbers. The Scots have already revolted, and Jack McConnell has said that the 20,000 job cuts will not be imposed on Scotland by an English decision. What does local government have to say about the individual impositions of job cuts that will be made, council by council?

I have always found the staff who work for the Government throughout the civil and public service to

[John McDonnell]

be committed, dedicated and hard working. They are generally overstretched, and often over-stressed. I believe that we have the best civil service in the world—certainly in terms of probity, efficiency and dedication to the work that it does. I accept, however, that any organisation—whether a government or private sector body—will periodically need to examine how its staff deliver the objectives of that body. That is healthy and worth while, although reorganisation can sometimes become a displacement activity for real performance.

Nevertheless, it is worth focusing our minds on how we deliver new methods and increase efficiency, and that is usually done in one of two ways. The first involves external intervention. We had that in local government through rate capping, and it can also occur in the private sector when a company's share price drops and there is a need for urgent reform. Such external intervention demands a response, although the response is often to slash and burn, as has been mentioned in previous debates.

The alternative is internally generated reform, which is what I would have expected from this Government. It is a more inclusive form of change, whereby we challenge the role of organisations and involve managers and staff at every level. In particular, we involve the union representatives of those staff members to discuss the resources that are needed and how they are to be deployed and developed to achieve the organisation's objectives.

With Gershon, we seem to have an approach that epitomises the former—the external threat—but which is dressed up as the latter, that is, some form of organic efficiency response based on discussion. There is a suspicion that, instead of the development of the real objectives that we want to achieve and the resources that we need, the Gershon approach is based on the achievement of a cuts level, forcing the Departments to stack up the sacrifices to be delivered over the coming period. I found it somewhat enchanting that it was dressed up in consultancy-speak. For example, "change agents" are to be placed in every Department, and I look forward to examining the "generic reform maps" and "e-enabled channels" in more detail as we go along.

The staffing element of the proposals smacks of a political manoeuvre, in which we are involved in some kind of Dutch auction with the Conservatives on how brutal we can be towards bureaucrats, and how many staff we can cut, in a competitive game in which the numbers increase month by month. They have increased from 40,000 in the Budget statement two months ago to 100,000 in the spending review. What I find unpalatable is that we now wrap that up in the mythical division between backroom and front-line staff, whereby slashing backroom staff will in some way free up growth of front-line staff. We now have a similar concept to that of the deserving and undeserving poor: deserving front-line staff and undeserving civil servants working in the backroom.

From my experience of working in the public sector, and even in the private sector, and of engaging with those civil servants who serve my constituents, I cannot see the breakdown between deserving front-line staff and undeserving backroom staff. In my local jobcentre, the pension worker who meets and greets, obtains information and provides immediate advice is of course valuable, but we also require the back-up of those backroom specialists who will analyse and process the payment, address the details of that claim, and ensure that it is done efficiently. The experience of Members is not that there are too many staff at the moment delivering benefits, pensions and so on—most of us have to deal with problems in our surgeries of ensuring that sufficient staff attention is given to our constituents because of the overstretch of existing staff.

The announcements in the Budget and the spending review must be demoralising for existing staff, and must arouse fears among our constituents about service delivery. Those fears will be justified—services will be affected if we go for this scale of cuts. It is also an act of provocation to the unions. The union response, however, has been considered and has shown admirable restraint. I pay tribute to the general secretary of the Public and Commercial Services Union, Mark Serwotka, for the statements that he has made in the media about the need to achieve a rational approach by the Government, and about his willingness to negotiate and get involved in consultations. I appeal to the Government to start again that process of reform as a rational process, in which we engage the staff, their managers and their unions. This could be a real opportunity for reform and a renewed direction in the civil service, if that is what we want to achieve, but it must be done with the encouragement and participation of all the staff, particularly through their trade union structures, in which they have confidence. We have that opportunity, but it could be lost if threats of job losses and compulsory redundancies are handled in this brutal manner.

On Monday, I requested a meeting with the Chancellor to discuss with the PCS parliamentary group the implications of his announcement. His response was that we had met the Economic Secretary days before. That is slightly inaccurate—we had met a couple of months before, and it was a meeting with the Economic Secretary about the pay round in the Department for Work and Pensions and across government; it was not about staff cuts. I would welcome a meeting with the Chancellor and any other Minister to discuss this in some detail. There is a real opportunity to get back on course in a reform and renewal process that will deliver the objectives of Government and that may deliver an element of savings, too. Those will be achieved efficiently and effectively only if we take the staff with us—they will not be achieved if we announce that we are going to decimate their employment opportunities for the future.

Finally, there is failure by the Government to acknowledge that if we want staff to undertake work effectively and efficiently, we need to pay them a reasonable rate for the job. In the Department for Work and Pensions, for example, 90,000 staff earn less than £15,000 a year, and the starting rate for many of those posts is £10,000. Many of them pay themselves the benefits that they must administer, because they are on low pay. There is a chance for a fresh start for our civil service, but it will not be brought about by threats of job cuts or by underpayment in this scandalous way.

5.54 pm

Adam Price (East Carmarthen and Dinefwr) (PC): It is good to follow the hon. Member for Hayes and Harlington (John McDonnell). As a fellow member of the PCS parliamentary group, may I echo his call for an urgent meeting to discuss the Government's proposals? I was as horrified as he was by the scale of the job reductions, the manner in which they were announced, and the impact that they would undoubtedly have on communities throughout the United Kingdom if the Government proceeded with their proposals.

"Tax and spend" has always been something of a lame cliché when used to describe the fiscal stance of a social democratic Government. "Axe and spend" is something of a departure for a Government who still purport to be a Government of the centre left. However, I have learned that it is always a good idea to start with a few warm words of welcome, and I welcome one feature of the spending review. A public service agreement target for regional economic policy, introduced at the time of the last spending review, is still there and indeed has been strengthened in a sense. The Government have committed themselves to demonstrating progress in reducing the persistent gap in growth rates, albeit between English regions. I think that it should be extended to cover the whole United Kingdom because the Treasury retains that wider responsibility for economic performance; but the target is there, and progress must be demonstrated by 2006.

While I welcome that target, however, I must ask how the Government will achieve it. We have the Lyons report, but the right hon. Member for Dumbarton (Mr. McFall) drew attention to the inconsistency between Lyons and Gershon—the fact that the Government are giving with one hand and taking away with the other. That is borne out by the details of the proposals. The biggest job cuts involve the Departments that are most dispersed, and least represented proportionally in London and the south-east of England. As Sir Michael Lyons points out, the most dispersed is the Department for Work and Pensions, just 17.5 per cent. of whose employees are in London and the south-east. The Ministry of Defence has 28 per cent. in London and the south-east, and the Chancellor's Department 25 per cent. Those three Departments, which were ahead of Lyons—which had already dispersed many jobs outside London and the south-east—are the very ones targeted by Gershon.

What is the impact of that? The right hon. Member for Dumbarton asked for a regional breakdown of the efficiency review job reduction targets, and we should like to see one, but I have made a quick calculation myself. Thanks to the Lyons report, we have a detailed breakdown of the proportion of staff in the various Departments who are in London and the south-east vis-à-vis the rest of the country. If those figures are applied to the departmental breakdown in the Gershon report, it emerges that 63,000 of the 84,000 jobs lost will be lost outside London and the south-east.

The poorest, most economically disadvantaged parts of the UK will bear the brunt of the Gershon proposals, and will do so disproportionately. At present 70 per cent. of civil servants are based in the rest of the UK, while 30 per cent. are in London and the south-east. Under the Gershon proposals, 75 per cent. of jobs will be lost outside London and the south-east. Lyons offers us 20,000 jobs, but 63,000 will be lost in the north and west of the UK. There will be a net loss of 40,000, and given the multiplier effect of 1.5 in the Government's own Lyons review, another 20,000 will be lost in the private sector.

Of course, we cannot even be certain about the 20,000 jobs mentioned in the Lyons review. Only 30 per cent. of Departments are able to state whether such relocations will happen by 2010. Sir Michael Lyons himself says that, as a result of the Gershon review,

"one implication . . . is that the figure of 19,700 may come down somewhat".

Such a lack of precision about the relocation of jobs is in contrast to the steely determination that the Chancellor has shown in carrying out the cuts. He said that the civil service unions should be in absolutely no doubt that the Government will go ahead with these reductions, and that they are both necessary and going to happen. So there we have it: there is certainty in respect of the cuts, but doubts abound about the relocations.

I agree with the hon. Member for Hayes and Harlington that the lack of consultation with work force representatives was appalling. That is true not only of the first tranche of losses, which were announced in the Budget, but of the second and wider cull that formed part of the spending review. Yesterday, Dave Prentis of Unison rightly said:

"These issues should be dealt with through the established procedures and not announced through the media, which add to people's insecurity".

The Government have been quick enough to condemn—and rightly so—private sector companies that announced large-scale redundancies in the media without advance consultation. I am thinking of Corus, Rover and Marks and Spencer. The Labour party manifesto of 2001 stated:

"When large-scale redundancies are being considered, there is an especially strong case for consultation."

On Monday 7 July 2003, Labour's website ran the following article:

"Workers set to gain consultation rights . . . Trade and Industry Secretary Patricia Hewitt said she wants the changes to lead to an 'no surprises' culture at work and 'an end to the climate where people only hear about job losses from the media, over their breakfasts.'"

If that were not enough, the Leader of the House said in "Progress", the Blairite in-house magazine, that because Labour believes in rights at work, it will extend information and consultation rights to end the scandal of workers learning that they have lost their jobs by text message. So there we have it: redundancies over breakfast conveyed in the media and by text message are wrong when carried out by the private sector; but redundancies at teatime conveyed by ministerial statement in this House are okay when carried out by the Government. Indeed, they are better than okay. According to a Wales Office press release, they were an "exceptional result" for Wales and a "once in a generation" step change. In one sense, they were exceptional—exceptionally bad—and it certainly was a once in a generation announcement. To my mind, it was the single biggest Government announcement of public sector job cuts since the pit closure programmes of the 1980s.

[Adam Price]

To sack one's own employees is bad enough, but to sack somebody else's beggars belief. We were not only told of 84,000 job losses, but reference was made to the curious figure of 20,000 losses across the devolved Administrations and in local government. Rhodri Morgan, the First Minister of the Welsh Assembly, has been busily backtracking on those figures. He said yesterday:

"They are not estimates we have come up with and we are the responsible body in Wales."

He was clearly surprised and, I would imagine, probably a little angry about being bounced into that by the Chancellor. It now seems that the Treasury is saying that it plucked the figure out of the air. It was some sort of nominal, indicative figure and the Treasury had not consulted the local government bodies or any of the devolved Administrations.

All that happened despite the anxiety caused for employees of the Welsh Assembly Government and despite the fact that it undermines the autonomy and authority of the devolved Administrations. It even breaks the memorandum of understanding signed by the Government on communication and consultation. According to that memorandum:

"All four administrations are committed to the principle of good communication with each other, and especially where one administration's work may have some bearing upon the responsibilities of another administration."

Yet Rhodri Morgan did not even know that the Chancellor was going to make a statement about job reductions in Wales and elsewhere across the UK. We also have to ask whether the devolved Administrations were consulted on embracing the idea of local pay, as contained in the spending review. We not only get fewer jobs, we get existing jobs at reduced pay with no consultation with the workers or the National Assembly for Wales.

I did not disagree with every single line in the spending review. It states on page 178:

"Performance in public service delivery and economic development varies across the regions and countries of the UK".

It most certainly does. We have had dismal economic growth records. Growth in Scotland, for example, has been half that of the UK over the past seven years, and Welsh NHS patients face an appalling waiting gap. Pauline Purdey from Bargoed has been waiting nine and a half years for a hip operation and is still waiting.

Why is there such varied performance across the UK? The reason is clear and it is the Treasury's responsibility because the Barnett squeeze is biting very hard in Wales. The figures in the spending review show the increase in the National Assembly's budget over the period covered as 4.5 per cent., compared with 7.1 per cent. for the NHS in England. The only way in which the Labour Administration in Cardiff will be able to match the increase in England is by raiding other budgets. The same applies to education. The increase is 5.7 per cent. in England—so if Wales is to match those improvements and is so far behind, it will have to raid other budgets.

Mr. Grieve: I am intrigued to hear the hon. Gentleman refer to the Barnett squeeze. As he and I are aware, the Barnett formula delivers substantially more expenditure per head of population in Wales than it does in England. Admittedly, it is on a falling graph, moving towards a position of eventual parity in about another 20 years. Is the hon. Gentleman suggesting that, in the meantime, Wales is disadvantaged in respect of per capita expenditure?

Adam Price: The hon. Gentleman is right that it is an equalisation formula, so year on year the gap that he describes gets less. That is the Barnett squeeze. If we look, for example, at per capita health spending, most people would accept—it is borne out by the figures on chronic sickness—that Wales has one of the worst health profiles in the UK. Of the 12 standard UK regions, we are now fifth in respect of per capita health spending. We were third only four or five years ago and have been overtaken by the north-east of England. London has far higher per capita health spending than Wales but, as I say, we have been overtaken by the north-east and we will be overtaken next year by the north-west of England. There is currently only £5 per head difference.

The Barnett squeeze is having a real effect in Wales. It is impacting on the Welsh Assembly's ability to reduce waiting times. The public service agreements for health refer to a period of 18 weeks, but 18 months is the standard in Wales, and the waiting gap has increased. The only way to correct matters is to reform the Barnett formula. The spending review refers to Professor MacLean of Nuffield college, who is one of the strongest advocates of scrapping the Barnett formula, on the ground that it does not deliver territorial justice across the UK's regions and countries.

I end by noting that the First Minister of the Welsh Assembly this afternoon announced that there will be a bonfire of the quangos. It will be dramatic: the Welsh Development Agency, the Wales Tourist Board and the Welsh Language Board will all be abolished. I hope that that is not how he intends to meet the job reduction targets, but I urge the Government to add the Barnett formula to the bonfire. We will never achieve territorial justice for Wales, for the south-west or north-east of England, or for any part of the UK while that formula stays in place.

6.11 pm

Mr. Tom Clarke (Coatbridge and Chryston) (Lab): I have listened to almost all the debate, but I apologise to the hon. Member for Twickenham (Dr. Cable) and to my right hon. Friend the Member for Newport, East (Alan Howarth), as I had to leave the Chamber to chair an all-party group on disability with Lord Rix.

The debate has been very interesting.The right hon. and learned Member for Rushcliffe (Mr. Clarke) has left the Chamber, having been here for most of the afternoon, but his remarks were of particular interest. Like other Opposition Members, he found himself in some difficulty. I recall how, when in government, he was defeated when he sought to persuade the House to increase the value-added tax on pensioners' fuel to 17.5 per cent. He predicted that the most dreadful things would happen if we did not approve his proposal. He also made dire predictions about what would happen if we introduced the minimum wage.

The right hon. and learned Gentleman, in opposition, has repeated those terrible predictions over the past seven years. I am sure that he will forgive me if I say that they have become even less convincing, given his record in terms of astrology, if not of economics.

The Opposition have had to deal with the problem that the statement by the Chancellor was an indication that he has succeeded in reforming the economy. For example, the low level of inflation must fill the former Chancellor with envy. The consistently low level of interest rates has helped those of my constituents who aspire to home ownerships. Interest repayments on debt are much lower, and growth is high. All those factors have contributed to the economy's strength and stability.

I shall concentrate on what is happening in my constituency of Coatbridge and Chryston, especially in respect of employment and the new deal. The transformation that has taken place in my area would not have been possible without the economic policies that the Chancellor has pursued.

Before 1997, debates such as today's were dominated by the problem of unemployment. How could it be otherwise? My constituents accounted for more than their fair share of this country's total of 3 million unemployed—even at a time when we enjoyed the benefits of North sea oil revenues. Whatever disagreements might have emerged in the debate, I am delighted to say that today we are focusing on employment. We are rightly talking about job potential in terms of the new deal. We are thinking of a new agenda, as well as of what has been achieved. We are thinking of how the new deal can be improved to offer better quality jobs to those who benefit from it. I invite the House to focus on how we can build further on the excellent achievements of the new deal. Discussions on the new deal can appear somewhat abstract, but nearly 90,000 young people are participating in it as we speak. In Scotland, some 129,200 starts have taken place, 10,200 of which were for young people. In my own constituency up to March 2004, the new deal appealed to 2,031 people.

Those statistics—we must not forget that they deal with real people and families—show that we are well on our way to full employment. The Beveridge ideal is an idea whose time has come. That fall in unemployment offers the foundation for this year's spending review: by freeing up resources that would otherwise have been spent in propping up unemployment, we are able to invest in those essential services—health, education and transport—that are so important to my constituents and throughout Britain.

It is important to build on the success of the new deal so that the tremendous progress we have achieved can be enhanced still more. My constituents want to see that happen, and I hope that Department for Work and Pensions will ensure that the additional resources that the Chancellor made available in his announcement on Monday will allow it to focus on how it can improve still more on its approach to the new deal.

There are three key elements to that improvement. The first is ambition. We should all do more to encourage people's ambition to achieve better paid, more secure jobs. We should invest in skills and training so that people have the opportunity to obtain qualifications and move on to better jobs. I extend my plea for ambition to employers, who should be encouraged to become involved in the design of the new deal programmes. Rightly, employers have had plenty to say through their various organisations, including the CBI, but they should play an important part in providing the demand for highly skilled jobs. Our people will respond to that.

The second element is leadership. We need to see more evidence of leadership in providing higher quality jobs through the new deal and other schemes. We need leadership to involve more people from disadvantaged groups, people with disabilities and those from ethnic minorities. Business and commerce today are capable of providing that leadership, especially in my constituency.

The third element is capacity. The biggest employers in my constituency are the health service and North Lanarkshire council, which offers an excellent example by making skilled jobs available.

There is an even greater challenge: to recognise that the resources made available matter as much to the users of services as to employers, and indeed to the House itself. As a former civil servant, I am sure that when the Chancellor said that there would be full consultation, he meant it. I look forward to that nationally and locally.

Some weeks ago, I introduced an Adjournment debate on laryngectomy and talked about people who suffered from throat cancer and had to use voice boxes for the rest of their life. I referred to the work of the charity, Macmillan Cancer Relief, which had established that £20 million in benefits were not being taken up by cancer sufferers. The Lanarkshire Laryngectomy Association informed me that benefits of £2 million were not being claimed in the area, although people with cancer should have been receiving them.

In light of Gershon, the Chancellor's announcement about shifting resources to the front line is extremely important. Benefits forms are comprehensive so people such as those cancer sufferers should have the opportunity of one-to-one interviews, with as much assistance and advice as possible. I know that the Government want to achieve that and that the House will endorse that view.

In that spirit, I welcome the Chancellor's statement. It provides opportunities for my constituents and for people throughout the country. More than that, however—because employment leads to growth—it means that we are recognising, at long last, our international responsibilities. The Chancellor's record on that is unprecedented.

6.22 pm

Mr. David Ruffley (Bury St. Edmunds) (Con): I apologise for not being in the Chamber for the Chief Secretary's opening speech; I was in Room 12 whipping a statutory instrument Committee.

The Holy Roman empire was neither holy, Roman nor an empire. So it is with the independent review of public sector efficiency by Sir Peter Gershon; it is neither independent nor a real review, and it does not have much to do with efficiency in the real world. Gershon's review is a form of gesture politics, politically inspired by the Chancellor to con us that he is serious about inefficiency and waste—the inefficiency and waste to which he has contributed over the past seven years.

[Mr. David Ruffley]

Let us take civil service numbers. More than 500 new civil servants were hired every week in 2003. Civil service numbers increased on the Chancellor's watch from about 475,000 in 1997 to more than 515,000 at the end of 2003. Have we any faith that he will achieve civil service head count cuts of up to 100,000? Not really. It is much more likely that those posts will be rebadged and recycled. Serious cuts to the level that the Chancellor is predicting will not happen.

For several months, permanent officials in Whitehall—one or two of whom I keep in touch with—have privately been deriding the Gershon review. As one of them told me,

"it's all a bit of a joke—Gershon did a PowerPoint presentation a few months ago and made a few telephone calls to Departments on the back of it. You will find the document produced on the day of the CSR a bit thin."

How right that official was.

Gershon is short on serious detail. Why? Because Departments will not be able to tell us until the end of October exactly how those efficiency gains will be delivered. Why did the Chancellor not wait until that work had been done before announcing his figures? I will tell the House why. He was running scared of the Tory attack on waste. He was behind the game, and he realised that the James review was making the running. We will identify how profligate the Chancellor has been in the use of taxpayers' money over seven years.

As my right hon. and learned Friend the Member for Rushcliffe (Mr. Clarke) made clear, smarter IT systems, better procurement and even cuts in the headcount will not in themselves deliver £21.5 billion in efficiency savings. As he and those on the Conservative Front Bench identified, that requires policy change, which is what the James review is about and why our approach is so different from Gershon's. Yes, it involves looking at closing down, in whole or in part, Departments such as the Department of Trade and Industry—any residual function can be moved to another Department—and, yes, it involves closing down wholesale the regional development agencies: policy change, not paperclips.

Only now—perhaps the Minister will reply to this—have the National Audit Office and the Audit Commission been enlisted to draw up detailed plans on how each Department should meet its targets. Why did the Chancellor not do that years ago, or, better still, a few months ago? That would have been nice and helpful. All that looks like seat-of-the-pants stuff from where I am standing. Even worse, no one is sure how the monitoring of Departments' success or failure in meeting those targets will be measured. It is estimated that only 60 per cent. of the £21.5 billion target for savings is cashable—that is, a monetary value can be ascribed to each cut. It is very easy to identify what will be saved by cutting the headcount. It will probably be easy to identify more efficient, cost-effective procurement. However, let us take a look at the documents produced in relation to the Home Office, whose target for efficiency gains includes

"substantially increasing the proportion of officer time spent on front-line policing".

Amen to that—an aim that we all share—but the Government cannot tell us exactly how it will be measured so that those efficiency gains can be counted towards the £21.5 billion efficiency savings total.

Everyone agrees that measuring public sector productivity is a complex intellectual inquiry, but why has the Chancellor taken seven years to get round to it? Farcically, the Treasury failed to meet its own target, set in 1998, of delivering 2.5 per cent. in efficiency gains—ironically, the same target for savings as that given to Departments in this year's CSR. At that time, the Treasury said that it could not work out how to measure its own output, and it cannot do so today. We must wait until October before it even gets close to telling us how that will be delivered and measured adequately. Ministers might reply that Sir Tony Atkinson will deliver his interim report. Yes, but he will do so next week, and the report is unlikely to give us the detail, Department by Department, on how the targets will be met. That is not just my point; it has been made on behalf of the Treasury Committee by the right hon. Member for Dumbarton (Mr. McFall), having heard all the objective evidence from witnesses this morning, and the point was echoed and reinforced by my hon. Friend the Member for Sevenoaks (Mr. Fallon).

The documents produced this week demonstrate that the Chancellor's approach is to spend first big time and ask the really detailed and important questions later—very much later. I trust that, when we publish the James review before the next general election, we will do what this week's set of announcements has not done: explain how serious efficiency gains can be delivered. That will require programme change and, above all, involve the introduction of the right to choose in our great public services—schools and hospitals. I look forward with relish to debating the James review and the Conservative alternative later this year.

6.29 pm

Mr. Dominic Grieve (Beaconsfield) (Con): It has been a pleasure and, from my point of view as the shadow Attorney-General, an education to sit in on the debate and hear hon. Members' contributions. Generally speaking, my role confines me to the spending end of things, rather than looking at how money should be allocated.

Mr. Boateng: To what do we owe the honour?

Mr. Grieve: As I have a heavy involvement in the departmental responsibilities of the Home Office, in addition to my responsibility as shadow Attorney-General, which does not relate to a heavy-spending Department, I thought that it might be interesting to scrutinise the way in which the Chancellor has approached spending in the Home Office, which I shall address in a moment.

The debate has highlighted several interesting points of view, and I was struck forcefully by its aspects on which there was cross-party consensus. The right hon. Member for Dumbarton (Mr. McFall) pointed out with great care that he was extremely concerned about how the Chancellor was going to meet his golden rule on expenditure. His speech was made all the more compelling and interesting because it immediately preceded that made by my right hon. and learned Friend the Member for Rushcliffe (Mr. Clarke), who said exactly the same thing and expressed exactly the same concerns, albeit using slightly different language.

It is apparent that the Government have taken on a phenomenal task. On the belief of speculative receipts, they intend to continue to increase public expenditure further. At the same time, they clearly feel constrained because they are worried about whether that can be delivered, so they are having to ratchet up more than £20 billion of savings to help to subsidise it. I can think of few worse moments to try to make efficiency savings in Departments than the time at which they are also asked to expand their expenditure. That will maximise the likely stress that such Departments will be under. The Government have thus taken on what can be described only as a mammoth project.

I listened carefully to the Chancellor on Monday. His speech contained all the traditional new Labour-speak—we heard of more bureaucrats, seven new agencies and 110 further targets. There will undoubtedly be more borrowing and we can be satisfied that there will be further taxation. We already know that higher council tax is inevitable and, although the Prime Minister tried to suggest today that that would affect only the wealthy, I am rather doubtful. I suspect that the council tax squeeze that will be experienced throughout the country will affect everybody, including the poorest. That is an inevitable consequence of the expansion of expenditure that the Chancellor has projected.

The publication of the Gershon report represented the first occasion since I came to the House when I suddenly realised that I was not at a significant disadvantage as a member of the Opposition. The Minister will know that Oppositions go through periods, especially close to elections, when they have to set expenditure targets, which the Government usually rubbish. That process inevitably involves shadow Ministers identifying savings that might be made in the Departments that they are about to take over. I have been through that process at least once and I daresay that we are embarking on it again. I have been struck that, after meeting and speaking to people, one is always left with two situations. First, when nothing else can be cut, we say that we will make efficiency savings because that always sounds like the easiest thing to do. Secondly, we say that we are not confident that all our fact and figures are right. Of course, we say that because we do not have hordes of civil servants helping us. Yet when I opened Sir Peter Gershon's proposals, I saw that, in terms of content, the document is identical to the sort of document that I would expect an Opposition to produce without all the support services. It is about as thin a document as it could possibly be.

I do not know whether the Minister intends to publish the details of how the efficiency savings will be carried out, the guidance documents and the dialogue that has taken place. I simply say to him, in the spirit of co-operation, that if he wishes to persuade the House that the savings are deliverable, we will need something better than the managerial gobbledegook contained in the document which, frankly, does not amount to a row of beans. It is easy to claim that it is possible to make £20 billion of efficiency savings, but how those are carried out in practice is another matter.

If one reads Gershon or listens to the Chancellor, the one thing that does not appear to be the case is that the Government are carrying out a spending review that completely reassesses the activities in which they intend to get involved. There is none of that and, in those circumstances, Gershon is an extremely shallow document. I hope that the Minister will enlighten us on whether he will provide us with further information on which we can make a judgment as to its efficacy. My hon. Friend the Member for Sevenoaks (Mr. Fallon) also commented on that.

What brought me to the Dispatch Box was the matter of my own shadow spending Department. When one looks in detail at what is proposed, one can assess whether what is being offered by the Government is valid. The Treasury released a press statement on the Home Office that makes entertaining reading, including the statements on how everything is so wonderful in the best of all possible worlds. It went on to identify what the extra money will be spent on. It was at this point that my antennae started to quiver as I considered the astonishing omissions from future Home Office spending.

Let us start with the most basic, most important and probably least popular problem. The Government face the biggest crisis in prison numbers ever experienced. Some 75,000 people are in prison and the prisons are at breaking point. The Government cannot deliver the programmes that the Prison Service needs to rehabilitate offenders because of the churn, which means moving prisoners around from one prison to another. As long as that continues, all the Government's aims to reduce crime through rehabilitative sentences cannot work, but the press release makes no mention of a prison building programme.

We are told that correctional services will be modernised by creating the National Offender Management Service and reducing reoffending. That does not exactly reflect a Government who are getting to grips with one of the key issues in a spending Department. Then we are told that the money is going to be used to increase neighbourhood policing and provide 20,000 community support officers, from which I infer that the current increase in police numbers, which has generated 11,000 officers, is not going to be pursued.

We have had endless debates with the Government about the efficient use of resources, but if they want to reduce crime, which costs the country £60 billion per annum, they will have to target investment in the right place. My belief has always been that only a substantial increase in police numbers will enable the Government to introduce community policing on the American scale, which has a proven record of crime reduction. That is a classic illustration of the Government's failure on expenditure. They intend to spend more money but, when it comes to the crunch, they are unwilling to make difficult decisions that could result in long-term, substantial savings to the Exchequer as well as benefits for the national economy. It beggars belief that they should come up with a series of ersatz solutions to crime problems.

Most extraordinarily, we have been told that the money will be used to curb illegal immigration, as I mentioned earlier, even though the Government have never given us a target and cannot enlighten the House about the levels of illegal immigration. I would therefore be grateful if the Minister would ask the Chancellor of the Exchequer to tap the Home Secretary on the shoulder and say, "How can I measure your success in reducing illegal immigration when I have no statistics on

[Mr. Grieve]

the problem or, indeed, your efficiency in dealing with it?" In a spending review, such basic issues need to be addressed.

The hon. Member for Rochdale (Mrs. Fitzsimons) made an interesting speech about Sure Start.

Mr. Boateng: It was a very good speech.

Mr. Grieve: Indeed, but the hon. Lady highlighted the fact that Sure Start is area-based. There is a desire not to stigmatise children by targeting individuals who could benefit from the programme, so the area is targeted instead. I suspect that she is aware of the evidence that shows that Sure Start does not reach those who need it most. If the Government want to maximise their expenditure and become more efficient, the Home Secretary should talk to the Chancellor and introduce his own Gershon review to see whether targeting is working effectively. I am a great supporter of Sure Start's aims, but the programme has many inefficiencies.

Mrs. Fitzsimons: The hon. Gentleman may wish to reconsider his comments in the light of published evidence showing that all Sure Start programmes, even the newest ones, have a significant impact. The child poverty review refers to some of those programmes and I am sure that the Minister for Children can furnish him with examples because Sure Start is the most successful Government programme in this area.

Mr. Grieve: I was not suggesting that Sure Start was unsuccessful. I have seen some extraordinarily successful examples of the programme, but I have seen others that are not working very well—it depends on the area. Area targeting inevitably means that some members of the client group to which services are directed do not receive them. At the same time, people whose need is not as great are receiving those services. I simply wish to raise the issue and have a mature debate about efficiency. If the Government want to maximise efficiency, they need to look at that problem.

Turning briefly to the improvements in productivity and the envisaged release of resources to the front line, the Home Office is supposed to generate £2.3 billion of annual efficiencies along with the Department for Constitutional Affairs and the Crown Prosecution Service by 2007–08. That includes a contribution of £1.97 billion, from the Home Office, which is a colossal sum. How on earth will that be achieved? How does it square with the fact that the administration budget, on the Government's own projections, is due to rise from £697 million to £733 million before it peaks? The figures are completely unrealistic, so I would be interested to hear the Minister's justification.

I shall conclude, because I am conscious that I am running out of time and wish to hear the Minister's reply. On a completely different note, I listened carefully to the hon. Member for East Carmarthen and Dinefwr (Adam Price), who spoke about the health service in his constituency and the Barnett squeeze. My constituency, like the rest of the country, has had seven years of Labour government. It receives 18 per cent. less than the national average per head expenditure on health services. Over a seven-year period, the health service has been progressively impoverished and the quality has deteriorated, yet my constituents, because many of them are wealthy, are the principal milch cows that serve to fund Government spending. They are appalled at the way the Government have presided over the catastrophe.

I have one major hospital, which is riddled with MRSA. Its maternity and paediatric departments are being closed and moved 20 miles away. The quality of mental health care is abysmal. It is nothing short of a national scandal and is entirely due to the Government's mismanagement of resources. I share with the hon. Member for East Carmarthen and Dinefwr the view that the £34 billion of extra expenditure that the Government are spending per annum on the health service has been wasted. I should be delighted to know where it has gone, as I fear that most of the programmed expenditure will be wasted, too.

6.45 pm

The Economic Secretary to the Treasury (John Healey): This has been a telling debate. The Conservatives pose as the party of choice, and it is clear from the contributions of those on the Opposition Front Bench and their right hon. and hon. Friends on the Back Benches that the British people are indeed offered a choice. That choice is between the vision and the plan set out by my right hon. Friend the Chancellor in the Budget and the spending review, and the prescription for failure set out by the shadow Chancellor in his speech to the Bow group in February.

The choice is between the Labour Government holding on to economic stability and tough fiscal rules, as set out by the Chancellor, meeting our commitments on taxation and planning to continue with historically high and rising investment in education, health and essential public services, and the prescription set out by the shadow Chancellor, who has said:

> "I have agreed with my Shadow Cabinet colleagues that the baseline for spending across all of these departmental budgets will be 0 per cent. growth for the first two years".

Two years of cash-freezing departmental budgets would mean real cuts for every Department.

Instead, we plan to combine the longest period of sustained economic growth for two centuries with the longest sustained investment in public services for a generation. The Conservative alternative, as the hon. Member for Bury St. Edmunds (Mr. Ruffley) said, is driven by ideology and by the shadow Chancellor's fiscal arithmetic, returning to the same Tory policies that failed Britain in the past—under-investment in public services, charges for public services and deep, savage cuts in those public services and public investment. The choice is clear. Labour is committed to investment to secure the long-term strength and prosperity of the UK economy. The Tories are committed to cutting skills, training, investment in science, innovation and transport, and the new deal.

Labour is committed to investing in the public services that people need and want. The Tories are committed to cutting them. Labour is committed to investing in the security of our country and safety on our streets. The Tories are committed to cutting the funding essential to our armed forces, our security services and our police. The Labour party is committed to investing to halve and then eradicate child poverty, to guarantee elderly people safer, warmer homes, and to give the world's poorest countries a chance to develop. The Tory party is committed to cutting the very measures that are bringing relief from poverty and greater fairness to our country and to the world. That is the choice at the heart of this afternoon's debate. That is the choice that faces the country now, up to and at the next general election.

My right hon. Friend the Member for Dumbarton (Mr. McFall) set out a series of questions and concerns about how the efficiencies and reforms that my right hon. Friend the Chancellor announced would be put into practice. In particular, he asked about discussions with staff, and my hon. Friend the Member for Hayes and Harlington (John McDonnell) and the hon. Member for East Carmarthen and Dinefwr (Adam Price) made the same point. Each Department is discussing the work force changes with their employees and the recognised unions; each Department is examining the detailed staffing changes with the work force; and each Department is examining with the work force and the unions ways to ensure that the maximum opportunities are available for employees to reskill and redeploy.

My right hon. Friend the Member for Dumbarton said that it was important to have a transparent process. The hon. Member for Beaconsfield (Mr. Grieve) asked for further information, and it will be set out in the efficiency technical notes, which will be a key mechanism in ensuring accountability during progress towards the headline target of £20 billion of efficiency gains. In order to ensure that the House and the public have confidence and that the measures command credibility, the Government are currently inviting the National Audit Office and the Audit Commission to scrutinise departmental ETNs before publication. Progress towards meeting the efficiency targets will be publicly reported, so the Government and each Department will be accountable for their results. I am sure that the Treasury Committee, which is chaired by my right hon. Friend the Member for Dumbarton, will continue to play an active part in the scrutiny process.

I say to my hon. Friends in particular that I understand the work force's concerns and the concerns voiced by the unions, but the measure is the right thing to do. Putting resources into front-line services must be a priority for any Government, and any good Government make savings where they can. The measure is also required: if we want to invest in the provision of public services, it is necessary to free additional resources. The measure is right and it is required, and the changes and gains are realisable. The investment in technology and the redesign of some working practices show that it is possible to reduce backroom staffing and transactional posts while improving services.

My hon. Friend the Member for Hayes and Harlington voiced some characteristically strong words of admonishment, but I share his end objective. He said, "This could be an opportunity for real reform, if it is done with the participation and consultation of staff and their unions." I endorse that view, which is constructive, and as chair of the Public and Commercial Services Union parliamentary group, he may have an important role to play in helping to meet that challenge.

My hon. Friend the Member for Rochdale (Mrs. Fitzsimons) was right to remind us to "cut to the quick". In the end, what matters is what means most to people in their day-to-day lives. She argued for greater flexibility, so that plans and decisions are made not in Whitehall, but in the regions and local authority areas. I refer her to the series of devolved decision-making review reports, the latest of which was published alongside the Budget, and she will find that the approach set out in those reports is consistent with her arguments. She will have noted the continued support that my right hon. Friend the Chancellor set out for the neighbourhood renewal fund—£525 million each year over the spending review period. She mentioned the safer and stronger communities fund, which is an opportunity for the ODPM and the Home Office to pool their budgets to make a difference locally, and I know that my right hon. Friend the Chief Secretary to the Treasury wants to write to her with more details.

My right hon. Friend the Member for Coatbridge and Chryston (Mr. Clarke) discussed the transformation in his constituency as a result of the Labour Government's economic policies since 1997. He also discussed the success of the new deal for work, and I am sure that he will welcome the new deal for skills, which we propose to develop during the spending review period and which will help with many of the problems that he identified.

The hon. Member for Twickenham (Dr. Cable) raised some serious, almost forensic, points, and I shall try to respond in kind. He asked about the make-up of cuts and the position of senior civil servants. We start from the point that it is right for Departments to decide on the exact details of staff changes and to do so in consultation with their staff and unions. All Departments have been set a flat or declining administration budget. Given that about 50 per cent. of administration costs are pay costs, they will need to control the overall pay bill, and that will be a factor in their decisions. The hon. Gentleman asked where the dividend, as he put it, would go from efficiency gains. Efficiency gains will remain within Departments. It will be for them to decide how to allocate those resources, and it will be their incentive to make those gains in order to redeploy to the priorities that they set out. I assure the hon. Gentleman that we have no illusions about the ease with which this can be done. It will be difficult, but it can be done.

The right hon. and learned Member for Rushcliffe (Mr. Clarke) expressed similar concerns about how the efficiencies could be delivered. First, Departments have developed their programmes with Sir Peter Gershon, who has agreed that they are deliverable at this stage. Every Department has the incentive to deliver the efficiency gains because that will release resources that

[John Healey]

they can then spend on their own priorities. Secondly, since 1997 we have invested £6 billion across Government in new technology that will facilitate many of the savings that we can make. Thirdly, Departments will be accountable for the results of the efficiency measures that they take, which will be auditable and transparent. The National Audit Office and the Audit Commission will have a role not only in auditing the assumptions that Departments make and the measures that they use, but their progress against the measures once they are taken. Finally, Departments will receive specialist support on implementation and be challenged if their plans drift off course.

My right hon. Friend the Member for Newport, East (Alan Howarth), who is a strong champion of his constituency, made a powerful case for Newport commanding the attention of Departments, in conjunction with Sir Michael Lyons, as a potential relocation venue for the 20,000 posts that will be redeployed from London and the south-east. I am glad that we were able to complete in the spending review the business that he left unfinished during his term as Minister. We have been able to extend the VAT refund scheme for university museums and to increase the budget of the national heritage memorial fund. I am glad that he welcomes those moves.

The hon. Member for Sevenoaks (Mr. Fallon) made some important points about the potential for efficiency gains in relation to productivity, administration costs and asset sales. Let me respond to those in detail. On productivity, he was right to say that service sector productivity has been around 3 per cent. each year over the past five years. Therefore, if we interpret 2.5 per cent. efficiency gains as a 2.5 per cent. gain in productivity, we are in effect asking the whole public sector to make improvements in productivity similar to those that have been achieved over the past five years in the service sector.

On administration costs, the answer that the hon. Gentleman and the right hon. and learned Member for Rushcliffe seek was published in the Budget. On a like-for-like basis, administration costs rose to more than 5 per cent. as a percentage of total expenditure under the Tories. They have been lower under Labour and are set to fall further to 3.7 per cent.—the lowest level since the running costs regime was introduced in 1986.

On assets, we are building on the existing framework. If the hon. Gentleman consults the document published for the Budget, he will see the pattern of asset sales that we have been able to achieve since 1997 and why that gives us the basis on which to be confident in the long term about the £30 billion figure.

I am glad that the hon. Member for East Carmarthen and Dinefwr found some warm words of welcome when he talked about the regional economic development public service agreement. He said that he did not disagree with every line in the spending review document, but I am disappointed that he reached page 178 before he found something that he could support.

The right hon. and learned Member for Rushcliffe asked whether the economic and fiscal forecast would be met. The full answer, which was given by the Chancellor in the Budget, is that there was 2.3 per cent. growth last year, with 3 per cent. to 3.5 per cent. growth forecast for this year and next year. Tax receipts are on target, and fiscal rules are also on target, with a built-in margin against the golden rule, and net debt is projected to stabilise just below 36.5 per cent. of GDP, comfortably meeting the sustainable investment rule.

As a result of today's debate and in the run-up to the general election, the British people have a choice. They can choose to have the services they need and the opportunities they deserve, with no one left behind. They will get that under a Labour Government with a vision of Britain that will succeed—

It being Seven o'clock, the motion for the Adjournment lapsed, without Question put.

BUSINESS OF THE HOUSE

Ordered,

That, at the sitting on Wednesday 21st July, notwithstanding the provisions of Standing Order No. 16 (Proceedings under an Act or on European Union documents), the Speaker shall put the Questions necessary to dispose of proceedings on the Motions in the name of Mr Secretary Prescott relating to Devolution not later than three hours after the commencement of proceedings on the first Motion; proceedings may continue after the moment of interruption; and the Orders of the House of 28th June 2001 and 6th November 2003 relating to deferred Divisions shall not apply.—*[Ms Bridget Prentice.]*

SITTINGS OF THE HOUSE

Motion made,

That, at the sittings on Monday 19th, Tuesday 20th, Wednesday 21st and Thursday 22nd July, the Speaker shall not adjourn the House until any Message from the Lords has been received, until any Committee to draw up Reasons which has been appointed at that sitting has reported, and until he has reported the Royal Assent to any Act agreed upon by both Houses.—*[Ms Bridget Prentice.]*

Hon. Members: Object.

PETITION

Benfleet High Road Post Office

7 pm

Bob Spink (Castle Point) (Con): Mr. Brian Keeler is a stalwart campaigner for his community and he has compiled a massive petition to save the Benfleet High road post office from closure. He is right to do that because our post offices are part of the fabric of our society, giving viability to fragile shopping parades and areas and offering much needed facilities to the elderly and to families, especially those who do not have cars. I am most grateful to him and to others, such as Elliott Ward, who signed the front sheet of the petition. Elliott may be from a younger generation than Brian Keeler, but his signature shows how the whole community, young and elderly alike, is prepared to come together because it cherishes and wants to keep open our post office network.

The petition states:

To the Honourable the Commons of the United Kingdom of Great Britain and Northern Ireland in Parliament assembled.

The Humble Petition of Mr. Brian Keeler and others of like disposition sheweth

That residents of Castle Point and particularly Benfleet are deeply concerned by the threat to their post office at 18A High road Benfleet and believe that the threat of closure of this post office damages the fabric of our community and closure would be severely detrimental to residents and to our shopping area.

Wherefore your Petitioners pray that your Honourable House urge the Government to change its policies on post office closures and on the payment of benefits and pensions and the provision of full banking services so that post offices are able to be more viable and retained.

And your Petitioners, as in duty bound, will ever pray.

To lie upon the Table.

Military Aircraft (Northumberland)

Motion made, and Question proposed, That this House do now adjourn.—*[Derek Twigg.]*

7.2 pm

Mr. A. J. Beith (Berwick-upon-Tweed) (LD): I represent a constituency in which the RAF is greatly valued and respected. Indeed, we have been trying to persuade Ministers that they are making a serious and expensive mistake in planning to move most of RAF Boulmer's activities down to Lincolnshire. It is also an area in which a great deal of low-flying training takes place, and although most of my constituents accept that we have to take our share of the disturbance caused by low-flying fast jets, it gives rise to a fair amount of concern and correspondence. I would like the burden to be more fairly distributed and, if possible, reduced.

Low-flying area 12, which covers Northumberland, is one of the most intensive areas in the country for low-flying. It surrounds Newcastle airport, which is an increasingly busy and successful airport for both scheduled and charter flights. That is a potentially a lethal mix. A bulletin from the air accidents investigation branch in May on the dangers that have arisen makes chilling reading, and refers to the potential for large-scale loss of life if new procedures are not put in place to eliminate near misses and collisions over the north-east of Britain.

I shall revert to the AAIB bulletin later. I am seeking, through the debate, to get absolutely clear answers and assurances that the safety recommendations made in it have been fully implemented. First, I want to consider the recent history of accidents and near misses and the measures taken, unsuccessfully, to try to prevent further incidents. I shall refer to only some of the incidents that have occurred.

In December 1998, a low-flying RAF Harrier came within 100 ft of a civilian helicopter over Northumberland. In July 1999, a Harrier crashed in my constituency while avoiding collision with another military aircraft on an unconnected navigation exercise flight. In October 1999, an RAF Tornado crashed in Northumberland with the loss of two crew. Minutes earlier, it had been in an air proximity incident with a Boeing 737 flying out of Newcastle airport. In March 2000, there was a near miss involving an RAF Tornado and a passenger aircraft near Alnwick. The passenger aircraft was a Shorts 360 with 11 passengers inbound to Newcastle from Aberdeen. Newcastle air traffic controllers had warned the civil aircraft of the danger posed by unidentified, fast-moving military traffic. However, they had no means of warning the RAF pilots, who communicate on separate radio frequencies. On the advice of the controllers, the civil aircraft had changed course to avoid possible conflict with the Tornado, but a subsequent change of course by the military aircraft brought them back into conflict.

Following that incident, I tabled a parliamentary question, which led the then Transport Minister, the hon. Member for Coventry, North-East (Mr. Ainsworth), to reply that

"the CAA is working closely with airspace users and Newcastle Airport, as a matter of urgency, on a whole range of initiatives aimed at preventing such conflicts in the future."—[*Official Report*, 25 April 2001; Vol. 367, c. 274W.]

[Mr. A. J. Beith]

Those measures did not, however, prevent a further potential conflict involving a Boeing 737 and a military jet in February 2001, or an incident in July 2001 in which a military jet came within 500 ft of a passenger plane heading into Newcastle from Oslo.

In April 2002, I tabled further questions and received a reply from the junior Defence Minister referring to further measures. These included the fitting of secondary transponders to military aircraft on exercise and arrangements for major exercises, including a temporary buffer zone and the presence of a military liaison officer in Newcastle air traffic control. Those arrangements were put in place only during major exercises. The Ministry of Defence and the Civil Aviation Authority were, however, satisfied that there was no need to change the airspace arrangements around Newcastle. Within days of that parliamentary answer, a Dash aircraft leaving Newcastle for Norway with 16 passengers on board was the subject of a practice interception by two Sea Harriers. They did not realise their mistake until they came within visual range and passed within 3,450 ft, with only 100 ft of height separation.

Less than three months later, a civil transport plane heading into Newcastle came within 100 ft of an RAF Jaguar. The Avro crew heard a jet engine noise and the flight officer in the right-hand seat saw the Jaguar "in a flash", passing underneath while in a steep climb. The investigating board described this as

"one of the most serious Airproxes"

it had seen. RAF Strike Command said that "a robust directive" had been sent to all fast-jet pilots to ensure that a similar occurrence could not happen again, and that a draft amendment to military flying regulations had been raised.

Unfortunately, that was not the end of the story. Two incidents in June 2003 involved aircraft flying from Teesside to Amsterdam and Aberdeen. On 1 October 2003, there was an alleged infringement of Newcastle controlled airspace by a military aircraft west of Newcastle, which necessitated avoiding action by an Airbus 319. In February this year, there was a very serious incident involving a helicopter and a Tornado in class G airspace in the Aberdeen area. The crew of the helicopter

"suddenly became aware of a roaring noise"

and severe turbulence. The commander grabbed the controls and looked across the cockpit to the left in time to see the co-pilot's windscreen and quarter light filled with what he believed to be the rear section of a Tornado aircraft in a steeply banked turn at a range of 50 ft.

In May 2004, the air accidents investigation branch, in bulletin 5/2004, drew together these most recent incidents with others, and reached some very worrying conclusions. I shall quote from this analysis, which refers to

"the potential risks involved when CAT aircraft"—

that is, civil aircraft—

"and military aircraft operate concurrently in the same unregulated airspace, especially when the controller has no communication or control over the manoeuvres of the military traffic and when providing a minimal radar service, ie, a RIS. In the general area where this incident occurred, there is a high level of military activity and limited lower altitude... controlled airspace for CAT aircraft operating between the regional airports in the north-east of the UK and northern Europe. Whilst there are military regulations in place designed to avoid Airprox events"—

such as the one in April 2002—

"this incident highlights the difficulty of always ensuring compliance with such regulations. The obvious possible solutions are to require military traffic to operate under a radar service, to deny CAT aircraft access to areas of known military activity or to increase the regulated airspace. Either of the first two options, while providing a high level of safety, would be restrictive to both types of operation. An increase in the provision of regulated airspace from regional airports in the north-east of England would seem to offer the optimum solution for the safety of CAT aircraft, but this would be at the expense of the available airspace in one of the few large scale training areas in which military aircraft operate in the UK."

We know that that last concern has led to the MOD resisting the expansion of controlled airspace or protected zones in the past.

The AAIB went on to say, referring to north-east Britain, including both Northumberland and the Aberdeen area:

"CAT/military Airproxes continue to occur in this area despite the procedures, monitoring and airspace changes that have been put in place in an attempt to prevent such incidents. The fact that collisions did not result from the circumstances of two extremely serious events of July 2002 and February 2004, with what would have been an inevitable loss of life, was extremely fortuitous."

I come now to the specific recommendations, and I want to hear the Ministry of Defence's response to each of them. First, safety recommendation 2002–55 states:

"The Civil Aviation authority should re-examine the airspace categorisation, procedures and services currently available to Civil Air Transport aircraft which operate through unregulated airspace associated with regional airports in the north-east of the UK, with the aim of ensuring that a level of protection is afforded to such aircraft from military aircraft such that airprox events are avoided. The impact of any potential changes to the available unregulated airspace used by military aircraft should be minimised as far as possible".

What has been the result of that re-examination, and what has the MOD done to provide that protection?

Secondly, safety recommendation 2003–53 states:

"The Ministry of Defence should review the operation of military aircraft in the unregulated airspace around the north-east of the UK, including the conduct of practice interceptions of targets, to ensure that procedures in use and the equipment fitted to military aircraft assure adequate separation of military aircraft from Civil Air Transport aircraft which operates concurrently through unregulated airspace in the region."

What changes have been made to procedures? Are all military aircraft fitted with the necessary equipment if they operate in those areas?

Thirdly, safety recommendation 2004–21 states:

"The concurrent use of unregulated airspace by both CAT and military aircraft in the north-east of the UK, should be reviewed jointly at the highest level by the CAA and MoD with the aim of eliminating Airproxes and potential collisions, with likely large scale loss of life"—

those are the words of the AAIB—

"between Civil Air Transport and military aircraft."

What has been the result of that review, and what changes have been made in MOD practice as a consequence?

Those are the key questions to which I want to hear answers tonight. Those were the recommendations of a highly responsible and expert body, which reflect

detailed analysis of a long series of alarming incidents and of the failure of previous measures to prevent further incidents. They are expressed in unusually strong and dramatic language for a report of this sort.

Finally, the time has come for a wider review of low-flying training, the need for it, the amount that is required, the areas over which it is carried out, and the ways in which it is monitored. It is increasingly common for those who complain to me about the extent of low flying over Northumberland to include people who have recently retired from the RAF and other armed services. When they write to me, they often ask whether there is as great a need for low flying by fast jets as there used to be, and they draw attention to the fact that it is a skill that has not been used much, if at all, in recent conflicts.

Surely it is time that the case for this large-scale training investment was tested. If the case remains sufficiently strong, a review should consider how its impact on the areas where it is most intensively carried out can be lessened. If such a review is initiated, as I believe that it should be, it may lead to reductions, which will reduce the risk of dangerous interaction with civilian aircraft. That risk exists now, however, and the measures demanded by the AAIB in its bulletin of May this year need to be acted on urgently. They cannot wait for a wider review of low flying, even if the Government agree to one.

The travelling public, the people of the areas over which collisions can take place, such as Northumberland, and the civilian and military aircrew on whose skills we depend, are all entitled to have those questions answered.

7.14 pm

The Parliamentary Under-Secretary of State for Defence (Mr. Ivor Caplin): I congratulate the right hon. Member for Berwick-upon-Tweed (Mr. Beith) on becoming a grandfather for the first time. I hope that mother, baby and grandparents are doing well. I also thank the right hon. Gentleman for providing the opportunity for a debate that I consider very important and pertinent.

I can assure the House that in military aviation matters, safety is paramount. I therefore welcome the opportunity to address the points raised, and I hope I can add some balance to the rather alarming picture that the right hon. Gentleman painted. I welcome his support for the Royal Air Force, of which he has been a consistent supporter in the House, but I am afraid he will have to wait a little longer to hear of any decisions that might affect RAF Boulmer.

Our obligation to those on the ground, as well as to our aircrew, ensures that we remain very aware of the risks of military flying, and flight safety remains the Ministry's highest priority. We strive to reduce any risks to the absolute minimum, and there are stringent regulations to safeguard both the general public and our own aircrew.

I acknowledge recent concerns that have been expressed about flight safety over the north-east, largely arising from the air accidents investigation branch report that was published in May, and to which the right hon. Gentleman referred. The report conflated a number of incidents that have occurred during the last three years or so. The Ministry of Defence actively participates in the United Kingdom Airprox Board, and carefully considers all its recommendations. However, we must recognise that the area has seen significant growth in commercial aviation using Northumbrian airspace, both gaining access to Newcastle and other regional airports and in transit between the north and the south of the country. That has inevitably increased airspace congestion, and problems are likely to be exacerbated by the increasing use of uncontrolled airspace by commercial aviation. The diverse nature of operations within uncontrolled airspace means that the concept of eliminating all airproxes, while a laudable aim, is unrealistic in practice.

The Ministry of Defence meets the Civil Aviation Authority regularly, at senior levels, to discuss the use of uncontrolled airspace, with particular emphasis on areas in the north-east of the United Kingdom. The major focus of every meeting is the maintenance or enhancement of safety standards, and ensuring that airspace is available for use by both military and civilian operators, with procedures to enable everyone to use the airspace safely.

The right hon. Gentleman asked what measures the Ministry of Defence was taking in response to a number of safety recommendations that he cited. Let me give some examples. In response to safety recommendation 2002–55, measures were introduced in March last year to increase the controlled airspace between Manchester and Newcastle airports. Further adjustments to the controlled airspace around Newcastle were also made, which has given additional protection to civil aviation. More enhancements are anticipated as a result, and we believe that that will ultimately increase the safety of commercial aircraft in the Newcastle area.

The right hon. Gentleman also mentioned safety recommendation 2004–21. The Civil Aviation Authority has initiated a review of overall airspace arrangements in the north-east. I can confirm that the Ministry of Defence will be fully involved in the work, and that the first meeting will be held next month. This will build on the work already accomplished in concert with our partners.

The Ministry of Defence reviewed procedures immediately after the issue of the safety recommendation, which it partly accepts. I can say that the operation of military aircraft in uncontrolled airspace is kept under constant review in conjunction with the Civil Aviation Authority; but the right hon. Gentleman will recall that the UK Airprox Board assessed the incident to which he referred as one in which

"no risk of collision existed".

Mr. Beith: Can the Minister clarify why the Ministry of Defence only "partly" accepts that important safety recommendation?

Mr. Caplin: We are still examining the issues with the CAA, which is why I used the word "partly". I undertake to keep the right hon. Gentleman up to date with progress made on the safety recommendations following this evening's debate.

I can assure the House that all aspects of flight safety are kept under continuous review, and that there are many ongoing initiatives. For example, we have made

[Mr. Caplin]

the use of a transponder mandatory at low level for all our aircraft; that will make them visible to the collision warning systems that are fitted to airliners and to many helicopters. The use of transponders will also improve the ability of air traffic control radars to see our aircraft, and a programme to make our aircraft more visually conspicuous to others is virtually complete. All RAF aircraft operating at low level are now fitted with high-intensity strobe lights, and all Hawk aircraft are fitted with forward-facing, high-power lamp assemblies. The high visibility black and yellow paint scheme used on our training aircraft has proved extremely effective, and we are conducting trials to improve further the visibility of helicopters through the use of coloured rotor blades.

We continue to pursue technical solutions to improving safety at low level. Although the technology used in the collision warning systems fitted to commercial airliners has not proved suitable for use in highly manoeuvrable fast jets, we are investing in a programme to develop and fit a collision warning system to the Tornado. Where commercial collision warning systems have proved suitable, as with the Hercules C-130J, they have been fitted. We have also carried out a very successful trial of a commercial system with the Tucano training aircraft.

More generally, through the ShAirspace initiative the MOD and the United Kingdom Flight Safety Committee have developed a regional forum for discussion between the military aviation community and civilian operators such as airports, airlines and flying schools. These forums have been highly successful, giving aviation users an opportunity to exchange ideas and views, as participants of the forum held in Durham last October will doubtless agree. They will continue; indeed, my officials will arrange for the next forum to be held shortly.

The MOD of course maintains excellent relations with the management of Newcastle airport, who, along with the CAA, meet MOD officials formally every six months. The right hon. Gentleman will be interested to learn that today, a military liaison officer briefed the airport's air traffic controllers about the details of a military exercise that occurred earlier today. It has become standard practice for the MOD to provide a liaison officer for any large air exercise that occurs in the north-east.

We also seek to engage with local authorities that raise concerns about low-flying military aircraft. A joint presentation by the airport and the MOD to an inter-authority low flying working group last year was very successful, and it forms a basis for future co-operation. A further inter-authority working group event is being organised for the autumn, and the MOD is committed to supporting this initiative.

Our armed forces are highly valued and respected around the world for their professionalism and skill. We as a nation continue to expect them to be ready to defend our interests, and those of our allies, anywhere in an unstable, unpredictable world, and often at short notice. They have distinguished themselves time and again, and they are able to do so because they are highly trained. The House will doubtless agree that such levels of proficiency are not reached overnight; they are the culmination of years of training, and military aircrew, like all other elements of the armed forces, need to train.

One aspect of aircrew training is the ability to fly aircraft at low level, which is acknowledged as being a demanding but essential skill. I accept that, as the right hon. Gentleman said, such flying is not always required for military operations, but military commanders must be confident that if they need to deploy aircraft at low level, they can do so.

Low flying remains a vital element in our armoury of tactics. Flying low and at speed, aircrew use the contours of the earth to screen themselves from sophisticated radar systems, fighter aircraft, missiles and anti-aircraft artillery. But low flying is a skill that may also be used extensively in humanitarian relief operations and by helicopters undertaking search and rescue tasks. Whatever the task, aircrew must train to be able to carry it out.

I have said that low flying is a specialised skill: it is also a perishable skill and requires regular practice. It cannot be learned in an emergency, so rigorous training in a realistic environment is essential. Let me reassure the right hon. Gentleman that maximum use is now made of simulators, but they can only complement the reality of low flying—although we do, of course, continue to monitor carefully modern advances in simulator technology to assess the scope for their future use.

The United Kingdom low-flying system comprises the open airspace of the whole of the UK and the surrounding over-sea areas from the surface up to 2,000 ft above ground level. Helicopters are generally permitted to operate to 100 ft, but may be authorised to operate to ground level for certain tasks and 250 ft is the lower limit for fixed-wing aircraft undertaking routine low-flying training—although they may fly much lower during operations. Training above 500 ft is of little value because, as height increases, the training value for this vital skill degrades rapidly.

In addition to the routine low-level flying, a very small amount of fixed-wing low flying down to 100 ft is permitted in three specially designated tactical training areas situated in the borders, northern Scotland and central Wales. The borders tactical training area, low flying area 20 Tango, includes part of the right hon. Gentleman's constituency. The amount of that activity, called operational low flying, is limited to that which is absolutely necessary and is spread across three special areas proportionate to their size. It represents less than 2 per cent. of all low-flying training.

Mr. Beith: I should like to point out briefly that one of our worries is that the main incidents have not been in the special areas, the 50 ft areas or, indeed, during the major military exercises when special measures are laid on. It is in the general run of low flying that the problems have arisen.

Mr. Caplin: I understand what the right hon. Gentleman is saying, but he made a number of comments about the overall pattern of low flying and I am trying to put the whole thing into context in response to what he said.

The undulating terrain of the north-east of England, largely an area referred to as low flying area 12, which also includes part of the right hon. Gentleman's

constituency, offers valuable training, as it contains some of the most challenging terrain for aircrew. In addition, a number of training facilities are situated within and close to Northumberland. Aircraft from the many airbases situated on the east side of the country—or, indeed, some NATO allies—fly over the north-east or transit through to low-flying areas in Scotland. That is necessary because of the built-up areas and controlled airspace in the midlands, Yorkshire and other parts of the north-east over which they cannot fly. They must also avoid conflicting with other military activity at Leeming, Linton-on-Ouse, Dishforth and Topcliffe.

We understand that military low-flying training can be intrusive to people on the ground, perhaps particularly in those rural, less densely populated areas that experience more low flying than their urban neighbours. We implement various measures to minimise disturbance as far as practicable. Accordingly, the amount of low flying that does take place is limited to that which is strictly necessary for aircrew to achieve and maintain operational effectiveness. Let me reassure the House that we continually assess our requirement for such training.

In support of our aim to achieve a better balance between the need to train in the air and respect the sensitivities of those on the ground, most fast-jet low flying takes place during the daylight hours of weekdays. Public holidays are avoided, as are weekends as far as possible, although some activity may be permitted, mainly in support of reserve forces that are unavailable for training during the week. Night low flying is required to be completed as soon as possible in the evenings and it is rare for jet aircraft to be permitted to operate after 11 pm.

I am determined that we will continue to be aware of, and sensitive to, the needs of the public. Any issue that is raised with me, or direct with my officials, is taken very seriously indeed. Individual RAF stations are at pains to explain their activities to their local communities, and they have community relations officers on their staff available to talk to members of the public. In addition, three regional community relations officers serve the communities remote from air stations in Wales, southern Scotland, and Cumbria and Tynedale. They are the focal point for military low flying issues in their respective areas, and members of the public in those areas may direct any matter, inquiry or complaint to them.

Next week, I intend to make a written statement to the House presenting the figures to be published in the annual statement on the pattern of military low flying. I hope that the details will go some way to assuaging the anxieties of the right hon. Gentleman, in that the amount of low flying generally continues to decrease. I will ensure that he gets a copy of the statement.

The Ministry of Defence is not complacent when it comes to safety. It is of paramount importance to us. I hope that I have reassured the right hon. Gentleman that we have measures in place to reduce risk, and that we are actively engaging with others to implement further measures.

The maintenance of the skill of low flying is an essential military requirement. We manage low flying training so as to ensure the safety of those in the air and on the ground, and to take account of the sensitivities of those living in rural areas. We will never attain the ideal of distributing all low flying training across the UK on a totally equitable basis, but we aim to learn by events and to take account of lessons learned in our planning for the future.

In conclusion, I hope that today's debate reassures the right hon. Gentleman, his constituents and the House about the action that we are taking on this very important issue.

Question put and agreed to.

Adjourned accordingly at twenty-nine minutes to Eight o'clock.

House of Commons

Thursday 15 July 2004

The House met at half-past Eleven o'clock

PRAYERS

[MR. SPEAKER *in the Chair*]

Oral Answers to Questions

TREASURY

The Chancellor of the Exchequer was asked—

Income Tax

1. **Mr. David Amess** (Southend, West) (Con): What representations he has received regarding future levels of income tax. [184070]

The Paymaster General (Dawn Primarolo): The Government have received a number of representations on the level of income tax, and we have committed ourselves not to raise the basic or top rates of income tax within the lifetime of this Parliament.

May I draw the House's attention to an announcement in a written statement that I made earlier this morning? The Government will legislate to ensure that payments by the Thalidomide Trust to people affected by the drug thalidomide will in future be exempt from income tax. That change will be worth about £1 million a year—up to £3,000 for each beneficiary of the trust. I know that Members on both sides of the House will welcome the announcement.

Mr. Amess: It is wonderful news that the Minister has accepted the suggestion of my hon. Friend the Member for Arundel and South Downs (Mr. Flight) and is helping thalidomide victims rather than wasting taxpayers' money looking for weapons of mass destruction.

Does the Minister accept that since 1997 there have been 66 tax rises and that each householder is paying an extra £5,000 a year? As she is getting advice from the Chancellor, is he authorising her to tell the House that those tax rises by stealth will continue?

Dawn Primarolo: I am sorry that the hon. Gentleman spoiled the welcome given to the change for the beneficiaries of the Thalidomide Trust. For the past 30 years, as he well knows, Governments of all political persuasions have struggled to settle that matter and it should be welcome that a restructuring of the trust will ensure that income tax is not paid on benefits from it.

The hon. Gentleman is completely wrong. If he looks at the facts, he will see that the Government have cut income tax and introduced the 10p rate and that, on average, households are £850 a year better off in real terms, that families with children are, on average, £1,350 a year better off in real terms and that pensioners are better off in real terms. By October 2004 about 18.3 million households will have gained as a result of the personal tax and benefit reforms that the Government have undertaken.

Mr. Bill O'Brien (Normanton) (Lab): I thank my right hon. Friend for her statement. When considering further tax provisions, will she give an assurance that my right hon. Friend the Chancellor will not move from his programme for providing education, health, local government, transport, defence and all the other services on which people rely?

Dawn Primarolo: Of course I can give my hon. Friend that assurance. He will have noticed both from the 2004 Budget statement and from the spending review announcement made earlier this week that the Government's finances are sound and that the forecast is for spending more on public services over the next period—on police, child care, more nurses and teachers—and for investment in housing, transport and our security. Those are all things that the Government are committed to, but the Conservatives will cut them.

Mr. David Ruffley (Bury St. Edmunds) (Con): The right hon. Lady will know that in 1997 2.1 million people paid top-rate tax. As a result of the Chancellor's tax policies, last year 3.27 million people paid top-rate tax. Will she give us her estimate of the number of people who will pay top-rate tax in the current tax year?

Dawn Primarolo: As the hon. Gentleman knows from his constituency experience, unemployment is down—*[Interruption.]* Just a moment. Unemployment in his constituency is down by 83 per cent. During the period 1997–98 to 2002–03, average earnings went up by 25 per cent. while prices went up by only 12 per cent. Employment has increased by nearly 1.8 million since the spring of 1997. The number of people in work is at a record level, and that is clearly reflected in the tax system; more people are working and earning more money and therefore contributing to public services.

Mr. Oliver Letwin (West Dorset) (Con): It is clear that the Paymaster General has not yet heard of the word "threshold".

On behalf of the Opposition, I welcome the right hon. Lady's welcome announcement in response to the pleas of my hon. Friend the Member for Arundel and South Downs (Mr. Flight) about tax relief for thalidomide victims.

Derek Scott, a former adviser to the Prime Minister, has told us that he would not be surprised if there were tax rises under a third-term Labour Government. Will the Paymaster General give the House an assurance that if the Labour Government are re-elected and if the Chancellor is either the next Chancellor or Prime Minister, there will be no increase in either income tax or national insurance?

Dawn Primarolo: I am perfectly happy to share with all Members our pleasure that the proposals with regard to the Thalidomide Trust have now been sorted out, but

the right hon. Gentleman really should not keep trying to claim as his original idea every good thing that the Government do. As he well knows, the Government's spending commitments are properly financed over the spending round and in the statements made in the Budget 2004. As I made clear in my opening remarks, the Government are committed in the lifetime of this Parliament not to raise either the basic or the higher rate of tax. Indeed, we have been reducing the tax burden, particularly on those who are the lowest paid.

HIPC Initiative

2. **Julia Drown** (South Swindon) (Lab): Whether it is his policy to support a write-off of the UK's share of the multilateral debts owed by heavily indebted poor countries. [184071]

4. **Mr. Mark Lazarowicz** (Edinburgh, North and Leith) (Lab/Co-op): What his policy is on writing off the UK's share of the multilateral debts owed by heavily indebted poor countries. [184073]

The Chancellor of the Exchequer (Mr. Gordon Brown): The UK believes that more must be done to ensure debt sustainability in the world's poorest countries. We are proposing that the international community review further debt relief for the poorest countries, including making better use of IMF gold using a revaluation or off-market transactions, so that, to match bilateral debt relief, which we provide at up to 100 per cent., we can begin to consider how we provide multilateral debt relief of up to 100 per cent. as well.

Ms Drown: I welcome the Chancellor's response and his commitment to help the poorest countries in the world, which is shown by his already having committed this country to almost doubling overseas aid and, on Monday, by being the first Chancellor to set a date by which he hopes that this country will spend the internationally agreed target of 0.7 per cent. of our income on international aid. Will he comment on what that might mean for the poorest people of the world and contrast that with what might happen if the Opposition, who plan to cut overseas aid by £800 million, were in charge?

Mr. Speaker: Order. The hon. Lady cannot ask that one.

Mr. Brown: My hon. Friend is absolutely right on all those points. First, the additional money that we are providing in overseas development aid, which I was able to announce on Monday, will increase the percentage of GDP that is spent on overseas aid from 0.26 per cent. in 1997—it had been reduced over the previous 20 years—to 0.47 per cent. in 2007–08, with our objective of moving towards 0.7 per cent. by 2013. We have made decisions in this spending round to provide the necessary money and debt relief, so that we can achieve that figure by 2007–08. I wish that there was an all-party consensus on providing that level of development aid.

Mr. Lazarowicz: Like my hon. Friend the Member for South Swindon (Ms Drown), I welcome the announcement made on Monday about the increase in overseas aid. I have already been contacted by a lot of my constituents and organisations in my area who have been calling for that increase, and I am sure that my colleagues have had a similar response. Does my right hon. Friend consider that it might now be appropriate for the many organisations that have been campaigning on this issue to direct more efforts, both nationally and perhaps internationally, to get the richest countries in the world to back the proposals for the international finance facility, which could have a very important role to play in the write-off of debt owed by the poorest countries?

Mr. Brown: I am grateful to my hon. Friend and my hon. Friend the Member for South Swindon (Ms Drown) for their interest and the work that they have done in their constituencies. It is important to recognise that, even if we are able to increase our bilateral aid very substantially, the whole world community will need to provide far more development aid in the next 10 years if we are to have a chance of meeting our millennium development goals. That is why, last Friday, I was very happy to be able to present our proposals in Rome to a group of the Churches, backed up by representatives of countries from all over the world. We are winning support for the international finance facility. It would be unfortunate, however, if the Conservative party, which supported the international finance facility, were to continue with the policy that it has now adopted to cut overseas development aid. I hope that the Conservatives will cease that policy and start to move towards a sensible policy, so that we can promote action together in the international community.

Sir Nicholas Winterton (Macclesfield) (Con): I am sure that the Chancellor would accept that it is important that we should seek to bring good governance and responsibility to the heavily indebted poor countries, but I am sure that he would also agree that it is absolutely crazy that the financial aid that should be given to those poor countries is spent only on repaying the debt that they already owe. Will he accept therefore that there is, in fact, widespread support in all parts of the House, including the Conservative and Unionist party, for debt to be taken away from those countries, so that the money that they are given can bring about improvements in education, health and other matters?

Mr. Brown: I am grateful to the hon. Gentleman for the enlightened view that is coming from at least part of the Conservative Back Benches on the matter. It is important to realise that we must move forward with debt relief if we are to give the countries in which he is interested the chance of development over the next few years. As we have a 100 per cent. write-off of bilateral aid, it is possible to cut the debt bill of those countries. However, while only 50 per cent. of multilateral aid is being written off, they have substantial debts to pay. The results can be seen in countries such as Uganda, which has moved to class sizes of 50 compared with 100. In other African countries, 1 million children got primary education in one day as a result of debt relief, which released resources for education. However, it was unfortunate that the Conservative party issued a document after Monday's spending statement saying:

"Are you going to cut aid to developing countries? This is another example of big Government."

It must think again.

Mr. Andrew Turner (Isle of Wight) (Con): When a Government spokesman describes conditions in Kenya as a "gigantic looting spree", points out that corruption under the new Government may be worth $188 million and says that if Kenya's governance was less corrupt it could afford to pay its own development budget rather than going to donors cap in hand, does that form part of the Government's strategy to ensure that poor people in this country are not paying for rich people in developing countries?

Mr. Brown: We heard an enlightened view from the hon. Member for Macclesfield (Sir Nicholas Winterton) earlier and now we have heard a completely retrograde view. We have taken action with other countries to ensure that there is transparency and to tackle corruption. There is no stronger advocate of tackling corruption than the Prime Minister, and work is being done by the Commission for Africa.

It is absolutely ludicrous to give people the impression that Africa's problems can be solved by cutting international aid to the continent. When the Conservatives started in office, $33 per head was spent on aid to sub-Saharan Africa, but the figure was $20 per head by the time that they finished—the aid halved. Some 70 million children in Africa have no schools to go to. The AIDS epidemic is affecting 24 million people. Infant mortality rates are such that 30,000 children die each day. I hope that the hon. Gentleman will think again about the idea that those problems could be solved without international development aid.

Mr. Bill Tynan (Hamilton, South) (Lab): The whole House will congratulate the Chancellor on his commitment to eliminate global poverty. Twenty-seven HIPC countries currently qualify for assistance, which leaves 15 other countries, the people of which are suffering from abject poverty and a lack of education and clean water. Will the international community get together to consider what can be done? I understand the problems due to civil wars in some of the countries, and that some are ruled by military juntas, but their populations have no influence on that, so it is important to give them some hope. Will the international community do something together to alleviate their problems?

Mr. Brown: I am grateful to my hon. Friend, who takes a great interest in the matter. I announced on Monday that the International Development Secretary had agreed that £150 million of aid would be set aside for the needs of Sudan. There is abject poverty, and conditions in many places are worse than those in 1985, when Live Aid started. However, we also said that we could not provide the money until there was peace and the issues of conflict had been dealt with. Of course, there must be transparency and money must be able to flow to the poorest people, but the need for the money is obvious. On Sunday, the shadow International Development Secretary said that he also wanted to make a commitment to 0.7 per cent., but said:

"It is for Oliver Letwin, the shadow Chancellor, to make a judgment."

How can the Conservative party claim to support international development aid if it would cut it by hundreds of millions of pounds? How can it claim to support the third world when it would cut aid massively?

Public Borrowing

3. **Mr. Desmond Swayne** (New Forest, West) (Con): If he will make a statement about his proposals to change the level of public borrowing. [184072]

The Chancellor of the Exchequer (Mr. Gordon Brown): The 2004 Budget set out the detailed Government forecast for the public finances up until 2008–09. These showed that the Government are on track with our borrowing figures to meet both our strict fiscal rules over the economic cycle.

Mr. Swayne: Does the Chancellor accept the rather subtly worded warning from the Governor of the Bank of England that the Chancellor's current levels of spending and borrowing are in danger of causing the economy to overheat?

Mr. Brown: The Governor said that the automatic stabilisers had worked during a period of a world downturn, so when tax revenues were lower and social security needs were higher, borrowing was higher. That is, after all, what has happened in every country around the world. The only difference is that our levels of borrowing are lower than those in most other countries. The Governor of the Bank of England said that he supports the fiscal discipline that we have shown over the past seven years.

Mrs. Anne Campbell (Cambridge) (Lab): My constituents are delighted that we are enjoying the longest period of sustained economic growth on record and the longest sustained investment in public services for a generation. In the light of that fantastic economic success, how do debt levels under this Government compare with those under the last Conservative Government?

Mr. Brown: My hon. Friend has been powerful in her advocacy of both international aid to be raised and the scientific community to be given the money that is necessary to invest in this country's future. I cannot think of anything on which there is greater consensus than the issues of investment in science, infrastructure and transport. Only one group is outside the consensus—the modern Conservative party.

As for debt levels, the Conservative party talks as if there were some golden years a few years ago, but borrowing went up to the equivalent of £80 billion and debt was at 44 per cent. of gross domestic product. We have reduced that to 34 per cent. of GDP, one of the lowest rates in the industrialised world.

Ann Winterton (Congleton) (Con): Will the Treasury make up the difference that will result from the loss of European Union structural funding to the United Kingdom regions post-2006? If so, will that add to borrowing requirements?

Mr. Brown: We are committed to no loss for the regions as a result of any changes, although they have not yet been decided in the structural funds. It is interesting, however, to hear a Conservative Member advocate more public spending by the Government.

How does the hon. Lady square that policy with that of the shadow Chancellor, who wishes to cut spending on trade and industry and regional development, while also cutting spending on defence, law and order and international development? Perhaps the shadow Chancellor can tell us how he will add up his figures?

Mr. Nigel Beard (Bexleyheath and Crayford) (Lab): Does my right hon. Friend agree that public borrowing, within the fiscal rules, is essential to sustain a programme of investment that is needed to overcome the gross neglect of public investment during 18 years of Conservative government?

Mr. Brown: I am grateful to my hon. Friend, who is a distinguished member of the Treasury Committee, for that question. The neglect of investment under the Conservative Government was such that there had to be, and still has to be, a major programme of investment in health, education and transport. Members of the Conservative party know perfectly well from their constituencies about the need for new investment. Entering a general election with a pledge card of "Cut defence, cut law and order and policing, cut international development, cut science and transport spending, and put all the money from the NHS into private health care" is not a winning formula for the Conservative party.

Mr. Howard Flight (Arundel and South Downs) (Con): With no slack in the economy and the structural deficit that the Chancellor has created, by how much does he plan to raise taxes after the general election, beyond the 8 per cent. rise already planned?

Mr. Brown: Our public spending programmes are properly funded. In fact, because of our economic success, the choice that we had in the Budget was whether to cut taxes or to put money into public services. We decided—rightly, in my view—to put the money into the public services that desperately need it. The shadow Chief Secretary talks about the difficulties that the economy faces. Will he confirm that his view is still the one that he expressed just a year and a half ago when he said that we were facing an economic crisis, analogous to the 1930s?

Mr. Kelvin Hopkins (Luton, North) (Lab): I am pleased that my right hon. Friend has placed great emphasis on the need for public investment in the future of our country, to make up for the damage caused by the Tories. Given that we now have an historically low, and internationally low, level of public borrowing, is there not scope for my right hon. Friend to relax his constraints on public borrowing for investment purposes and for him to replace some private investment with public investment, to the benefit of the Treasury?

Mr. Brown: No, we are going to keep to our fiscal rules. I believe that the country will support a Government who not only set fiscal rules that make sense of what should happen in an economy over the cycle but meet those fiscal rules. Of course we will get the balance right between private and public investment. Net public investment was 0.8 per cent. of gross domestic product when we came into power and it is now above 2 per cent. of GDP, so we are investing more in the future. I am really surprised that the shadow Chancellor, who has now put forward all his proposals on public expenditure, cannot even come to the Dispatch Box to answer questions about them.

Government Staffing Levels

5. **Angela Watkinson** (Upminster) (Con): If he will make a statement on the staffing levels of central Government Departments. [184074]

The Chief Secretary to the Treasury (Mr. Paul Boateng): The 2004 spending review has set out wide-ranging changes to central Government Departments. This means a gross reduction of 84,150 posts by April 2008; 13,550 posts are to be redeployed to front-line areas.

Angela Watkinson: In his statement on Monday, the Chancellor announced a gross reduction of 84,150 civil service posts to release resources from administration to be invested in the front line. However, the devil was in the detail, and we learned that 13,000 of those posts would not be cut but transferred to front-line services. Will the Minister explain what those 13,000 re-allocations to front-line roles are?

Mr. Boateng: There is no secret about this. I think that the hon. Lady has misunderstood the situation. We announced in the Budget our intention to redeploy to the front line. What does it mean? It means that in the Department for Work and Pensions, for example, where some 10,000 people are to be redeployed to the front line, additional help will be available to get people into work. It means looking at the people involved in back-office functions and seeing how they can be either retrained or redeployed to provide front-line services. That has made a difference already, as the new deal has demonstrated. That is why this Government have been able to create 2 million new jobs since 1997, and why it would be such a disaster if the Conservatives ever had their way and scrapped the new deal, cutting the valuable work of the Department for Work and Pensions.

Mr. Barry Sheerman (Huddersfield) (Lab/Co-op): My right hon. Friend will know that, while Labour Members support cuts to make a more efficient civil service, the Department for Education and Skills, which is quite small, has been given heavy new responsibilities under "Every Child Matters" and the Children Bill at the same time as the cuts have been announced across the board. Will there be room for negotiation so that the Department for Education and Skills can deliver the expanding educational role in which the Government are investing?

Mr. Boateng: The figures produced by the Department for Education and Skills take into account the work that it has taken on board as a result of the children's Green Paper. They also take into account the efficiencies that the Department believes it will be able to

find in order to increase the support available to the front line, whether in relation to schools, the Learning and Skills Council or the work of further education colleges. In all those areas, the Department is at the forefront of recognising that we really can unlock efficiencies and resources, apply them to the front line, and continue the improvement in results in schools and FE colleges, all of which would be put in grave peril if the Conservatives were ever to implement their cuts in that Department's budget.

Dr. Vincent Cable (Twickenham) (LD): How much money will the Government save by cutting 84,000 public servants? A rough estimate of the saving is £3 billion to £4 billion, which is only a fraction of the £20 billion that must be saved under Gershon. Is Digby Jones right to assert that the Government need to cut some 300,000 jobs in the public sector in order to meet their efficiency targets?

Mr. Boateng: Digby Jones welcomed the Government's proposals because he recognised that the savings involve not only a reduction in posts, but procurement and the better use of IT. The savings include cash and other resources, which will be redeployed to the front line, and Digby Jones recognised that that added benefit is part of the proposal introduced by my right hon. Friend the Secretary of State for Trade and Industry to remove 1,000 jobs and increase the resources available to the regional development agencies. That is good news for the DTI and for business, which is why Digby Jones welcomed it.

Mr. David Chaytor (Bury, North) (Lab): I welcome the Government's intention to decentralise a considerable number of central Government jobs to the regions. Does my right hon. Friend agree that if the previous Government had done that 25 years ago, the current regional disparities would not exist? Although my constituents are extremely fortunate to enjoy virtually full employment, other parts of Greater Manchester and south-east Lancashire would welcome decentralised jobs from London. Will my right hon. Friend carefully examine Greater Manchester's claim on some of those jobs?

Mr. Boateng: Individual Departments will determine how they relocate their functions and the jobs that come with them. My hon. Friend knows that the Lyons review utilised a formula that identified Manchester in the upper quartile of places to which Departments are likely to plan to relocate, which is good news for Manchester. When Conservative Members had stewardship of the economy, they singularly failed to take advantage of the benefits of relocation, as they singularly failed to implement efficiencies, which we are introducing. The civil service is smaller now than it was in all but one of the years in which Conservative Members had stewardship of the economy.

Mr. Mark Field (Cities of London and Westminster) (Con): In implementing the staffing level reviews, will the Chief Secretary urgently meet the Foreign Secretary and the Secretary of State for Trade and Industry? I understand that British Trade International is likely to be subject to considerable cuts, which will undermine our export drive, especially in key regions such as the Caribbean and Latin America, where we have long-standing links.

Mr. Boateng: On the contrary, British Trade International is likely to benefit from the efficiency savings identified by my right hon. Friends and from extra money provided in the course of the spending review. That will better equip it for the challenge of securing inward investment, which benefits every nation and every region of our country. The hon. Gentleman should warmly welcome the efficiency savings, which are good news for the Department of Trade and Industry and for the Foreign and Commonwealth Office.

Lawrie Quinn (Scarborough and Whitby) (Lab): I welcome the transfer of more than 20,000 jobs to the regions following the Lyons review. Is there further scope to explore the possibility of moving even more civil service jobs to the regions to maximise efficiency and ensure that the whole country is involved in delivering a service to the nation?

Mr. Boateng: Sir Michael Lyons himself saw the review as the beginning of a process in which Departments would look to the regions as likely places to locate functions and jobs. The aim is to create a culture in which London and the south-east are not seen as the automatic beneficiaries of changes and developments in policy.

Mr. Oliver Letwin (West Dorset) (Con): What the Chief Secretary's answer to my hon. Friend actually means is that the cuts in central Departments that the Chancellor announced are 71,000, not 84,000. *[Laughter.]* Well, they are. There is nothing that Ministers can do to deny their own figures, and 71,000, not 84,000, is the number shown for actual cuts in central Government departmental staff. Does not page 8 of the leaked interim Gershon report, which I have in my hand, tell us that the Chancellor is planning to add 360,000 extra public sector workers, and is it not true that on current trends half of those will be back-office staff?

Mr. Boateng: I do not comment on leaked documents. However, I can refer the right hon. Gentleman to the announcements that my right hon. Friend the Chancellor made to the House, which identified gross reductions in posts of 84,150 and net reductions in posts of 70,600. That is as plain as pikestaff. It is equally plain that the right hon. Gentleman has committed his party to a two-year freeze in departmental spending. That would mean cuts in transport of £1.8 billion, cuts in local government of £4.8 billion, cuts in the Home Office of £1.6 billion, cuts in defence of £2.6 billion, and cuts in international development of £800 million. That is the reality of the right hon. Gentleman's proposals. It is time that he either admitted those figures or got to the Dispatch Box to deny them. Let us wait and see what he does.

Mr. Letwin: I very well understand that the Chief Secretary does not want to engage in defending the Chancellor's arithmetic, but the Government's own figures show that of the 496,000 extra public sector

workers that he and the Chancellor have added in the past seven years, half have been in back offices. Why, then, should we believe that the back-office proportion of the next 360,000 will be any different, particularly given that I heard the Chancellor telling the Select Committee this morning that he did not know the figure? How can the Chief Secretary expect the Treasury to retain credibility if the Chancellor tells us, and the world, that he is reducing back-office staff by tens of thousands, when he is planning, according to his own reports, to increase back-office staff by more than 100,000?

Mr. Boateng: We have already begun the process of redeployment to the front line. The right hon. Gentleman need only look at the Department for Work and Pensions, where the merger of the Employment Service and the Benefits Agency has already resulted in a reduction of more than 6,000 posts. That is the reality.

The question that the right hon. Gentleman fails to answer, and the reality that he fails to comprehend, is that we believe that the state has a role. We believe that it is right, in this spending review, to ensure that we create 143,000 more front-line health workers, 33,000 more criminal justice workers and approximately 55,000 more early years and child care workers. We make no apology for that. We want the right hon. Gentleman and his hon. Friends to tell us just how many front-line jobs they would cut and how they will make their sums add up, because in the past they have singularly failed to convince either the House or the country in that respect.

Employment

6. **Mr John McFall** (Dumbarton) (Lab/Co-op): What representations he has received on his measures in the pre-Budget report to help people into work. [184075]

11. **Ian Stewart** (Eccles) (Lab): If he will make a statement on the effect on the economy of present employment levels. [184081]

The Chancellor of the Exchequer (Mr. Gordon Brown): With unemployment low and the economy growing, the pre-Budget report will report on the new deal for skills and how we can help people to obtain the skills that are necessary to fill the 600,000 vacancies in the economy. That will require us to maintain, not abolish, the new deal.

Mr. McFall: What progress is being made on the new deal for the over-50s, where unemployment is still comparatively high? Mindful that there are 630,000 job vacancies, what measures is my right hon. Friend taking in the tax and benefits system, which in the past has acted as a disincentive to unemployed people moving into work?

Mr. Brown: There will be some worry for Conservative Members about unemployment among the over-50s after the next general election, and the new deal for the over-50s will be of great help to them.

Of the 1.8 million new jobs that we have created since 1997, almost half have gone to people over 50, so it is not the case that people over 50 have not been offered jobs or taken them up. It is true, however, that a large number of people over 50 still, for a variety of reasons, do not find that the tax and benefits system has helped them as it might. That is why we introduced the new deal for the over-50s and special incentives through the new deal for the over-50s, and why we will continue to address the issue in order to move towards full employment. I have to tell the House, however, that we could not move as fast or as far to full employment without the assistance of the new deal, so the Conservative party should reconsider its decision to abolish it.

Ian Stewart: Is my right hon. Friend aware that the Labour Government's creation of a stable economic climate and their commitment to public expenditure has led to record low unemployment in Eccles, which is 46.6 per cent. lower than it was in 1997? Does he agree that that forms the bedrock for new investment in Eccles where, for example, Salford City Reds rugby league club has plans for a new stadium and associated development which, with the help of measures outlined in the pre-Budget report, will create about 2,000 new jobs? By the way, we have plenty of brownfield sites for public servants.

Mr. Brown: I am grateful to my hon. Friend. The progress made in tackling unemployment in his constituency is most welcome. Although the new deal finances many things, it does not yet finance stadiums, but I hope that progress can be made both on sporting facilities and on raising employment levels in his constituency. The fact is that, without the new deal, more people would be unemployed today. Even in the constituency of the shadow Chief Secretary unemployment has been reduced from 2.7 per cent. to just 1 per cent. under a Labour Government, so how can he say that the situation is analogous to what happened in the late 1920s and early 1930s?

Mr. Nigel Evans (Ribble Valley) (Con): Is not the Chancellor worried about employment levels in manufacturing industry, because there have been a great many job losses in manufacturing throughout the country over the past seven years? Does he take any responsibility for that, following the introduction of the climate change levy?

Mr. Brown: I notice that the Conservative party is now promising to abolish the climate change levy and the aggregates levy, so it must have the means to replace that income. As far as we are concerned— *[Interruption.]* It is revenue neutral only because we reduced national insurance as a result of it. Presumably, if the Conservatives abolished the climate change levy, they would increase national insurance. Is that another commitment by the shadow Chief Secretary and the shadow Chancellor?

Mr. Dennis Skinner (Bolsover) (Lab): Is the Chancellor aware that the project that followed the £24 million that he gave us for flattening the Shirebrook pit tips has been completed, and there is a prospect of 2,000 jobs on that business park? That is one reason why coalfield unemployment has gone down. The Markham Bolsover employment zone, which has received the first

£15 million of the funds that it needs, will give rise to 5,000 jobs. I urge my right hon. Friend to remember the site, which is located at junction 29A of the M1, and to etch it on his memory. We will need about another £20 million to complete the project, but those 5,000 jobs will be the biggest job development since the industrial revolution and will replace the 3,000 jobs that the Tories got rid of when the pits went.

Mr. Brown: I am grateful to my hon. Friend, who has fought long and hard to replace the mining jobs that were lost in his constituency with new economic developments such as those that he described. We look forward not just to having full employment in one region but to achieving full employment in all the country's regions and nations. However, to pursue a matter raised in the Chamber today, if we are to continue to do so, we must have fiscal prudence as well. If the shadow Chancellor is now saying that he will replace the climate change levy with an £800 million increase in employees' national insurance to make the tax revenue neutral, the Opposition have, amazingly, announced another tax rise.

Mr. Roy Beggs (East Antrim) (UUP): Does the Chancellor accept that the shortage of home helps and community care workers must be tackled so that we can deliver proper care in the community? Will he seek to provide incentives through training and the new deal to encourage more unemployed people to offer such a service? Our hospitals will benefit, and we will get patients into their own homes much faster if a proper care in the community service is available.

Mr. Brown: We are increasing the level of personal social services finance as a result of the spending settlement. That will enable us to help more people to stay in their homes and to move people out of hospital more quickly into either care homes or back into their own homes. It will allow us to expand social services in our country.

We also wish to expand pre-school care, about which the hon. Gentleman asked, by training more carers. As far as Northern Ireland is concerned, if he wishes to approach the Treasury, we will explain all the measures available to encourage the growth of child care and pre-school provision for his constituency, including tax relief on the £50 that an employer would pay to an employee to allow them to buy their child care. The rises in social services budgets are possible only because we are prepared to put more money into our public services. I ask the hon. Gentleman to contemplate a situation in which the Conservative party would cut social services expenditure, as well as industry, science, defence and law and order expenditure—that is the fate that the shadow Chancellor would leave us to.

Millennium Development Goals

7. **Mr. Ben Chapman** (Wirral, South) (Lab): What recent discussions he has had with African Finance Ministers on debt and the millennium development goals. [184076]

12. **Mr. Win Griffiths** (Bridgend) (Lab): If he will make a statement on recent progress in attaining the objectives of the millennium development goals. [184083]

The Chancellor of the Exchequer (Mr. Gordon Brown): On current proposals, the majority of countries will fail to meet most of the millennium development goals by 2015. That is why the UK has proposed an international finance facility.

Mr. Chapman: Is not debt incurred in a concessionary way and responsibly managed a good thing in developmental terms? Is not the problem debt that is not well used, not well spent, and badly managed by the Governments responsible? If we are to help African countries to reach their millennium development goals, and to help them in particular to tackle HIV/AIDS and tuberculosis, do we not need to ensure that rich countries fulfil the obligations entered into at Monterrey? What pressure is my right hon. Friend putting on other nations in that regard, particularly on the United States, whose developmental assistance at this time is only 0.2 per cent. of GDP?

Mr. Brown: I am grateful to my hon. Friend, who has taken an interest in these matters. Tuberculosis kills 2 million people a year, but to be able to protect people against it would cost very little if proper inoculation and vaccination were available. Equally, malaria carries off more than 1 million people a year, yet with expenditure on nets costing a few dollars, we could prevent avoidable deaths. That is why the global health fund and the Global Alliance for Vaccines and Immunisation are important. That is why it is necessary to honour the Monterrey consensus, whereby the United Kingdom and the rest of Europe would provide an extra $9 billion in aid by 2006, and the US would provide $7 billion.

Contrary to what my hon. Friend said, the United States is moving ahead to make that money available, although its debt-to-GDP ratio is low. The question is whether we can use those additions in aid to borrow on capital markets and to have an international finance facility, which, with repayment over 30 years, could put up extra funds that would enable us to meet the millennium development targets over 10 years.

Mr. Griffiths: I thank my right hon. Friend for his great focus on the millennium development goals while in office. Given the problems of war in many parts of Africa, to what extent does he collaborate and co-operate with his colleagues in the Foreign Office and in the Department for International Development to focus on getting peace in those areas, to make it much easier for those goals to be attained?

Mr. Brown: I am grateful to my hon. Friend, who has been involved in these matters over many years. Twenty-seven countries now have debt relief, but there would be at least 37 if the 10 countries or more that are engaged in conflict were out of conflict and able to be in a position to claim debt relief. As I said about Sudan, as long as there is not peace, we cannot get resources to the people who need them. If there were peace, and if we could broker a peace deal, in which Britain was involved, £150 million that we have allocated could be spent on helping people who are in grave difficulty in

Sudan. We must therefore work closely: the Africa Commission set up by the Prime Minister is considering aid, peacekeeping and economic development, and a combination of measures in those three areas will bring new hope to Africa.

Mr. David Tredinnick (Bosworth) (Con): During his discussions with African Finance Ministers, does the Chancellor ever raise the question of how much aid reaches the people for whom it is intended? Will he now answer the question posed by my hon. Friend the Member for Isle of Wight (Mr. Turner) about the statement made by one of his colleagues about perceived corruption in Kenya? What does he propose to do about that?

Mr. Brown: Where there is corruption, it must be dealt with. Funds should not go to regimes in which we cannot guarantee that the money will go where it is intended to go—in most cases, to education and health programmes designed to help the poorest people of the country involved.

Let me repeat that even if all these things are done, more resources will be needed for both Africa and developing countries. The Conservative party cannot escape its responsibilities to the poorest countries of the world by saying that there is no need for more aid if corruption is dealt with. There will be a need for more aid—and how can the Conservative party support more aid when they are cutting the aid budget?

Tony Worthington (Clydebank and Milngavie) (Lab): In his discussions with African Finance Ministers and his colleagues in the World Bank, could the Chancellor make it a condition of the poverty reduction strategy papers and the debate about the millennium development goals that African Parliaments are fully involved in dialogue about those papers? We may talk of country ownership, but that means nothing if the Parliaments themselves have not built up the skills necessary for them to be involved.

Mr. Brown: It is proposed that the poverty reduction strategies should be not just country-owned, but owned by civil society. My hon. Friend, who has taken a huge interest in these matters and has been an International Development Minister, is trying to build links with African parliamentarians to bring about a strong civil-society presence and pressure for change. That is why his work is so important.

In the Africa Commission, we want to consult and listen to the Parliaments and the civil societies of African countries. I believe that we will achieve progress in Africa not just by talking to Governments, but by talking to people who were elected but are not members of Governments and to pressure groups and community organisations. There is, however, still the need for us to offer more aid as part of the process.

Development Aid

9. **Helen Jackson** (Sheffield, Hillsborough) (Lab): What proposals he has to enhance the resources available for aid and development. [184078]

The Economic Secretary to the Treasury (John Healey): As my right hon. Friend the Chancellor of the Exchequer announced on Monday, by 2007–08 UK development aid will rise to nearly £6.5 billion, equal to 0.47 per cent. of gross national income.

Helen Jackson: We have talked a great deal about the aid budget today. The important thing about the 0.7 per cent. target, which is not particularly magical in itself, is that it has been internationally agreed. Moreover, we know that every £1 million of overseas aid saves lives. I particularly welcome the extra £1.5 billion for HIV/AIDS aid and development, which is symbolic of that saving of lives. In what ways—

Mr. Speaker: Order. I think the Minister has got the drift.

John Healey: I certainly have, and my hon. Friend is right. We want to go further. If we are to meet the millennium development goals, not least for health, we must double the current aid flows. That is why my right hon. Friend the Chancellor has proposed an international finance facility.

This view has been rightly expressed:

"If we are to be taken seriously as a party of government which cares about the most vulnerable people on the planet, there has to be a public spending commitment."

Those are the words of the shadow Secretary of State for International Development. We on the Government Front Bench agree with them, but the shadow Chancellor does not. The shadow Chancellor will cut, not increase, the aid going to the poorest and most vulnerable people on the planet. That is the shadow Cabinet; those are spending plans rooted in chaos and confusion.

Chris Bryant (Rhondda) (Lab): It is obviously important that our aid budget is increasing, and Members across the House applaud the Government for what they announced earlier this week. Is it not also important, however, to ensure that more money goes to the poorest countries in the world? How are the Government doing in persuading our EU colleagues not just to increase their aid, but to ensure that it goes to the poorest countries?

John Healey: My hon. Friend makes an important point. As he knows, the spending review settlement was in part designed to ensure that at least 90 per cent. of Britain's aid over the next three years does indeed go to the poorest countries. He will also know that the task of the Department for International Development is in part to put pressure on the European Union and on other multilateral aid programmes to ensure that such aid is delivered more effectively. The spending review announcements have been widely backed—by charities, the churches, campaigners and Opposition Back Benchers—but they have not been backed by the shadow Chancellor. I do hope that he will reconsider his plan to cut the aid budget by £800 million if the Conservatives regain power.

Personal Saving

10. **Mr. Peter Luff** (Mid-Worcestershire) (Con): What measures he is taking to increase personal saving. [184080]

The Financial Secretary to the Treasury (Ruth Kelly): As well as creating an economy with low interest rates, the Government have introduced reforms such as individual savings accounts, the 10p starting rate for tax and the new child trust fund, and we have radically reformed and simplified financial regulation and pensions. Net wealth has risen by more than 50 per cent. since 1997.

Mr. Luff: Treasury Ministers in general and the Chancellor in particular remind me of the boxer in Simon and Garfunkel's song of the same name: a man who hears what he wants to hear and disregards the rest. Why do the Government disregard the collapse of the savings culture in this country—a collapse that was caused by endless fiddling with tax-free savings schemes, the £5 billion raid on personal pensions and the massive expansion of means-testing?

Ruth Kelly: The hon. Gentleman has got his facts absolutely wrong. Let us look at what has actually happened. The hon. Gentleman knows that reform of advance corporation tax was part of a process of widespread corporate tax reform, in order to promote investment that will benefit savers in the long term. He knows that ISAs have been far more popular than their predecessors, TESSAs and PEPs; indeed, one in three of the population now saves in an ISA product. He knows that we increased the limits from £5,000 and £3,000 when we introduced the scheme to kick-start ISAs; they have been successful.

Mr. Gordon Prentice (Pendle) (Lab): A few moments ago, I was Upstairs in Committee agreeing an increase of 7.8 per cent. in the adult minimum wage—it will be introduced in October—on top of the previous year's 7.1 per cent. increase. My question, however, is: what can we do to encourage people on low and modest incomes to save?

Ruth Kelly: My hon. Friend is absolutely right that our priority must be to help those on low and moderate incomes. Of course, our first priority was to tackle pensioner poverty, and through the introduction of the pension credit, we have been successful in doing so. Now, we must make it as easy as possible to save, which is why we are committed to wholesale reform of the regulation and taxation of pensions. The introduction of new stakeholder products makes it much easier for people on low and moderate incomes to save.

Mr. Colin Breed (South-East Cornwall) (LD): The Minister mentioned a 50 per cent. rise in national wealth. How much of that is due to inflated property values, rather than pensions, shares and other savings?

Ruth Kelly: The hon. Gentleman knows that house prices have risen since 1997. Houses are an important store of value, and it is important that we look at assets as well as savings when considering these issues, but we cannot be complacent about what is happening to savings. Our analysis shows that 3 million people could be seriously undersaving, which is why we have a strategy to help people make informed choices about the future. We are concentrating on new products, on overhauling regulation and taxation, and on enabling informed choice.

Mr. James Plaskitt (Warwick and Leamington) (Lab): Does my hon. Friend agree that the savings industry itself must take some responsibility for ongoing problems in the savings field? She will know that the Treasury Committee has been looking at this issue for the past few months. We have uncovered endless examples of mis-selling, lack of transparency, opaque products, over-complexity and rip-off commission structures. Does she agree that the industry itself can contribute to solving such problems?

Ruth Kelly: I do, and I know of my hon. Friend's long-standing interest in this issue. It is absolutely true that in the past, the savings industry has been characterised by opacity and complexity. It is also right that we as a Government deal with that by shifting consumer protection away from the sales process and more towards the regulation of products, so that people can buy a stakeholder product—perhaps even during their lunch hour—that will suit their savings needs. That will make it much easier for people to make informed choices about their future savings. Such measures accompany the work being done by the Department for Work and Pensions. Over the next few years, millions of people will for the first time receive a combined forecast of their likely pension income. It is only right that we work with industry and with firms to promote employer take-up of schemes, to look at ways of automatically enrolling individuals in pension schemes, and to see how we can make it much easier for people to save.

Mr. Mark Prisk (Hertford and Stortford) (Con): Despite the Financial Secretary's fanciful claims, the reality is that, over the last seven years, the Chancellor has repeatedly cut tax incentives for savers; indeed, he has now removed tax credits for ISAs, costing savers another £250 million. Given that the savings ratio has already halved since 1997, why are the Government yet again penalising savers, whether they are at work or at lunch?

Ruth Kelly: I do not think the hon. Gentleman has studied the latest figures on the savings ratio, but perhaps he will understand that the savings ratio varies with the economic cycle. At a time of boom and bust, the savings ratio is artificially inflated as people protect themselves against rising unemployment. I have said that we are not complacent; we are determined to tackle undersaving and to make sure that people can make informed choices about their future. That is why the DWP is introducing its informed choice strategy and why we are radically simplifying the regulation and taxation of pensions.

Librarian's Retirement

12.31 pm

Mr. Speaker: I have a short statement to make to the House. I have received a letter from the Librarian, indicating her wish to retire at the end of this year. I will arrange for the text of the letter to be printed in the *Official Report*.

Miss Priscilla Baines has served the House for almost 37 years, the last five of them as our Librarian. During her stewardship, the Library has continued to develop and expand, and her team has risen to meet the challenges that new technology has presented. Miss Baines has faithfully served Members of the House of Commons since 1968 and I suspect all of us have cause to be grateful to her for her diligence and expertise in finding that piece of information that we have needed at one stage or another to complete our research on a particular point.

I know that all Members will join me in thanking Miss Baines for her unstinting and devoted service to the House. We wish her a long and happy retirement.

I should like to take this opportunity of expressing our thanks to members of her team in the Library who, with Miss Baines, have provided us with the excellent service that we enjoy.

Miss Baines will retire on 31 December 2004 and I am announcing to the House today that, after a rigorous competition and on the advice of a selection board, I have appointed Mr. John Pullinger to succeed her. Mr. Pullinger is currently executive director of the Office for National Statistics.

[Following is the letter:

I write to confirm my decision to retire on 31 December 2004.

By the end of this year I shall have served the House for almost thirty-seven years, the last five of them as Librarian. The Library that I shall leave will be very different in many respects from the one I joined early in 1968. The Members' Library in the Palace still looks remarkably similar to the magnificent set of rooms first occupied in 1852 and we are very fortunate that it is still in use for the purpose for which it was originally designed. Much else, has, however, changed, mainly as a result of the technology which now underlies most of our services to the House and to Members.

Exploiting that technology for the benefit of our users has been one of the Library's biggest challenges and I think we can be very proud of the many improvements that we have made in our services. Those improvements might well not have been possible without the technology but we could not provide any of our services without our staff. I have been very lucky to have so many able and committed colleagues, most of all in the Library but also throughout both Houses. I am very grateful for their support and friendship and I shall miss them a great deal.

It has been a privilege and a pleasure to serve the House, and Parliament, for so long. I have greatly enjoyed the opportunities to work for so many Members of Parliament and to be part of a department whose services have clearly been highly valued. I have every confidence that the challenges of the future will be met as they have been in the past.]

12.33 pm

The Leader of the House of Commons (Mr. Peter Hain): Mr Speaker, the whole House will want to join in the tribute that you have paid to Miss Baines. I know that she is held in great regard and much affection by Members and staff alike. Miss Baines has served the Library with considerable distinction and dedication. She is a recognised authority on parliamentary matters and has contributed to many publications, taking a leading role in the proceedings of the Study of Parliament group.

As Librarian, Miss Baines has fostered contacts with parliamentary libraries throughout the world. Throughout her career, Miss Baines has taken a very close interest in staffing matters, playing a major part in strengthening the trade union side.

Miss Baines has overseen the opening of the e-library and the development of the parliamentary information management system. I understand that this will be up and running for internal purposes by the end of the year. In the second stage, it will be an important tool, contributing to the way we deliver information to the public through a much more accessible parliamentary website.

Alongside the introduction of new technology, Miss Baines has taken forward a challenging change management programme aimed at modernising the way the Library Department delivers its services to users. This is a very significant legacy for what remains the finest parliamentary Library in the world.

I also understand that Miss Baines will be missed in the Commons gym, where she is a sprightly early-morning regular. I believe that the whole House will join me in expressing our thanks to her and in wishing her our best wishes on her retirement.

12.34 pm

Mr. Oliver Heald (North-East Hertfordshire) (Con): On behalf of the Opposition, I would like to associate myself fully with your remarks, Mr. Speaker, and with those of the Leader of the House.

The services offered by the Library have gone from strength to strength under Miss Baines' leadership. I note that last year a total of 75,000 requests for information and reference briefings were made by hon. Members on both sides of the House. That shows what an essential resource the Library is for Members. It is particularly so for the Opposition, who are very reliant on and grateful for the services provided.

It is also right to pay tribute to Miss Baines for significant innovations in recent years, such as the introduction of the debate packs, which have been very useful. Miss Baines deserves our thanks for all her work and our very best wishes for the future. Although I have never actually met her in the gym—*[Interruption]*—I know that she has a pleasant and approachable manner. We all want to wish her a long and happy retirement.

12.35 pm

Dr. Vincent Cable (Twickenham) (LD): May I add my thanks and appreciation to Miss Baines on behalf of the Liberal Democrats? Whatever party we come from, we accept that a fact in the House of Commons is often a fairly elastic concept, but that a fact from the Library is

a fact which is underpinned by independent analysis, complete professionalism and integrity. An analysis from the House of Commons Library is accepted by all on both sides of the House.

It is worth noting that, before the announcement, we were discussing the reform of government and the introduction of major changes in back offices and IT. Much of it has already happened in the Library: it has been assimilated efficiently without fuss, which reflects great credit on the Librarian. We want to thank her and welcome her successor, John Pullinger.

12.36 pm

Mrs. Gwyneth Dunwoody (Crewe and Nantwich) (Lab): Priscilla Baines has been in control of the Library during a most difficult and complicated period. She has seen a complete change in the way Library services are provided. Every one of us has relied on the Library—in my case, for more than 30 years. Library staff are not only imaginative, responsible and hard-working; under Priscilla Baines' leadership, they have transformed themselves into probably the most imaginative resource that could be provided to any Parliament anywhere. We owe Priscilla Baines an enormous debt, which we shall never be able to repay. I cannot understand why we are letting someone so young retire so early.

12.37 pm

Mr. Robert Key (Salisbury) (Con): For 21 years, it has been my privilege to use the wonderful resources of the Library. Only in the last six months, as Chairman of the Select Committee on Information, have I begun to understand the complexity of our great Library. I have always known that it is the Library's staff who make it what it is. Working with our Librarian, I now know why it is so special.

Like a well ordered farm or a well stocked duck pond, the Library is always there in full working order with Members browsing contentedly through papers or computers. The reality is that, like ducks on a pond or stream, the staff are paddling furiously to keep the show on the road. There, mistress of all she surveys, is our swan—the Librarian.

The agricultural analogy is apt, for Priscilla Baines has a first degree in agriculture and a second degree in agricultural economics, both from Oxford. When she joined the Library in 1968, it was no surprise that when the then Leader of the House, Richard Crossman, first set up the short-lived agricultural and science committees, he turned to her as the expert to take forward an exciting and challenging innovation.

Priscilla Baines has been leading exciting and challenging projects ever since. The House owes her and her senior staff an enormous debt of gratitude for the leadership of that great project which loaned 15,000 of the House's best but least used books to the British Museum. There, they can now be seen by thousands of visitors to the wonderful Enlightenment gallery, formerly the King's library, which was established as part of the British Museum when Parliament first voted to create the first national museum in the world.

More recently, it has been Priscilla's vision and ambition to develop an entirely new information storage and retrieval system for Members and our staff, known as PIMS—parliamentary information management services. The management of change in any great institution is exceptionally difficult. Priscilla Baines knows more about information management than anyone. Her new project comes on stream later this year. She will have had a twinkle in her eye as she christened it PIMS, for her wisdom is combined with wit; her love of opera is enhanced by her pursuit of travel; and her renowned knowledge of food has been known to be washed down with a glass of the other kind of Pimms.

As hon. Members, we respect and admire Priscilla's achievements. She is not, perhaps, a conventional librarian, but that is precisely why she has been so successful. I know—because I have asked them—that her large staff are very fond of her. Only last week, I was told how a colleague, on her first day back from maternity leave, attended a meeting and was instantly greeted by Priscilla saying, "Oh good, you're back!" Another colleague described how they enjoyed socialising after work with a drink on the Terrace, and said, "She is really good fun."

And so say all of us. We will be sorry to say goodbye later this year. We will miss her. Her retirement will be richly deserved. Her legacy to the House is very substantial, and we are truly grateful to her.

Rail Review

12.40 pm

The Secretary of State for Transport (Mr. Alistair Darling): With permission, Mr Speaker, I should like to make a statement, following the conclusion of the rail review that I announced on 19 January.

The railways provide an essential public service and underpin future economic growth. As the economy grows, demand for travel is increasing. Last year, the railways carried more than a billion passengers for the first time since the 1960s, so it is essential that we put in place the right organisation to run the railways, providing passengers with a reliable and efficient service.

This week's spending review has confirmed that we will be able to make record investment in rail. With increased investment, and with Network Rail now working in the public interest, it is right that we should now put the railways on a stable, long-term footing and tackle the remaining flaws left over from privatisation.

The proposals that I am announcing today streamline the structure and organisation of the railway. They provide a single point of accountability for performance, allow closer working between track and train, and also provide for greater local and devolved decision making. Together, these proposals will make sure that Britain's railways are run in the public interest, for the benefit of its passengers and freight customers.

I am publishing a White Paper today setting out these proposals in detail, and copies are available in the Vote Office in the usual way. Let me set out the key changes that I propose.

First, the Government will take charge of setting the overall strategy for the railways. It must be for Ministers, accountable to Parliament and to the electorate, to set the national strategy for the railways. The Government will set the high-level objectives, including the levels of performance. It is for the Government to decide how much money they are able to spend, and to be held to account for those decisions.

It follows, therefore, that the Strategic Rail Authority will be wound up, and that the majority of its functions, including all its financial obligations, will be transferred to the Secretary of State. The Department for Transport will take responsibility for awarding train operating company franchises. The Department will be restructured to reflect its new responsibilities.

As I said in January, the Government remain committed to maintaining strong, independent economic regulation for rail. That responsibility will remain with the Office of Rail Regulation, which will protect the rights of investors and railway customers and decide how much income Network Rail needs to deliver the Government's strategy. The office will ensure that the Government pay the proper price for what they buy.

Secondly, I turn to operational responsibility. Many of today's problems stem from the fact that, at the moment, no single organisation is in charge of running the railway on a day-to-day basis. In future, overall responsibility for the network will pass to Network Rail. The Government will set out what services Network Rail is to deliver, and Network Rail will take on new responsibilities, including leading industry planning, setting timetables and directing service recovery.

Too often, under the present system, companies have been able to pass the buck for poor performance. So, in future, Network Rail will be responsible for ensuring that the network delivers a reliable service through an agreement with the Government. It will be accountable to passengers and freight users for the network's performance. In consultation with its members, Network Rail intends to bring forward proposals to change its management and governance to reflect its new responsibilities.

Thirdly, the new structure will bring the operation of track and train closer together, allowing far closer working between Network Rail and the train companies. That will replace the current, sometimes confrontational relationship with one based on joint working.

The number of franchises will be reduced, and new arrangements put in place to allow for closer working between track and train operations—the importance of which the architects of privatisation failed to understand.

Experience has already shown—and the establishment of joint control centres is an example—that joint working results in improved performance. By providing for more efficient operation of the railway, these proposals will cut costs.

Under the new structure that I propose, there will be far greater clarity as to the responsibilities of track and train companies. Train operators will be able to concentrate on improving customer service and increasing passengers on the services that they run. When train operators' contracts are awarded, past performance will be taken into account, as well as key issues such as their proposals on costs and service improvements. The contracts will ensure that the Government can take operators off the railway if they repeatedly fail to deliver.

Controlling costs is essential. The White Paper makes it clear that the industry must do a lot more. We are spending record amounts to improve rail, but fare payers, freight customers and taxpayers rightly expect this money to be well spent.

My fourth key reform gives increased powers to the Scottish Executive, the Welsh Assembly Government and the London Mayor, as well as more local decision making in England, particularly the passenger transport executives. Many decisions affecting the amount of money spent on the railway should be taken at a local level, but current arrangements often do not allow local and regional bodies to play a full part in decisions affecting their area.

As I said in January, local transport decisions are best taken by people who know what is needed locally. They should be able to make informed decisions as to what works best and what they are willing to pay for. So let me set out what I propose.

In Scotland we will give the Scottish Executive responsibility for planning, specifying and managing services that operate under the existing franchise. As the level of service specified will impact on the rail infrastructure, it is right that, subject to agreement about the transfer of resources to the Scottish Executive, the Scottish Executive should specify the network they require and finance it. So although the infrastructure

will be owned and managed by Network Rail, with these proposals the Scottish Executive will decide what they want and how to pay for it.

In Wales, the Government will devolve additional responsibilities to the Welsh Assembly Government, recognising the different patterns of service there. The Welsh Assembly Government will specify services and fares for local services within and bordering Wales, and they will be responsible for funding those services. There will also be scope for the Welsh Assembly Government to specify and fund additional work on infrastructure if they so wish.

In London, we propose to extend the Mayor's responsibilities for rail services within the Greater London Authority boundary. In the short term, we will work with the Mayor to rationalise fares and ticketing across the different types of public transport in London, giving a better deal for fare payers. We will also work to identify options for giving the Mayor an increased role for services that lie for the most part within the GLA boundary.

In future we propose to enable the Mayor to buy additional services or to propose savings to services. We want to explore all the options, including the possibility of extending this to services beyond the GLA boundary. But that must be subject to consultation with train operating companies as well as neighbouring regional and local bodies before reaching a conclusion. Many London commuter services run well outside the GLA boundary and we need to ensure that the rights and interests of rail passengers outside London are protected.

The White Paper also acknowledges the valuable role of community railway lines, which we aim to put on a better financial footing, following the Strategic Rail Authority's recent consultation.

Passenger transport executives already manage transport provision in some of the main metropolitan areas of England. I propose that in future they will be able to buy additional services and to transfer funding between rail and other transport modes. So we will reform the funding arrangements and legislation for PTEs to provide more flexibility to make choices between rail and other forms of transport—bus and light rail, for example. These proposals amount to a significant devolution of powers across the country which will benefit the travelling public.

My fifth proposal covers a critical issue—safety. The Health and Safety Executive and Commission have done a great deal to improve safety, and over the years much has been achieved. However, we believe that it is essential to provide a very clear railway focus to safety.

The Government intend to simplify the safety regulatory structure of the railways. As part of that, we will therefore transfer responsibility for railway safety to the Office of Rail Regulation, which is independent of both Government and the industry. Safety is an essential part of railway operation. It should be in with the bricks. It needs a clear industry focus to make sure that safety is an integral part of operations. Our proposals will achieve that.

There are a number of other measures covered in the White Paper, including a better deal for freight operators. Rail carries 45 per cent. more freight than it did in 1995, and we want to see more of that. The White Paper makes proposals to encourage the continuing growth of freight, including giving freight operators more certainty about long-term access to the main freight routes.

The White Paper also includes proposals for a long-term strategy for the use of rolling stock to help the industry plan ahead more effectively. We need to get better value from rolling stock. The original leases were set at privatisation. The renewal of these leases in the same form would be poor value. So as passenger franchises are replaced, we will deal with these problems and drive a better deal for the public.

The White Paper also supports proposals for reform from the Rail Passenger Council Chair as part of the review. So we will create a more independent national structure for the RPC, giving passengers a stronger voice, but maintaining a regional presence.

In the light of the changes I propose, Richard Bowker, the chair and chief executive officer of the Strategic Rail Authority, will stand down and will leave his post in September. For the past two and a half years, he has shown outstanding leadership and a relentless determination to improve the railways. He has made a substantial contribution to the railways and leaves with my strong support and good wishes. I will appoint David Quarmby, who is currently deputy chair, to serve as chair of the SRA until it is closed, probably in the second half of next year. The board will appoint a chief executive to serve for the same time.

The SRA staff have achieved a great deal. I intend to build on the experience and the good work of the SRA and its staff as we restructure the railways. In the meantime, it is critical that everyone in the industry focus on driving up performance and improving costs. We will work with the industry to make the changes as quickly as possible. With the Office of Rail Regulation, we will take forward the changes to the arrangements for Network Rail and the train operators as soon as we can. Other changes I propose, such as in relation to the HSE, Strategic Rail Authority and devolved decision-making, will require primary legislation, which we will introduce as soon as possible.

At a time when the railways are carrying more people than they have done in the past 40 years, it is essential that we have a more customer-focused and passenger-friendly railway. I am streamlining the structure of the railway in order to improve standards and make rail more attractive for passengers. The proposals I am announcing today create a railway to serve passengers and freight. The Government will set the national strategy for the railways, Network Rail will be responsible for operating the network and track, and train companies will work closely together. We are putting the organisation of the railways on a stable long-term footing, backed by increased funding. We have set out a clear direction for Britain's railways, backed by the money they need. I commend this statement to the House.

Mr. Tim Yeo (South Suffolk) (Con): I am grateful to the Secretary of State for an advance copy of his statement. The White Paper will be judged by what it does for passengers and for rail freight. Passengers have not had much from this Labour Government so far. After seven years, trains are less reliable, fares have risen

[Mr. Tim Yeo]

more than other prices and promised improvements in the rail network have not been delivered. The east coast main line, Crossrail, Thameslink, the East London line were all promised in the 10-year plan or in Labour's election manifesto, but those projects remain stuck in the sidings with no firm dates for completion and conspicuous by their absence from today's statement.

Today, fewer trains run on time than when Labour came to power. Targets are set that have little chance of being met. Will the Secretary of State confirm that the Government's target for increasing passenger rail use has now been dropped? Four years after the Deputy Prime Minister set up the SRA, it is to be abolished. That may be a welcome admission by the Secretary of State of one of his predecessor's mistakes, but it is of little relevance to the customer.

I welcome the decision to move responsibility for safety to the regulator. However, shifting responsibilities around Whitehall and replacing one set of bureaucrats with another will not make trains more reliable, stations more comfortable or fares more affordable. Why does the Secretary of State think that he and his civil servants can run the railways better than the train operators? Why will giving more power to the rail regulator, to Network Rail and the Department for Transport solve the problems of the railways when the all-singing, all-dancing SRA signally failed to do so?

Why on earth does the Secretary of State think that putting Ken Livingstone in charge of trains is a good idea? How will that affect those rail users whose journeys begin and end outside the area for which the Mayor is responsible, none of whom had the chance to vote against him last month? What discussion of that extraordinary proposal has taken place with the train operators? Why cannot they, rather than Whitehall bureaucrats, decide when trains should run, and thus respond to consumer demand?

Is not the best way to encourage extra investment in the rail network to give the train operators longer contracts, subject to strict performance criteria, so that they have the incentive and the stability to invest more money for the benefit of their customers? How will the new system of fewer franchises actually work? Over what period will train operators be able to plan and run their services without interference from politicians or bureaucrats?

During the dying months of the SRA, how will franchises be allocated? Will subsidies, which already cost the taxpayer £14 million a day, go up or down as a result of the White Paper? How will Network Rail be made more accountable to passengers under these proposals? How will the new governance of Network Rail ensure that it operates in the interests of taxpayers and customers?

Why will not the Secretary of State concentrate on the actual experience of the rail user? Commuters catching trains at Colchester or Manningtree experience conditions that have scarcely changed in half a century. No other business could survive by treating its customers in that way. No airport expects its passengers to stand around in the wind and rain, waiting for departures. What will the Secretary of State's structures and processes now do about those simple but important and basic challenges? What in the White Paper makes it likely that more freight will be carried on Britain's railways? Will the Secretary of State restore the grants to encourage that, which he withdrew last year?

What the Secretary of State has announced today is another example of fat Government. Instead of slimming down the bureaucracy, as his advance spin promised, bureaucrats will have a bigger role. Instead of the railways being set free, commuter services in the south-east will be burdened with an extra layer of fat and bureaucracy. These proposals give Ministers and bureaucrats a bigger role in running the railways, when what was needed was a smaller one. The winners from this review are the Department of Transport, Ken Livingstone and Network Rail, not the long-suffering railway passengers, who will search the statement in vain for specific proposals to address the reliability, cost and capacity issues that are at the top of their concerns.

Mr. Darling: I appreciate that the Opposition are at a disadvantage when a White Paper is published. It probably was not possible for the hon. Member for South Suffolk (Mr. Yeo) to read it cover to cover, but that is a pity, because about 75 per cent. of the questions he asked would have been answered there. However, I shall attempt to deal with some of them.

It is important that people recognise the distinction between what is properly the province of Government—deciding how much money will be spent and setting the high-level objectives for railways—and what is properly the province of train operating companies, which is whether the 7.42 from Manningtree will run or not. The White Paper proposes the proper distinction. The Government, not the SRA, will deal with the high-level strategy and spending.

I understand why the hon. Gentleman is a little nervous of addressing spending, because the Opposition's policy is to spend £1.8 billion less on transport than we now propose. It is not surprising that he does not want to go into that issue. He must recognise, however, that Government will be responsible for high-level strategy, and day-to-day operations will pass to Network Rail. If he looks at the document, he will see that the structure will be massively streamlined, compared with the one that existed in the past.

The hon. Gentleman asked about London. We are not proposing to give the Mayor power over trains outside the GLA. We are saying that for those railway lines within London, it makes some sense that the Mayor should have some say over them, because they are complementary to tube and bus services.

Mr. Yeo: What a muddle.

Mr. Darling: The North London line is wholly within the GLA and is used by people because there is no tube line or bus service. Surely it makes sense that the Mayor should have some say over the trains that run on that line. If the Mayor decided, for example, that he wanted more stopping trains within the GLA boundary, but the trains in question originated from outside the area, the issue would need to be discussed with people who live outside the boundary. We are not talking about transferring all power over those trains to the Mayor. Why does not the hon. Gentleman look at what is actually being proposed?

The hon. Gentleman mentioned longer franchises. One of the problems with privatisation was that it was thought at the time that if franchises were awarded for a long period, such as 25 years, there would be more investment. What happened was that the costings in those long-term franchises proved to be hopelessly unrealistic. That is one of the reasons why costs got so out of control—the botched privatisation for which the hon. Gentleman was responsible.

There will be fewer franchises. In relation to the changes in governance involving Network Rail, it will bring forward proposals in the next few days. We are providing greater streamlining of the organisation of the railways. It will be infinitely better than the dog's breakfast that the Tory party left this country.

John Thurso (Caithness, Sutherland and Easter Ross) (LD): I thank the Secretary of State for his courtesy in sending me both a copy of his statement and a letter in response to the letter I wrote him as a submission to the rail review. I appreciate that he could not reply sooner and I am grateful for his courtesy in replying at the earliest opportunity.

I welcome much that is in the statement. The Secretary of State will know from our recent transport debate and the correspondence to which I have referred that he and I have reached many of the same conclusions. That is largely because common sense and logical analysis of the problems lead to some pretty obvious conclusions.

The travelling public are fed up with politicians bickering over blame. They simply want a safe, reliable, affordable railway on which they can count and, subject to the detail of the White Paper, the conclusions of the review should lay the framework for achieving their desire.

The railways have been dogged by over-complex and competing bureaucracies—I would even go so far as to say adversarial bureaucracies—and I have long argued that they need to be simplified. The review clearly accepts that. I welcome the proposed arrangements for strategic leadership by the Government and for operating responsibilities to lie clearly with Network Rail.

I welcome in particular the devolution to the Scottish Parliament of the SRA's responsibility for Scotland, as well as the proposals for Wales, London and the passenger transport executives in England. However, will the Secretary of State again confirm that the appropriate financial resources will also be transferred with those responsibilities?

It is right that Network Rail should have clear responsibility for delivery, which obviously requires strong governance. When will the Secretary of State be able to tell the House his thoughts about that? Does he anticipate restructuring the stakeholder board? At 120, it must be unwieldy to say the least—if not unworkable.

The suggestions for franchisees seem sound, but does the Secretary of State agree that three of the small franchises—namely, c2c, Chiltern Railways and Merseyrail—are among the best performers and that they will not easily fit into a larger franchise? On this occasion, will he accept that small is actually beautiful?

Strong and independent regulation is essential for the railways. I have argued that there should be one regulator for economic, safety and environmental matters, which is also broadly accepted by the review. Does the Secretary of State see the Civil Aviation Authority as a role model that could be adapted for use with the Office of the Rail Regulator? Will that office review the safety regulations so that there is an appropriate balance between the need for safety and economic drivers? I am pleased that the Government have recognised the basic inefficiency of the rolling stock companies and I look forward to studying the Secretary of State's proposals in detail.

Finally, I note that legislation will be required. In the light of the Secretary of State's acceptance of so many of the points that I have put to him, my colleagues in the House and in another place look forward to working constructively with him to help put the necessary legislation in place and, more important, to help deliver a 21st-century rail network for the long-suffering passengers of Britain.

Mr. Darling: If the hon. Gentleman can co-operate with his noble Friends in another place that will be very welcome—it does not always happen. I agree with much of what he said. To his credit, the Liberal Democrats actually have a transport policy, which is more than can be said for the official Opposition.

In response to the hon. Gentleman's questions, Network Rail will be proposing changes in its governance over the next few days. Obviously, that is a matter for the company.

On budgets and the transfer of resources, I want to move to a situation where PTEs actually know how much they are spending on the railways. There is a revealing table in the White Paper, which shows exactly some of the costs for heavy rail in the regions. PTEs will be able to make sensible choices as to whether to invest in heavy rail, light rail, buses and so on.

The hon. Gentleman asked about franchises and mentioned three that work well. I want to reduce the number of franchises because it is important that they are more closely aligned with the track organisation. I attach particular importance to that, but the exact shape and size is something that we shall need to look at.

I welcome the hon. Gentleman's comments on safety. There may be parallels with the CAA, if only to show that safety and economic regulation can sit in one regulator. What is important is to achieve the railway focus to which I referred.

I am grateful to the hon. Gentleman, and look forward to seeing how the Liberals maintain that steady course over the next year or so.

Mrs. Gwyneth Dunwoody (Crewe and Nantwich) (Lab): Is the Secretary of State aware that every traveller who is fed up with the constant muddle in which the rail industry has had to exist for the past 10 years will welcome his clarity? Will he ensure that the system whereby one company blames another is not continued in the future and that we have clear lines of responsibility, so that we—the Government and the taxpayers, who are paying for the system with greater sums than ever before—are not only given value for money but can see who wastes the cash and makes impossible the service to which every passenger is entitled?

Mr. Darling: I very much agree with my hon. Friend. We need clarity as to who is responsible for what. The Government accept responsibility for funding and the electorate are entitled to hold them to account on that. If a new Government came along who wanted to slash spending on transport, they would have to be held to account for that. We need similar clarity on operations, so that we can see who is responsible for trains running on time and, critically, as my hon. Friend pointed out, for spending money. As ever, I am grateful for what my hon. Friend says.

Mr. John Horam (Orpington) (Con): Is the Secretary of State aware that about 50 per cent. of all passenger rail journeys are made by Londoners, yet last year London received only £73 million in revenue subsidy while the rest of the country got £1.9 billion? Now that the right hon. Gentleman has taken new powers to himself, which I welcome, will he address that matter urgently?

Mr. Darling: The hon. Gentleman is right: the London commuter network is the most heavily used part of the system. Obviously, subsidy is directed to the network as a whole, but as we move towards more transparent budgets and can see where the money is being spent, sensible decisions can be taken. However, before the hon. Gentleman calls for more subsidy, he might want to have a word with his hon. Friend the Member for South Suffolk (Mr. Yeo) who is advocating a £1.8 billion cut in transport spending.

Mr. Paul Truswell (Pudsey) (Lab): My right hon. Friend will be aware that rail congestion in west Yorkshire is greater than in most parts of the country, including the south-east. That is certainly true of the three lines that serve my constituency—Wharfedale, Harrogate and Leeds to Bradford. Can he assure me and my constituents who use those services that the new structures will be able to identify and deliver the renewal of rolling stock and the increase in capacity that is desperately needed to meet not only existing demand but the demand we hope to generate with the opening of new stations?

Mr. Darling: Yes, I can. Part of my proposals for west Yorkshire would give the passenger transport authority greater power to decide what is required. Obviously, the Government can take an overall strategic view as to the size and shape of the railways nationally, but decisions about what happens locally and how transport is provided—whether by heavy rail or other modes—are best taken locally. We want to move towards a situation where there is greater transparency about what happens so that there can be far better decision making than there is at the moment.

Sir George Young (North-West Hampshire) (Con): Members on both sides of the House will welcome the increased investment in the railways since privatisation, but the Secretary of State knows that many worthwhile projects are no longer in the plan. Will he have another look at the length of franchises? With a two-year rolling franchise, there is little incentive for a train operator to invest in improved stations or car parks. Will he consider increasing the franchise lengths so that such incentives can be restored?

As the SRA no longer stands behind Network Rail, can the Secretary of State confirm that Network Rail's borrowing will appear on the Government's balance sheet? So far it has not done so. Finally, will he not lose sight of the role of rail in a sustainable and coherent transport strategy? Rail fares are rising ahead of inflation—way ahead of motoring costs—and he has abandoned the growth targets for use of the railway, so in the statement that he has just made is he not running the risk of not capturing the full potential of rail?

Mr. Darling: I certainly am not. As I said in my statement, it is worth bearing in mind that last year Britain's railways carried more passengers than at any time since the early 1960s. That is a measure of their success. Despite all the difficulties railways are doing well. Although punctuality is not nearly as good as it should be, it is improving.

Mr. Christopher Chope (Christchurch) (Con): That is the success of privatisation.

Mr. Darling: No, it is not. I think the hon. Gentleman will find that it has something to do with the phenomenal growth in our economy over the past seven years, as well as the not insubstantial sums of public money that are going into the railways. However, because someone will no doubt ask about it at some stage, I will give him this: several train operating companies have brought some flair into getting passengers to use them. I have always said that.

On the last point raised by the right hon. Member for North-West Hampshire (Sir George Young), he need have no fear. I gently point to the right hon. Gentleman, however, that he and his hon. Friend the Member for South Suffolk (Mr. Yeo) may well ask why we have not built this line, that line or the next one, and we may say, "Yes, we will do as much as we can", but if they cut £1.8 billion from transport spending, they will not be able to build any of those lines.

In relation to the franchise length, I agree with the right hon. Gentleman that we need to award franchises that are of sufficient length to give companies an incentive. As I have said, we need to take into account not just costs and performance, but how a company behaves in the first part of its franchise. However, I am wary of moving to something like a 25-year franchise—indeed, I would not agree to that—which was suggested about 10 years ago. For example, the figures included in the Virgin franchises in 1995–96 have proved wildly optimistic. That does no one any good at all.

In relation to the financial obligations, I said in the statement and the White Paper says that they will transfer to the office of the Secretary of State.

Mr. Eric Martlew (Carlisle) (Lab): My right hon. Friend referred in his statement to the valuable role of community railways. I wonder whether he could expand on that, especially with regard to branch lines in rural areas, such as the west Cumbrian line and the Oxenholme to Windermere line. How will the White Paper affect them? What more local control will we have over the railways?

Mr. Darling: The White Paper deals with local community railways and refers to the recent SRA consultation. The idea is that certain railway lines, which may not be viable under the present system, could be operated much better. It does not include specific suggestions, but sets out a framework for decision making in the future. I have been impressed by the fact that a number of working community railway lines would almost certainly have been shut if they had not been transferred to the control of local people. That is something that I want to encourage.

Hugh Robertson (Faversham and Mid-Kent) (Con): The Secretary of State will be aware of the real concern felt in my constituency and that of my hon. Friend the Member for Ashford (Mr. Green) about the SRA's proposed cuts to the Maidstone to Ashford line. As a result of the right hon. Gentleman's statement today, will he confirm whether the Government's consultation with the Integrated Kent Franchise will still report as planned in the autumn?

Mr. Darling: I am well aware of the concerns in Kent about the current consultation. It is very clear that, whatever is proposed, if there is a difficulty in one part of the country or another, that is something for the SRA to resolve. I appreciate that it will be very difficult to resolve all the various conflicts, but, obviously, we must have a go. For the avoidance of doubt, the SRA will continue to be responsible for those matters until it is closed, probably in the second half of next year.

Mr. Graham Stringer (Manchester, Blackley) (Lab): I congratulate my right hon. Friend on an excellent response to the analysis in the Select Committee report, "The Future of the Railway". I particularly appreciate the devolution of both power and cash to passenger transport authorities, so that they can determine what goes on in their areas. A huge quantity of money is spent on heavy rail over which local people have no control or say, but will he assure me that waiting for the legislation to enable that transfer will not delay implementing the extension of the tram system in Greater Manchester?

Mr. Darling: I am very grateful to my hon. Friend for raising that issue. He has long held the view that there ought to be greater openness, so that PTEs can take informed decisions about whether to provide heavy rail, light rail or bus services. There are a number of light rail schemes, but they are not dealt with specifically in the White Paper, which is about the proposed structure. I have always made the point that, in relation to any rail scheme—heavy or light—or indeed any other transport scheme, we must be satisfied that it stacks up and provides value for money.

One of our problems with light rail schemes, as my hon. Friend well knows, is that the costs have doubled in the past two or three years and what is proposed is half as much as originally planned. The Government cannot sign up to things that do not represent value for money. Some of the changes that I have announced today, whereby we are increasingly able to identify regional transport budgets, will ensure that PTEs and local authorities will also be able to make more informed judgments about where they are prepared to spend their money. That is obviously of interest to the Government.

Sir Nicholas Winterton (Macclesfield) (Con): I welcome the reduction in franchise numbers. I also warmly welcome the closer working relationship between operators and those who control the track. However, may I pick up the point, which was made strongly by my right hon. Friend the Member for North-West Hampshire (Sir George Young), that the Secretary of State and the Government should consider the length of franchises? Unless the franchises are of a certain length, those companies will not be able to make the necessary investment in car parking facilities at stations. The need for safe, reliable parking at Macclesfield station is critical to getting people off the roads and into trains for journeys to Manchester or south to Birmingham and Stoke. Such investment is very important to my constituency.

Mr. Darling: The hon. Gentleman makes a very good point. Many train operating companies have not just put money into their trains and on-train services, but built car parks, and some run minibus and bus services to round up customers and take them to the stations every morning. That is the sort of thing that we want to encourage. I want to ensure that franchises are sufficiently long to encourage companies to stick in there and make that investment.

Past performance ought to be taken into account because we are entitled to ask, "Okay, what did you do for the first part of the franchise? What might you do in the second part?" Obviously, cost and performance are critically important. As I told the right hon. Member for North-West Hampshire (Sir George Young), my reservation is that, if the franchise is too long, the numbers bid sometimes become unrealistic, but I am very grateful to the hon. Member for Macclesfield (Sir Nicholas Winterton) and other hon. Members for the general welcome that they have given to our proposals. Indeed, the only sour note so far appears to have come from the hon. Member for South Suffolk (Mr. Yeo).

Mr. Iain Luke (Dundee, East) (Lab): I welcome transferring the SRA's responsibilities to the Secretary of State, but I am concerned, as the representative of a north-eastern Scottish constituency, that the funding given to the Scottish Executive to upgrade the line north of Edinburgh is sufficient. Colleagues and I have recently had discussions with the SRA, which has decoupled the prioritisation of investment north of Edinburgh, and we have had discussions with the Minister for Transport in the Scottish Executive, and they have told us that they have no money. I hope that any devolution of responsibility will involve sufficient money to ensure that the much-needed investment in north-east Scotland's railway lines can go ahead soon.

Mr. Darling: I am aware of the problems that my hon. Friend sets out in relation to the lines in the north-east of Scotland. Upgrading the line between the central belt and Aberdeen was an issue when I lived in Aberdeen in the 1970s—it is not new. In relation to what I propose in respect of Scotland, it is right, especially as most services in Scotland are discrete to Scotland, that the Scottish

[Mr. Darling]

Executive ought to have a greater say, and they can decide to spend more or less. That is a decision that they should properly take.

In relation to rail finances generally, however, the House should understand that the cost of running the railway, especially now that we are clear about the state of the network, has risen very dramatically in the past five years or so. Although there will be improvements—a lot of money is going into the railways—obviously, choices must be made about what can be done and when, so people must be realistic about that.

Pete Wishart (North Tayside) (SNP): I, too, welcome the statement, especially the part that relates to Scotland. We in the Scottish National party and our colleagues have argued long and hard that there has been an overwhelming case for the transfer of rail powers to the Scottish Parliament and, indeed, to the Welsh Assembly. I am glad that the Secretary of State now sees the clarity of that case. Will he say a little more about how the resources will follow the transfer of powers? I am still unclear about how Scottish objectives will be pursued by the Scottish Executive. In his guise as the Secretary of State for Scotland, does he agree that, when it makes overwhelming sense to devolve such powers, as it does on the railways, he will continue to consider such cases in the future?

Mr. Darling: I am proposing a substantial change in the arrangements for the railways. Of course, the Scottish Executive got a very good settlement, consequential on the announcements that my right hon. Friend the Chancellor made on Monday. It is obviously for the Scottish Executive to decide how to deploy those resources, and it is encouraging that they are now spending more than £1 billion on transport for the first time ever, I think. That is good news. The hon. Gentleman might want to reflect on the fact that the reason why Scotland's expenditure is going up is that the Chancellor was able to make those resources available because of the strength of the UK economy. Of course, that would all be at risk with separation.

Liz Blackman (Erewash) (Lab): My right hon. Friend will know that I have raised the absence of a station at Ilkeston with him before. Indeed, it is the only town of its size in the east midlands that does not have a station. The Government are currently funding a link road to join the town with the motorway, so a station would make an ideal transport hub. In the light of his statement, what comfort can he give to my constituents that a station will arrive sooner rather than later?

Mr. Darling: Tempted though I am, I would probably be better not to make any specific promises. The White Paper deals with the structure and organisation necessary to run the railways rather than specifics. We will need to consider whether a station can be established in Ilkeston. We are spending a lot of money on the railways, but people must understand that the cost of running the railway and the regulatory review that took place at the end of last year have put a substantial pressure on our budget as a whole. Yes, we want improvements to transport across the piece, but we need to ensure that we bear down on costs because every time that we do that, additional money might be available to do other things. I shall bear my hon. Friend's point in mind, but the White Paper does not deal with matters in such specific deal.

Mr. David Tredinnick (Bosworth) (Con): The Secretary of State tries to claim credit for the increase in passenger numbers over the past 40 years, but in reality, the dramatic increase was caused by the privatisation of the railways by the Conservative party. All the issues with which he is dealing relate to the success of privatisation. That needs to be stated because it is not said often enough.

The right hon. Gentleman might want to address the reality of the discontinuation of the Nottingham-Hinckley-Coventry line that goes through my constituency. He is now taking more powers for himself, so if I write to him, will he undertake to examine Railfuture's proposal to reinstate an existing dive-under tunnel at Nuneaton?

Mr. Darling: Again, we are hearing a plea for more money to be spent on the railways. I return to this point: the Conservative party is committed to cutting £1.8 billion from the transport budget, so it is in no position to call for more money for a dive-in tunnel, a new station or anything because it would not make money available. As for what I said about additional passengers, I have never tried to claim credit for the transport system over the past 40 years—I was not responsible 40 years ago. What is happening now with our growing economy enabling more people to travel by our trains and additional public money for the railways is to the credit of the Government, but it is the shame of the official Opposition that they want to cut the amount spent.

Joan Ruddock (Lewisham, Deptford) (Lab): I congratulate my right hon. Friend on his statement and especially the extension of the Mayor's responsibilities for rail services in the Greater London area because of the increased integration that I believe that will deliver. Is he aware that my constituents have the fourth highest dependency on public transport services in the country and that we need the East London line to be extended? That is currently an SRA project that is expecting SRA funding, so can he give us any assurance that the long overdue project will go ahead?

Mr. Darling: As I said, the White Paper deals with the structure and organisation of the railways. As my hon. Friend knows, the SRA and the Department have been examining several projects, including the East London line and other London projects. I will be able to say something about those things, but I must be careful to remind hon. Members again that there are huge cost pressures on us. I have always made it clear that London's rail infrastructure needs to be extended, but we must consider how that is paid for and when it happens. Today's announcement was purely about the structure of the railways.

Mr. Eric Forth (Bromley and Chislehurst) (Con): Will the Secretary of State explain how the *Evening Standard* was able to say with such confidence:

"Ken Livingstone is set to be handed control of the entire London rail network"?

It mysteriously seemed to know the content of the statement before it was given. In that context, will he expand a little further on the mysterious part of his statement saying,

"Many London commuter services run well outside the GLA boundary"?

Can he name any that do not?

Mr. Darling: In relation to the London *Evening Standard*, I suggest that the right hon. Gentleman directs his comments to the editor rather than to me. I do not know why the story was written. The story in the first edition of the *Standard* is not right, as I said earlier. The right hon. Gentleman should actually read the White Paper, although I appreciate that that would require rather more effort than he sometimes applies to such matters, because he would see that the proposals are rather different from what appears in the *Evening Standard*. I am told, although I cannot promise the House of this, that the second edition is rather different.

Mr. David Watts (St. Helens, North) (Lab): I welcome my right hon. Friend's statement, especially the element about giving more powers to passenger transport authorities. If he is worried about whether the strategy will work, I refer him to the Merseyrail system. It was the worst train system in Britain, but since it transferred to the PTA, it has become the second best and most reliable service. Will he see whether he can support that scheme even more?

Mr. Darling: The White Paper refers specifically to Mersey Electrics and records what it has done. I know that its reliability is pretty good, but it is worth remembering that it has a discrete network, so it is fortunate that no other trains, apart from the odd freight train, go on to the lines. The arrangements for Merseytravel are set out, and my hon. Friend will have every reason to be happy with what is proposed.

Dr. Vincent Cable (Twickenham) (LD): Further to the answer that the Secretary of State gave to the hon. Member for Lewisham, Deptford (Joan Ruddock), how will the new governance regime involving the London Mayor impinge on the Crossrail project? Does he intend to make a full statement on that subject before the end of the parliamentary Session?

Mr. Darling: I hope to be able to say something about Crossrail in the not too distant future.

Mr. Michael Clapham (Barnsley, West and Penistone) (Lab): I welcome most of my right hon. Friend's statement, but I am a little worried by his proposals on safety. Will he say a little more about why he has decided to move responsibility for safety from the independent health and safety inspectorate to the Office of Rail Regulation, and confirm that that is not being done because of cost pressures?

Mr. Darling: Absolutely not; safety is absolutely paramount. We thought about the transfer long and hard, and I tell my hon. Friend and the House that the ORR is as independent as the Health and Safety Executive. There is no question of safety being anything but independent from both the Government and the industry—that will remain.

We are undertaking the transfer because given everything that happened in the past, and especially due to European directives on safety, it is much better to have an organisation that can focus on railway safety. We can thus simplify the structure and apply ourselves to the risks faced by the industry. For example, although attention is obviously given to passenger fatalities due to people falling off trains, the vast majority of people killed on the railways are trespassing or suicides. The industry has not examined that risk sufficiently, so we need an organisation with a clear focus. I have, of course, discussed the matter with Bill Callaghan, the chairman of the Health and Safety Commission. Although his view was different to mine, he told me that he and the rail regulator will work closely to ensure that the transfer works. I will do nothing to prejudice that because I want the transfer to take place properly so that it will help people. I think, on balance, that my judgment is right.

Angela Watkinson (Upminster) (Con): I heard with great alarm that the Mayor for London might be allowed to become involved in commuter services starting outside London and running into London. Two such lines run through my constituency: the Southend-Fenchurch Street line run by c2c; and the Southend-Liverpool Street line, which is run by the renamed Great Eastern—it is now inexplicably called "one", which means that every carriage looks like a first-class carriage. Will the Minister explain what sort of powers the Mayor might be given?

Mr. Darling: I understand that people who read the first edition of the *Standard* might have got a wholly erroneous impression. I propose that there is room to give the Mayor a greater scope to specify what is needed for services that run wholly in the Greater London authority—I referred to the North London line, for example.

Mr. Oliver Heald (North-East Hertfordshire) (Con): It is called the Northern line.

Mr. Darling: If the hon. Gentleman could contain himself for once, he might actually learn something. I appreciate that he has nothing worthwhile to say, so perhaps he should not say anything.

On commuter services that run outside London, the Mayor could say that he would like to pay for more services to stop within the London boundary. Conversely, people coming from, say, Southend might want a fast service into London with few stops. Reconciling those two interests will require plenty of discussion. I have made it clear, both in the White Paper and my statement, that the rights and expectations of people living outside London must be taken into account. There is no question of the Mayor being given control of those services outside his area. If there is an argument for providing more stopping trains and to

[Mr. Darling]

provide more services, the question is whether that could be accommodated. I would have thought that that required a common-sense approach, not the scaremongering in which the hon. Lady's colleagues are indulging.

Lawrie Quinn (Scarborough and Whitby) (Lab): May I congratulate my right hon. Friend not only on his excellent statement, but on the negotiations that he undertook with the Chancellor of the Exchequer on transport spending? May I also be the first Back-Bench Member to thank, as the Secretary of State did, the staff of the Strategic Rail Authority for their work in preparing the way forward for Britain's railways? In particular, I draw attention to the leadership of Richard Bowker, especially on community rail partnerships and the blueprint outlined.

On freight, does my right hon. Friend propose to undertake discussions with the Office of the Deputy Prime Minister to improve the transport planning arrangements to allow depots to provide access for more goods to go on to the rail network?

Mr. Deputy Speaker (Sir Alan Haselhurst): Order. I appeal for very short questions and precise answers. I am letting the statement run beyond the original time estimated so that all hon. Members get called.

Mr. Darling: In relation to my hon. Friend's three points, I am always grateful to the Chancellor. That does not, however, get us away from the fact that our budgets are still under pressure. I want freight to be encouraged. Indeed, I am greatly encouraged by the freight companies that have made it clear that they want to go out and win new business. I entirely agree with what my hon. Friend said about Richard Bowker.

Mr. Peter Luff (Mid-Worcestershire) (Con): Does the Secretary of State understand that there will be considerable concern in Worcestershire about his proposal to extend the powers of the passenger transport executives? We have such poor commuter services because Birmingham and the conurbation specify their services in preference to Worcestershire commuters. Given that he is also talking of giving the Welsh Assembly powers for services bordering Wales, many of which come to Worcestershire, we could be hit by a double whammy. In addition, I invite the Secretary of State to answer the question he did not answer—

Mr. Deputy Speaker: Order. No, I do not think that we will have an extra question.

Mr. Darling: My proposals on devolution are primarily directed at those services that operate within the areas covered by PTEs and so on. In all parts of the network, there are obviously choices to be made and decisions to be taken between services that run within a local area and those that run further afield. *[Interruption.]* If the hon. Gentleman would be quiet for one minute, I might be able to answer his question.

The hon. Gentleman is right to be concerned about the tension between people who live well away from PTE areas who rely on services that go into those areas. That is obviously something that we need to reconcile, a point that I made earlier.

Hugh Bayley (City of York) (Lab): My right hon. Friend's decision to pin down the bureaucracy and to provide a clear strategic framework for the railways, and his ability to win extra money from the Treasury to deliver the strategy, will be widely welcomed in a railway town like York. Now that the parameters have been set, when will the SRA publish the route utilisation strategy for the east coast main line and when will the refranchising formally start?

Mr. Darling: I hope that the answer to both those questions is "shortly". It is most important that the change does not hold up developments that need to be put in place to ensure that the railways operate over the next few years. I hope that we can do those two things as soon as possible.

John McDonnell (Hayes and Harlington) (Lab): May I give credit where credit is due? Today's announcement shows that the Secretary of State is slowly but surely reinventing a much improved British Rail. Unfortunately, he has not gone far enough in bringing the train operating companies back into public ownership. However, will he at least end the private sector preference, so that if the public sector is operating successfully—as it is with south-east trains—it is not forced into the private sector?

Mr. Darling: Not for the first time I must disappoint my hon. Friend. We are not re-creating British Rail and I think that the public-private partnership works. The performance of south-east trains is improving, but so is the performance of a number of other train operators operating around London. I am afraid that we will have to disagree—but nothing new there.

Mr. Gordon Prentice (Pendle) (Lab): Will the new arrangements make it easier for disused railway lines to be reopened, or is the shape of the network to be entirely with Network Rail?

Mr. Darling: The Government have to decide how much they spend and the general overall strategy for the railways. Network Rail, through its industry planning process, will have to decide whether markets mean that new lines might be profitable or old lines might change. That happens with all types of transport because it is necessary to take account of where people are.

If I understand my hon. Friend correctly, he is referring to community railway lines. They have been successful in keeping lines open that might otherwise have closed. That is acknowledged in the White Paper and we want to build on it.

Business of the House

1.35 pm

The Leader of the House of Commons (Mr. Peter Hain): With permission, I should like to make a statement about the business for next week.

MONDAY 19 JULY—Remaining stages of the Health Protection Agency Bill *[Lords]*. Followed by motion to approve the Draft Council Tax Limitation (England) (Maximum Amounts) Order 2004, followed by remaining stages of the Public Audit (Wales) Bill [*Lords*].

TUESDAY 20 JULY—A debate on Iraq on a motion for the Adjournment of the House, followed by consideration of Lords amendments to the Asylum and Immigration (Treatment of Claimants) Bill, followed by if necessary further consideration of Lords amendments. It may also assist the House if I confirm that there will be a statement about the findings of the balance of funding review report.

WEDNESDAY 21 JULY—A motion to approve three regional assembly and local government referendums orders, followed by consideration of Lords amendments.

THURSDAY 22 JULY—If necessary, consideration of Lords amendments, followed by motion on the summer recess Adjournment.

The provisional business for the week following the summer recess will include:

TUESDAY 7 SEPTEMBER—Second Reading of the Companies (Audit, Investigations and Community Enterprise) Bill [*Lords*].

I should also like to inform the House that the business in Westminster Hall for September will be:

THURSDAY 9 SEPTEMBER—A debate on the report from the Science and Technology Committee on the EU's new chemical strategy.

THURSDAY 16 SEPTEMBER—A debate on the report from the Committee on the Office of the Deputy Prime Minister on postal voting.

Mr. Oliver Heald (North-East Hertfordshire) (Con): I thank the Leader of the House for the business.

Although we are pleased that it is possible to have the capping of local authorities debated on the Floor of the House next Monday, as is normal practice, it is wrong that only an hour and a half is to be allowed when five councils and one fire authority are involved. May we have more time for that debate?

Can the right hon. Gentleman explain why so many last-minute amendments on new matters were tabled by the Minister when the Energy Bill was discussed on Report this week, which meant that other hon. Members were unable to have their amendments discussed before the guillotine fell? When will the Leader of the House stop that sort of abuse?

Now that the Scottish Parliament (Constituencies) Bill has completed all its stages, will the right hon. Gentleman implement the Westminster boundary review for Scotland by laying the order before we rise?

Finally, I ask for a debate on the Butler report. It was made to Parliament and should be debated here, just like the Hutton report and the Penrose report. The Prime Minister has a poor record of making speeches here, but we do need a detailed speech from him in response to the report. He needs to address the flaws in intelligence and the way in which he conducts Cabinet business.

Lord Butler says that Downing street stretched intelligence "to the outer limits". He says that the 45-minute claim should not have been in the dossier at all. Throughout the dossier, serious misgivings about the intelligence were taken out. Who took them out? How could the Prime Minister then tell the country that the intelligence was "beyond doubt"? How could he tell this House that it was "extensive, detailed and authoritative" when we know that it was "little", "sporadic" and "patchy"?

The people of this country are entitled to believe their Prime Minister as he leads us into war. Can that ever be the case again—

Mr. Deputy Speaker (Sir Alan Haselhurst): Order. The hon. Gentleman is calling for a debate. We should not be holding it now.

Mr. Heald: We need a debate in Government time, led by the Prime Minister, before the House rises.

Mr. Hain: Well, that was a bit of windy rhetoric, was it not, Mr. Deputy Speaker? Before I respond to it, I shall deal with the other points that the hon. Gentleman raised. I do not accept that an hour and a half on council capping is insufficient. The matter has been debated regularly in the House and this will be an appropriate way in which to deal with it. I note the hon. Gentleman's point about Government amendments to the Energy Bill. Obviously, I share with him the desire to minimise the tabling of Government amendments to any Bill, especially at a late stage, including on Report. I also regret that other amendments were not discussed. On the Scottish Parliament (Constituencies) Bill, no, there will not be an order brought before the summer recess. The hon. Gentleman will have to wait until an appropriate time for that.

I shall now deal with the substance of the issue that the hon. Gentleman raised. There will be a debate on Iraq on Tuesday, as I have already announced, in which there will be plenty of opportunity to discuss the Butler report. Indeed, I can confirm that the Foreign Secretary will make reference to it in his opening speech. He will obviously take interventions on that matter, and any Members who catch the eye of the Chair will be able to make their points.

I refute categorically the suggestion that the House has not had an opportunity to discuss Iraq. The Prime Minister has made a whole series of statements on Iraq and other matters. He also opened the debate on the Hutton report, at the request of the Opposition, among others. He has held himself accountable to the House more than any other Prime Minister, to the extent that, for the very first time, we had a debate and a vote authorising the decision to go to war, which was carried by a clear majority. So the idea that Parliament has somehow been bypassed in this process is absolute nonsense, and the hon. Gentleman knows it.

The hon. Gentleman's reference to the Butler report represents the typically opportunistic stance of the Conservatives, who have consistently supported the

[Mr. Hain]

action in Iraq. I could add to the quotations from the Leader of the Opposition on that matter which were repeated by the Prime Minister yesterday, but I shall spare the hon. Gentleman's pain. Frankly, if there is an issue of credibility involved, it is the shifty opportunism of the Leader of the Opposition, and I think that the voters in the by-elections today and in future will pronounce their verdict on that shifty opportunism. If there is a credibility problem, then it is the Leader of the Opposition who has a credibility problem on Iraq, the Butler report and just about everything else.

Dr. Vincent Cable (Twickenham) (LD): I welcome the proposed statement on the balance of funding review. I also welcome the Adjournment debate on Iraq next week. It was clear from the statement and the comments made yesterday that there was palpable frustration in the House that some Members could not express their views at that time, and I hope that next week's debate will provide an opportunity for the large number of Members—whether they were for or against the war, and whether they are pleased or displeased with the outcome—to affirm their anger that they were led into war on false assumptions. I hope that the debate will provide an opportunity for that opinion to be expressed.

Will the Leader of the House tell us who will summate in that debate? It is important that the Government should have an opportunity to explain, in response to Butler's finding that "serious errors" were made, who individually carries responsibility, when it has been stated that there was collective blame. Will the Foreign Secretary be the person to convey a definitive answer to that question?

Butler raises a wider question, on which the Leader of the House is perhaps the best person to report back to us. If there was a failure of what has been called an informal system of governance, in terms of the way in which the Cabinet functioned and made decisions, will we have a report presented to us, either through a statement or a debate, on how Cabinet government and its reporting procedures are to be improved?

Switching to another subject, a large number of Members on both sides of the House are concerned that schools are being built and transport systems improved by private finance initiative contractors—particularly Jarvis, which is on the brink of bankruptcy. Indeed, we might come back to Parliament in the autumn faced with serious disruption to building programmes if that company does go bankrupt. Is the Leader of the House in a position to say whether the Secretary of State for Education and Skills or another Minister will be able to make a statement on that before the House breaks up?

Earlier this week, the Secretary of State for Health referred to the serious problems arising from MRSA in hospitals and has now acknowledged that this is a major problem in the health service. Can we have a full statement and debate on this, as there is widespread frustration in the House that, although this issue has been raised by me and many other Members over the last six or seven years, it has taken all this time for it to become a top priority issue for the Secretary of State and for action to be taken? Can we have a fuller explanation of what action is being taken on this matter?

Mr. Hain: On Iraq and the Butler report, there has been an honest difference of opinion between the Liberal Democrats and the Government on this matter. I accept that the hon. Gentleman and his party oppose the action that the Government took; they did so honestly, just as we acted honestly, and there should be a mutual recognition of the honesty of each other's position. That is in stark contrast to the opportunism of the Conservatives, who were actually urging us to go to war before the United Nations passed resolution 1441. In fact, they were inciting us to go to war without the authority of the United Nations, before that process broke down. At least the Liberal Democrats have maintained a consistent position on the issue, although that is about all I can say for it. It has yet to be decided who will reply to the debate on Iraq, but I shall obviously take into account the points that the hon. Gentleman raised in that regard.

On the Cabinet, the Butler report made it perfectly clear that the decision making and the style of the Cabinet was no less effective, to quote the Butler report, compared with other Governments. There were 24 Cabinet discussions on Iraq, many of which I attended after my promotion to the Cabinet. There were 25 key meetings of Ministers and officials, and that is apart from the war Cabinet itself. So there was full consultation, every Cabinet Minister had the opportunity to speak, and at the end of that process we came to Parliament and sought the approval of Parliament in the first ever vote on whether to go to war. Any questioning of the decision making is therefore simply unacceptable.

I wonder whether the Liberal Democrats have actually read the Butler report. Perhaps I should read one of its conclusions, which states that

"we have reached the conclusion that prior to the war the Iraqi regime:

a. Had the strategic intention of resuming the pursuit of prohibited weapons programmes, including"—

Mr. Deputy Speaker: Order. I think that I ought to say to the Leader of the House what I said to the hon. Member for North-East Hertfordshire (Mr. Heald). We cannot go into the details of that debate at this time.

Mr. Hain: I am happy not to go into the details, in that case, Mr. Deputy Speaker.

On MRSA, we were the first to introduce a mandatory system for collecting reports of bloodstream infections. It was introduced in 2001, and it was much needed, given what went on before, including under the previous Conservative Government. Improved cleanliness is obviously an important part of tackling this problem, but it will not be tackled by that alone. I remind the House that it was the previous Conservative Government who privatised hospital cleaning and contracted it out so that low costs were the order of the day, rather than high quality. We have sought to reverse that. On PFI contracts, I will certainly draw to the attention of the Secretary of State for Education and Skills the points that the hon. Gentleman has raised.

Mr. Gordon Prentice (Pendle) (Lab): Has my friend seen early-day motion 1512 on Cabinet decision making, which stands in my name?

[That this House notes with unease Lord Butler's observations on page 147 of his report concerning the nature of Cabinet discussions on Iraq; is dismayed that while a small number of key Ministers met frequently, no papers were circulated to the full Cabinet or to a Cabinet committee despite the fact that "excellent quality papers" were written by officials and that information given to Cabinet ministers outside the inner circle and in the Cabinet forum was solely by way of oral briefings by the Prime Minister, Foreign Secretary and Defence Secretary; further notes that Lord Butler's conclusion that this practice "reduced Cabinet Ministers' ability to prepare properly for such discussions" and this reduced "the scope for informed collective political judgement"; deplores the way in which vital decisions on war and peace were taken on the full authority of the Cabinet but without the active participation and engagement of all its members; and calls on the Head of the Home Civil Service and the Prime Minister to give an undertaking to Parliament that the concerns expressed by Lord Butler in the machinery of Government will be fully addressed.]

It is not just the Liberal Democrats who are exercised about this matter: 147 Labour Members voted against the war. PowerPoint presentations to Cabinet Ministers can be no substitute for considered background papers circulated in advance so that Cabinet Ministers can make an informed judgment on important decisions such as going to war.

Mr. Hain: It is always nice to know that we have the support of my hon. Friend on these matters. I want to say to him frankly and bluntly that I was in the Cabinet during many of those discussions. They took a great deal of time over many meetings—indeed, there were 24 Cabinet discussions on the matter, as I said earlier. There was a great deal of probing of all the issues, and the idea that the Cabinet was some kind of sop in regard to the decision that was made is absolutely wrong. My hon. Friend ought to withdraw that suggestion.

Mr. Eric Forth (Bromley and Chislehurst) (Con): May we please debate who should set up committees of inquiry? Is it not now obvious that a committee established by the Prime Minister—the chairman was appointed by the Prime Minister, the terms of reference were written by the Prime Minister and the members all got privy councillorships before it started—is not a satisfactory way in which to achieve a truthful outcome? I suggest to the Leader of the House that it might be better if all future committees of inquiry were appointed solely and entirely by the House of Lords.

Mr. Hain: The right hon. Gentleman's question is eccentric and predictable. Is he impugning the integrity and credibility of the right hon. Member for East Hampshire (Mr. Mates), who served on the Butler inquiry? We have had the Foreign Affairs Committee inquiry, the Intelligence and Security Committee inquiry, an independent inquiry headed by a judge—the Hutton report—and now the Butler inquiry, which was headed by a former Cabinet Secretary. Those four inquiries produced 1,056 pages of material and 500,000 words of analysis. None of the charges made by any critics of the Prime Minister or the Government has been sustained, and the critics should shut up, put up and accept the result of those four inquiries.

Mr. Alan Meale (Mansfield) (Lab): Will the Leader of the House inform hon. Members why the business for September, which he announced today, does not include the topic of hunting with dogs? As I understand it, unless the topic is brought back in the House today, it will not be debated in the September session because one parliamentary month must pass before a Bill can be debated under the Parliament Acts.

Mr. Hain: I think that my hon. Friend will find that he is not right on that point. I have announced today all the business that I can confirm at this stage. A considerable period of the Session remains, and I do not necessarily expect to make an announcement before the House rises for the recess. However, hon. Members know that I have repeatedly made strong commitments in this House, and those commitments to resolve the issue will be honoured.

Alistair Burt (North-East Bedfordshire) (Con): Will the Leader of the House consider holding a debate on the powers of coroners' courts? An inquest begins in Hatfield today into the death of the son of one of my constituents, who was killed when he was struck by a lorry on the A1. Because the company that owns the lorry and the lorry driver are domiciled abroad, however, the coroner cannot bring the lorry driver to the coroner's court to answer questions. If the Leader of the House agrees that that is an anomaly, I wonder whether he can find time for us to debate and discuss the matter.

Mr. Hain: The issue is obviously serious, and the Secretary of State for Constitutional Affairs will want to pay close attention to that point and will hope to support the hon. Gentleman in taking the matter forward.

Mr. David Chaytor (Bury, North) (Lab): May I draw my right hon. Friend's attention to early-day motion 1497, which describes the astonishing decision by the Conservative council in Calderdale to appoint a British National party member to its racial equality and community cohesion working party?

[That this House condemns the decision by Calderdale Council's Conservative Cabinet to appoint a BNP councillor to the Racial Equality and Community Cohesion Working Party; congratulates the Halifax Evening Courier on its campaign and vocal opposition to this appointment; believes that the people of Calderdale will not support this decision; and calls upon Calderdale Council's Conservative Cabinet to reverse this decision which is at best shortsighted, and at worst provocative and offensive towards ethnic minorities in Calderdale.]

In view of the television programme, which is due to be shown tonight, that apparently includes film of BNP members fantasising about machine-gunning worshipers at mosques with a million bullets, does my right hon. Friend agree that it is time that we had a debate in this House on the activities of the BNP, on the

[Mr. David Chaytor]

Conservative party's position towards the BNP and, in particular, on the BNP's contribution to racial equality and community cohesion?

Mr. Hain: I agree with my hon. Friend on that matter. One of the BNP members who appears in the BBC film is quoted in *The Sun* this morning:

> "My dream is to have a Transit van with a machine gun in the back, you know like they have in the back of the helicopters, with about a million bullets. All wired up to it, just open the doors outside the mosque on a Friday afternoon when they are all coming out."

That is a statement of the vilest kind from a vile party of Nazis and thugs, and the sooner we confront it and beat it, the better. The organisation has long-standing criminal connections, and we should wipe it off the electoral landscape by taking it on at the ballot box. West Yorkshire police takes those claims seriously, and it will consider whether sufficient evidence exists to prosecute. It is also important that the House reaffirms our support for the rights of all individuals to worship Islam, which is one of the world's greatest religions. The Government respect and value the major economic and cultural contribution that the British Muslim community makes to our country.

Mr. Greg Knight (East Yorkshire) (Con): Does the Leader of the House share my concern about the number of Government decisions that are not subject to any parliamentary scrutiny because they are made using the royal prerogative? Is he aware that his Department keeps no central record of how many such decisions each Department makes? Will he therefore ask the Modernisation Committee, of which he is the Chairman, to look into ways of making the use of the royal prerogative subject to parliamentary scrutiny?

Mr. Hain: That is an interesting and novel constitutional question. On the question whether to go to war in Iraq, the Government abandoned the tradition of deciding to make war by royal prerogative and came to the House to seek its consent in a vote. I shall bear the right hon. Gentleman's points in mind, but the British constitution has long relied, for good or ill, on the royal prerogative.

Jim Sheridan (West Renfrewshire) (Lab): As someone whose constituency lies outside London, I am sure that my right hon. Friend will join me in recognising the professional service delivered by the staff in the House of Commons Travel Office. He knows that that service could be jeopardised by the change of supplier; will he use his influence to make sure that the new supplier protects those staff, their jobs and their conditions and, more importantly, that the service delivered to hon. Members is not compromised?

Mr. Hain: My hon. Friend makes a powerful point of which the Administration Committee will want to take careful note. I do not want to see the future of any staff jeopardised in the way that he fears, and those staff will be protected by the Transfer of Undertakings (Protection of Employment) Regulations 1981. I use the Travel Office and confirm that the staff do a fine job—we all rely on their expertise and professionalism.

Mr. Nigel Dodds (Belfast, North) (DUP): Will the Leader of the House indicate what progress, if any, has been made on the Northern Ireland Grand Committee meeting on occasions in the Province itself? The issue is especially important given the continued absence of devolution in Northern Ireland.

Mr. Hain: That is not a matter for me, but the hon. Gentleman has raised it properly, and the Secretary of State for Northern Ireland will want to take it into account.

Mr. Graham Stringer (Manchester, Blackley) (Lab): I am sure that you will be aware, Mr. Deputy Speaker, that Mr. Cook of the Office for National Statistics cannot count. Mr. Cook has got the population figure for Manchester wrong by nearly 7 per cent. and has made similar mistakes on about 20 other towns, cities and boroughs around the country, which obviously impacts on funding streams. The Office of the Deputy Prime Minister has made a rational and sensible decision to adjust its funding figures for local government in Manchester and other places because of those mistakes. Unfortunately and incredibly, however, the Department of Health has not adjusted its figures, so the health service in Manchester will probably be underfunded by £20 million. Does my right hon. Friend not think that time should be found to discuss that extraordinary situation, in which two Departments are responding to the same statistical mistake in different ways?

Mr. Hain: I appreciate my hon. Friend's concern in raising the matter. The Secretary of State for Health and the Deputy Prime Minister will want carefully to reflect on the implications for funding and services in Manchester.

Mr. Michael Fallon (Sevenoaks) (Con): Following this week's announcement that the Government are to sack more than 100,000 of their own civil servants, which is more than 10 per cent. of the payroll, in the interests of equity, may we have an early debate on how we might attain a commensurate reduction in the number of Ministers?

Mr. Hain: As the hon. Gentleman knows, the number of Ministers has been pretty constant and the limit is defined on a statutory basis. He also knows that this is part of a programme of transferring staff from back-office functions, especially with the use of new technology and efficiency measures, to deliver extra front-line services. That is an objective that the people of Britain will applaud and it stands in stark contrast to the Conservative Government whom the hon. Gentleman supported, who repeatedly cut front-line services in health, education, policing and just about everything that matters to people.

David Winnick (Walsall, North) (Lab): On the Hunting Bill, is not the position that, if the Parliament Acts are to be used, as the large majority of Labour MPs want, the measure rejected by the Lords will have to be sent back to the Lords one month before the end of the present Session? Is my right hon. Friend aware that not disclosing when the Parliament Act will be used, or if it

is to be used at all, will lead to growing disappointment and worry that we will repeat the situation in the last Parliament and that, despite the large majority in favour of banning hunting with dogs, no effort will be made to ensure that the measure becomes an Act during this Parliament? The only way of doing that is through he Parliament Acts, and time is getting very short indeed.

Mr. Hain: I am not sure that time is getting as short as my hon. Friend suggests. We are well aware of the timetabling issues concerned. I have little to add to what I told my hon. Friend the Member for Mansfield (Mr. Meale), other than to repeat that, as the Prime Minister has made clear, we intend to resolve the issue in this Parliament.

Mr. John Gummer (Suffolk, Coastal) (Con): The Leader of the House will understand that some of us who voted against the war did so because we did not believe what the Prime Minister said. Many others, on both sides of the House, did not follow us in that because they did believe what the Prime Minister said. I put this to the Leader of the House as someone who cares passionately about it: if we are to discuss the issue properly, we need the Prime Minister here so that he can explain very clearly why he told the House that he had assurance when he clearly did not have that assurance. That is absolutely clear from the Butler report.

The fact that the Prime Minister is not coming to the House is the main issue for those of us who voted against the war. Can we please have an understanding that he will come to the House so that those of us who were not even able to ask a question will at least be able to hear him explain what for many of us is one of the most disgraceful elements of this Government?

Mr. Hain: I understand and respect the right hon. Gentleman's point of view. As his vote demonstrated, he honestly and clearly took a different opinion on whether Britain should have gone to war to topple Saddam Hussein, and that is fine. But the Prime Minister came to the House yesterday to make a detailed statement and to answer detailed questions, and he was challenged in detail on all these matters. That is what he did in the debate on the Hutton report and has done consistently in Question Time. The right hon. Gentleman should not try to rerun his basic and fundamental disagreement with the Government—which is on a matter of principle, and I respect that—in the face of four independent inquiries that covered half a million words and more than 1,000 pages and which disagreed with the fundamental proposition of the right hon. Gentleman and critics of the war: that the Government acted in a disingenuous fashion. We did not. We saw the evidence—the Prime Minister saw it and I saw it—and we acted honestly on it. That is the situation.

Kali Mountford (Colne Valley) (Lab): Tomorrow, the schools break up for the summer holidays. When we return in September, would it be a good idea to examine the behaviour of some young boys over the summer months? In my area, they have been using replica guns and air rifles as a source of entertainment. Should not the House have an opportunity to discuss restrictions on air rifles and the possible banning of replica guns?

Mr. Hain: That is an important issue, not only in my hon. Friend's constituency but in many others where youngsters are acting in an extremely antisocial fashion. It is a great shame that some Members of this House, especially the Liberal Democrats, have voted consistently against tough laws to clamp down on youth yobbery, including that which she describes. In the end, that weakness in the face of antisocial behaviour will be judged harshly by the voters.

Mr. Andrew Mitchell (Sutton Coldfield) (Con): Will the Leader of the House give favourable consideration to holding a debate on the importance of savings to our economy? It is clear that the Government are not really interested in promoting savings, because their current economic position is underpinned by high personal indebtedness, an overheating housing sector, steeply increased public expenditure and very high consumer spending. Will not the Government's neglect of the importance of savings be at the top of the charge sheet when the Chancellor of the Exchequer moves out of No. 11?

Mr. Hain: I do not accept the hon. Gentleman's charge. People right across Britain, of all incomes and ages, are enjoying greater prosperity and economic stability than in recent living memory.

On debt, whether in the case of mortgages or other loans, the very low interest rates mean that the proportion of people's disposable income that is required to fund those loans and mortgages is much lower than it has been in the past. That is the benefit of low interest rates, low inflation, continued growth and continued high employment that we have benefited from under a Labour Government compared with the shabby record of the Conservatives.

Geraint Davies (Croydon, Central) (Lab): When will the Leader of the House find time to debate a review of land legislation that allows property companies such as Warborough Investments to become freeholders of community centres, such as Forrestdale Forum, for thousand of pounds, then to threaten and intimidate lay trustees with forfeiture of the lease, with the consequence of realising hundreds of thousands of pounds-worth of profits by an unencumbered freehold, as they did in Brent? Does my right hon. Friend agree that the law and local councils should protect community centres, which provide such valuable family and social facilities, from property companies armed with teams of aggressive lawyers?

Mr. Hain: The account that my hon. Friend gives the House is disturbing. Nobody in those circumstances should be intimidated or threatened as he describes. Community centres do a valuable job in serving local communities and should enjoy the respect of everybody concerned.

Mr. Simon Thomas (Ceredigion) (PC): Will the Leader of the House look again at the business for next Tuesday, when the Welsh Grand Committee is due to debate the draft Transport (Wales) Bill? As Secretary of State for Wales, the Leader of the House will be aware that that Bill transfers powers to the National Assembly from the Strategic Rail Authority, which the Secretary

[Mr. Simon Thomas]

of State for Transport has just abolished. As we will have another opportunity next Tuesday to look again at rail infrastructure in Wales, and to welcome the Secretary of State's announcement earlier today, which follows Plaid Cymru policies, can we widen that debate to discuss how those new ideas can be properly funded in Wales? What is the Leader of the House going to do with the draft Transport (Wales) Bill, which now looks rather redundant?

Mr. Hain: I assure the hon. Gentleman that the Government have no intention of following Plaid Cymru policy—that would send us up a closed branch line. As regards the Transport (Wales) Bill, we were well aware of the impending announcement on the rail review by the Secretary of State for Transport when the decision was taken to introduce the Bill for pre-legislative scrutiny, and we are aware that amendments may be required, either in the Bill itself or through technical amendments to the Strategic Rail Authority legislation that will be necessary to implement the White Paper. These matters are being taken closely into account, and the hon. Gentleman will have the opportunity to probe the issue in the Welsh Grand Committee.

Mr. Mike Wood (Batley and Spen) (Lab): The Leader of the House will no doubt be surprised to hear that ambulance drivers regularly receive speeding tickets as part of their life-saving work, and even more surprised that ambulance trusts around the country spend £1 million a year to resolve that issue. After a 37-year blemish-free career with the ambulance service, my constituent, Mick Ferguson, was under threat of prosecution for 10 months. On his behalf, and on that of his wife, Ann, and the GMB, his union, who supported him through that trauma, I warmly welcome last week's announcement by Department of Health Ministers that they intend to end that anomaly and to indemnify ambulance staff showing the blue light. We need a statement to the House so that we can unpick the detail of the announcement. When does it start, and does it apply to private ambulance companies as well as NHS—

Mr. Deputy Speaker (Sir Alan Haselhurst): Order. The hon. Gentleman must practise asking more concise questions. I think that the Leader of the House has the gist.

Mr. Hain: I share my hon. Friend's frustration, as do the Government, which is why the Department of Health is working alongside the Home Office and the Association of Chief Police Officers to resolve the problem. Indeed, a new protocol is being drawn up by ACPO, as the Minister of State, Department of Health, my hon. Friend the Member for Doncaster, Central (Ms Winterton), announced when she spoke at the annual conference of the Ambulance Service Association on 2 July. She will have noted carefully what my hon. Friend said and will, I am sure, be able to clarify the position in due course.

Mr. Graham Brady (Altrincham and Sale, West) (Con): Can we have an early statement on the Government's policy of allowing the destruction of green belt land in metropolitan areas where it really counts, and replacing it with green belt in areas where there is little pressure for development? I have been pursuing statistics on that policy since 2 March, when I received a reply from a Minister in the Office of the Deputy Prime Minister telling me that I would shortly receive a response with statistics. I tabled further written questions in May and June, only to be told that I would receive a reply as soon as possible. I could easily come to the conclusion that the Government have something to hide unless they make a statement in the near future.

Mr. Hain: It is nonsense to suggest that we have anything to hide. We have a great deal to be proud of, as we are making much more use of brownfield sites to construct more housing and developments. The suggestion that we are about to destroy the green belt is a fabrication, albeit unintentional, from the hon. Gentleman. However, he got caught up in his own rhetoric, and for the record, we reject it entirely.

Chris Bryant (Rhondda) (Lab): May we have a debate as soon as possible on an issue that is often hidden, but is probably the most significant one in many Welsh valley communities—incapacity benefit? There is considerable evidence to suggest that once people are on incapacity benefit for eight months, they are likely to be on it for at least eight years. Most people who start off with minor illnesses end up with serious ones. Can we have a thorough reform of incapacity benefit so that it is not a passport to poor health and low income but enables people to get back into work?

Mr. Hain: My hon. Friend is right to identify a central problem in valley communities such as the ones that he and I represent in south Wales. It is because a large proportion of people are on incapacity benefit that the Government have introduced a number of pilots, working with individuals on benefit to find ways of allowing them to get back into work. Those pilots have been hugely successful, and the Department for Work and Pensions intends to roll out a much bigger programme to encourage people on incapacity benefit to end their dependency on benefit, get jobs and enjoy better health, thus securing greater opportunities and prosperity.

Mr. Roy Beggs (East Antrim) (UUP): Does the Leader of the House share my concern that self-employed men in the United Kingdom, with the exception of men on low incomes or those who are of a certain age, are not entitled to statutory paternity pay? In view of the discrimination against many of the 2.5 million self-employed men that prevents them from taking time off to assist with the care of their new-born children, could we have a debate in the House to consider the extension of statutory paternity pay and end that discrimination?

Mr. Hain: The hon. Gentleman raises an interesting issue. I like to think of myself as a diligent constituency MP, as he undoubtedly is, but I have not come across the problem. I am sure that the Secretary of State for Trade and Industry will want to pay close attention to his remarks and write to him about the matter.

Paul Flynn (Newport, West) (Lab): Will my right hon. Friend arrange for the publication of what Butler called the "excellent quality papers" that were prepared for Cabinet Ministers but never seen by them, thus, the report said, reducing their scope for making political judgments? One Cabinet member has already said that, not only did he not see the papers but he was not aware of their existence. Can my right hon. Friend tell me whether he has seen them?

Mr. Hain: No, I have not, but I do not regard that as a problem. [HON. MEMBERS: "Ah!] No, I do not, because other papers were produced. I referred earlier to 25 key meetings of Ministers and officials at which papers were considered.

Paul Flynn: That was uninformed discussion.

Mr. Hain: I respect my hon. Friend's disagreement with the Government's decision on Iraq. He has an honourable point of view, and has argued it consistently and honestly. Equally, he should respect the fact that the decision was taken after a great deal of serious and detailed consideration. There was more high-quality, probing discussion of that issue in Cabinet than of any issue in the first period in which I was a member of the Cabinet. The notion that Cabinet Ministers closed their eyes and followed the Prime Minister into war is nonsense and a fabrication. The Butler inquiry also found that the way in which the Cabinet and the Government worked on the matter was, as I said earlier, no less effective than on other issues and other policy decisions.

Mr. Andrew Turner (Isle of Wight) (Con): If they have not got the papers, they do not need to close their eyes.

Is the Leader of the House aware that our high commissioner to Kenya recently told business men about £188 million-worth of corruption under the new Government? He told them that their

"earnings were being looted by the servants of the state"

and that the gluttony of

"practitioners now in government . . . causes them to vomit all over our shoes."

I raised that speech with the Chancellor in Treasury questions, but he did not appear to know that a Government spokesman made it. Can we have a debate on the use of overseas aid and how much of it is corruptly abused?

Mr. Hain: There was no suggestion, as I understand it, by the high commissioner that the allegation that the hon. Gentleman makes was the issue.

The Parliamentary Under-Secretary of State for Transport (Mr. Tony McNulty): What about the Opposition's cuts?

Mr. Hain: As my hon. Friend reminds me, if we are debating overseas aid, there will be an opportunity to remind the public and the House of the massive cuts planned for overseas aid and development assistance by the shadow Chancellor and the Leader of the Opposition following their freeze on all non-school and health funding in the first two years of a Tory Government. As for Cabinet government, there is an obsession with processology, which was raised earlier in the House. People cannot live with, or accept, the fact that four independent inquiries headed by eminent people of the utmost integrity have now disproved all the allegations of disingenuousness and other criticisms levelled at the Government concerning their decision to go into Iraq. People should surely accept that we acted honestly, just as we accept the fact that critics of the Government have an honest difference of opinion with us.

Jon Trickett (Hemsworth) (Lab): Royal Mail deliveries in my constituency are increasingly erratic and recently 60-odd letters to businesses and companies were dumped in an empty shop. My right hon. Friend will share my admiration for Post Office workers who, day after day, whatever the weather, tramp through the streets of our constituencies. Will he organise time for a debate on the use by Royal Mail management of temporary staff and agency workers, which produces more erratic deliveries than we would want as constituency MPs?

Mr. Hain: My hon. Friend made a valid point in raising the use of temporary and agency staff to plug gaps in the system that should be filled by trained postmen and women, who do a fantastic job. I am glad that he expressed his admiration for the Post Office workers in his constituency. The Post Office and Royal Mail management must address that issue urgently, particularly in his constituency.

Points of Order

2.18 pm

Alistair Burt (North-East Bedfordshire) (Con): On a point of order, Mr. Deputy Speaker, I should like to raise the use of the word "shifty". On 1 February 1994, I was called to account by Madam Speaker for good-humouredly but mistakenly using the word "shifty" in relation to the late Donald Dewar—a less shifty man one could not hope to find. She made it clear that if the word was used in relation to an individual rather than their policies she would take the matter seriously and demand a retraction. I would be grateful, Mr. Deputy Speaker, if you or Mr. Speaker looked at *Hansard*, because I distinctly heard the Leader of the House use the word "shifty" in relation to my right hon. and learned Friend the Leader of the Opposition. If he falls foul of that ruling, he should come to the House and apologise as I was rightly required to do.

Mr. Deputy Speaker (Sir Alan Haselhurst): I did in fact hear what was said by the Leader of the House. As I understand it, the epithet was attached to the word "opportunism" as opposed to being directly attached to a person. There is a fine distinction to be made between those two things: if an hon. Member is attacked directly with a derogatory word, we deprecate that. This applies to Front Benchers and to all Members of the House: we are enjoined to use moderate language at all times. I do not believe that it lifts our standing in the eyes of the electorate when language is used that, on reflection, is agreed not to be the most suitable for the occasion.

Mr. Oliver Heald (North-East Hertfordshire) (Con): On a point of order, Mr. Deputy Speaker. During business questions, the Leader of the House had the opportunity to say that there would be condemnation in all parts of the House of the thuggery, vicious remarks and incitement to racial hatred of the British National party, and that it was the duty of all parties to fight that behaviour. On behalf of the Opposition, I want to make it clear that we contest seats against the BNP everywhere in the country and we passionately disagree with its views. In all parts of the House, we hate its creed.

Mr. Deputy Speaker: I understand why the hon. Gentleman wished to place that on the record, but he will know that it does not require a ruling from the Chair.

Traffic Management Bill *[Ways and Means] [No.2]*

2.21 pm

The Parliamentary Under-Secretary of State for Transport (Mr. Tony McNulty): I beg to move,

That, for the purposes of any Act resulting from the Traffic Management Bill, it is expedient to authorise the charging of fees in connection with permit schemes.

I shall try my very best, Mr. Deputy Speaker, to be neither shifty nor opportunistic.

On Second Reading, a Ways and Means resolution authorised

"the charging of fees in relation to permits issued, or applications for permits to be issued, under permit schemes".

That wording was tied closely to the wording of the Bill as it existed at the time, and it would not be consistent with the amendments made in another place to allow fees to be charged in connection with the variation of permits. Variation might be needed, for example, when an undertaker approached an authority to ask for an already issued permit to be varied to allow more time for works to be carried out. Therefore, it was necessary for the Ways and Means resolution to be drafted so as to cover variation and to reflect the amendments that were agreed by all parties in the other place. It is merely a technicality, and no more.

Mr. Greg Knight (East Yorkshire) (Con): Will the Minister clarify one matter? Is not the Ways and Means resolution drawn fairly widely, so that instead of merely allowing fees to be charged in connection with permit schemes to recover costs only, it could result in some local authorities charging fees in connection with permit schemes to make a whopping profit?

Mr. McNulty: I do not accept that. This point was raised at length in the Grand Committee and in all subsequent stages in the other place. Certainly, their lordships felt able to endorse the amendments put forward. This was one of the strongest points put in that debate, and if their lordships can come to that position, I hope that this House would also agree the point—

Mr. Knight: Not necessarily.

Mr. McNulty: I know that it will not necessarily be the case. The point is merely to reflect the amendments as drawn up in the other place. Given that the words of the original Ways and Means resolution were drawn so tightly in relation to the clauses on permits in the Bill as discussed in this place, it needs to move on technically to reflect those amendments to include variation on permits rather than simply their application. I strongly urge the right hon. Gentleman, who I am sure is not being anything other than helpful in terms of the debate, to examine the Lords *Hansard*, where he will see that this question was explored in full. That is not the purpose of amending the Ways and Means resolution.

Mr. Andrew Mitchell (Sutton Coldfield) (Con): I fully accept the undertaking that the Minister has given in response to my right hon. Friend's question. Although the House has heard what he said, can he direct us to the

specific place in the legislation where the point that my right hon. Friend the Member for East Yorkshire (Mr. Knight) made is ruled out?

Mr. McNulty: I can indeed. Amendments Nos. 28 and 29, which we are asking the House to agree today—they have already been agreed in the other place—make explicit the Government's intention that permit schemes should not be used by local authorities to raise significant amounts of revenue at the expense of those carrying out necessary works in the street. Instead, the level of fees should be linked to the cost to the authorities of operating the schemes and no more. Exactly what those costs should be, such as those in relation to processing applications for a permit, keeping a register of permits, and ensuring that those issues of permits comply with any condition attached to them, will be set out in regulations. It is those changes in amendments Nos. 28 and 29, which have been agreed by the other place, that necessitate the change. We made explicit in those debates in the other place that what I have just said is what prevails. That is entirely the point that the right hon. Member for East Yorkshire (Mr. Knight) just made.

With that short introduction, I commend the new Ways and Means resolution to the House.

2.25 pm

Mr. Damian Green (Ashford) (Con): I, too, will seek to meet your instruction to be moderate in language at all times, Mr. Deputy Speaker. I am sure that the Minister will do so, too.

It is always worth while for the House to note a Ways and Means resolution, not least because it often means that another stealth tax is on the way from this Government. We have seen that on many previous occasions, and many people will be rightly suspicious that that is precisely what we are seeing again today. The Minister and my right hon. and hon. Friends have already referred to previous debates on this issue, both in Committee and in another place. The Minister will be aware of genuine and considerable concern that part of the purpose of this aspect of the Bill is simply to be a revenue-raising measure. He has sought to reassure the House in the past couple of minutes that that is not the case. He was not wholly convincing, as he said that we would have to wait for the regulations to ensure that. We are right to be suspicious that we have not yet been told how that will happen.

Even before we get to discuss the details of the proposal, it is important to establish the principle. On the surface, it appears flatly to contradict what the Minister said in Committee. He made the point that all these matters should be dealt with in regulations, and, referring to my hon. Friend the Member for Christchurch (Mr. Chope), he said that he understood where he was coming from, but that

"the Bill is not about introducing permit schemes as a revenue-raising exercise."—[*Official Report, Standing Committee A*, 29 January 2004; c. 163.]

In that case, why do we need a Ways and Means resolution? We need it precisely because it is a revenue-raising exercise. The very existence of this debate shows that, no doubt inadvertently, the Minister was misleading the Committee, and that this part of the Bill was always intended as a revenue-raising exercise. It is a resolution put forward by a Treasury Minister, perfectly properly, no doubt on the advice of the House authorities that this part of the Bill requires a Ways and Means resolution, precisely because it is a revenue-raising exercise.

The Minister went further in Committee. He said:

"I do not think that it will be a revenue-making scam".—[*Official Report, Standing Committee A*, 29 January 2004; c. 165.]

I hope that that counts as moderate language. We would excuse him of wanting to promote a revenue-making scam—it is not a scam at all, as it is perfectly clear that the purpose of this part of the Bill is to raise revenue, and I am glad that at least Treasury Ministers agree. It will be interesting to hear the Minister's response to that.

This is an important matter, because we need to address who will end up paying this new stealth tax that the Government are imposing on us. On the surface of it, it will be paid by relatively unpopular bodies—the utilities. They are always a good, unpopular target, as all of us have been stuck in traffic jams when the road is being dug up, and we tend to blame the gas company, the electricity company, the cable television company, or whoever it is. Such companies have to dig up the roads to promote their business, and all Members will want such work to be carried out as speedily and efficiently as possible, so that disruption is minimised.

But the truth is that this permit scheme potentially involves revenue raising, and in the end it will be not the companies themselves that pay the tax, but all of us, as their customers. When I say us all, I mean us all. Everyone in this country is a customer of one or other of the utilities, so particularly during emergencies or when the supply of an essential service is cut off, we welcome the fact that they are able to dig up the road, repair the problem and get our lives back to normal. There is genuine concern that, as a result of this potentially revenue-raising measure, the bills of every household in this country will be increased to pay for it.

It is also noteworthy that this measure seems to cut across the policies of other Departments. In their exercising of power, this Government, who promised us joined-up government, want to promote broadband. However, making digging up the roads more expensive will make the roll-out of broadband more expensive and difficult, and it will therefore happen more slowly. The Minister should perhaps talk to his colleagues in the Department of Trade and Industry, who constantly tell us that broadband Britain will be one of this Government's triumphs.

Brian White (Milton Keynes, North-East) (Lab): Given that most of the urgently required broadband involves connection from the kerb to the house, can the hon. Gentleman explain what the hell he is talking about?

Mr. Deputy Speaker (Sir Alan Haselhurst): Order. I do not know whether the hon. Gentleman was here a few moments ago, when I appealed for the use of traditional, customary and moderate language.

Brian White: I am sorry, Mr. Deputy Speaker.

Mr. Deputy Speaker: The House has heard the hon. Gentleman's apology, which will be accepted.

Mr. Green: Most broadband does involve such connection, but to connect from the road to the kerb requires digging up the road first. The hon. Member for Milton Keynes, North-East (Brian White) is more than welcome to visit my constituency, large parts of which are rural. There, the idea that the basic infrastructure already exists is a fantasy. That may not be true of his constituency, but it certainly is of many parts of the country, so this is an urgent issue.

We shall in due course discuss the power and responsibilities of local authorities, but it is worth pointing out now that the motion makes it clear that local authorities will be tempted to make money out of this scheme. The Minister tried to reassure us that that will not be possible, but he was unable to convince us. Frankly, he is skating on thin ice. Given that the very existence of this motion contradicts what he told us in Committee, a little humility would be in order. He should admit that he got it wrong in Committee, and that he is trying to correct matters now. He will understand why the House is mildly and moderately suspicious of his motives.

John Thurso (Caithness, Sutherland and Easter Ross) (LD): I have just one question for the Minister. Does this extension come under the auspices of the permit schemes, and do the Government's amendments requiring charges to be cost-reflective and efficiently incurred therefore apply equally to this extension?

2.33 pm

Mr. Eric Forth (Bromley and Chislehurst) (Con): I was shocked when I heard the Minister say in a casual way that if the House of Lords approves a thing, we should in effect nod it through; at least, that seemed to be the gist of what he said. I must admit that I am rather keen on that doctrine. If we applied it, for example, to hunting, postal votes or the Lord Chancellor, we would be in an interestingly new political world. So I thank the Minister for his inspirational lead, and in respect of those purposes I welcome his suggestion that any matter to which their Lordships agree need not be further considered in this House. I hope that he, as a representative of the Government, will convey that suggestion to the Prime Minister—unless, of course, the Prime Minister conveyed it to him.

That comment usefully set the tone for this little debate on the Ways and Means motion. I was then inspired by the interpretation offered by my hon. Friend the Member for Ashford (Mr. Green). Following my last attempt at debating a Ways and Means resolution, during which I fell foul of you, Mr. Deputy Speaker—not an unusual event, I admit—I again consulted "Erskine May" on this matter. It is clear that my hon. Friend had already consulted "Erskine May", because he obviously took on board exactly what it says on page 897 of the completely up-to-date 23rd edition:

"A Ways and Means resolution is a necessary preliminary to the imposition of a new tax, the continuation of an expiring tax, an increase in the rate of an existing tax, or an extension of the incidence of a tax so as to include persons not already tax-payers. It is immaterial whether the tax is solely intended to provide revenue for the public service, or whether its primary purpose is to regulate imports or to promote other public policy objectives."

As ever, "Erskine May" says it all. There we have revealed before us the very reason why we need a Ways and Means motion before us today: to raise a tax. A tax by any other name is just as painful, and a tax is what we are dealing with. It may well be dressed up as fees, but in the end people will have to pay it.

Mr. John Gummer (Suffolk, Coastal) (Con): Does my right hon. Friend agree that it is sometimes necessary to levy a tax or fee, and that it is very much better to be honest with the public and tell them that one is doing so? People become suspicious when Governments try to hide such things. Is not the real problem that the Government are trying to hide something, which must mean that the provision is actually much worse than it appears?

Mr. Forth: I am grateful to my right hon. Friend for that intervention. Sad to say, in this post-Butler era we are entitled to have exactly such a suspicion. All of us would like public life in this country to be renowned, as it used to be, for its integrity and transparency. However, we can no longer make such claims, and we will have to set our minds to that issue when we are in government.

Having sought guidance from "Erskine May", I then went straight to the Bill itself—as you would expect me to do, Mr. Deputy Speaker—to see whether I could tease out what lies behind this apparently innocuous Ways and Means motion.

Mr. Andrew Mitchell: May I take my right hon. Friend back to his earlier point about the insidious nature of such transport permit schemes? Is he aware, for example, that the economics of the London congestion charge—a permit scheme of a sort—depend not on the charge itself but on the enormous number of fines that are paid for not obtaining an adequate permit when travelling through London in a car?

Mr. Forth: I would like to pick up on my hon. Friend's point about fines, but not in the context of the London congestion charge; definitely not. There probably will be cause to reflect on what he said, but strictly in the context of the Bill giving rise to the Ways and Means motion. If I may, I shall build towards what he said, rather than responding immediately; nevertheless, I am grateful to him.

I want to dwell for a moment on the phrase:

"it is expedient to authorise".

I always worry when I see such a phrase used in a Ways and Means motion. It may well be expedient, but is it correct and proper? Do we approve of it? Expediency surely should not be the criterion for judging these matters. In this modern age of new Labour, expediency may well be a sufficient reason to justify levying upon the innocent taxpayer, but I certainly do not approve of that. Indeed, the use of that word is in itself almost reason enough for me to vote against this Ways and Means motion, not for it. I hope that the Minister will not suggest that the word "expedient" gives him any cover.

The resolution is bland and gives nothing of the background or detail. We are expected, as so often, effectively to sign a blank cheque on behalf of our taxpayers. We must look to the Bill for guidance. Clause 36 on permit regulations says that the

"appropriate national authority may by regulations . . . make provision with respect to the content, preparation, submission, approval, operation, variation or revocation of permit schemes."

Horror of horrors, the "appropriate national authority" is none other than the Sec of State. Right away, we have the scary phenomenon of the Secretary of State being given unlimited powers to make regulations. So far, so bad; it then gets worse.

Clause 36(5) says that the permit regulations—made by the Secretary of State, no less—

"may make provision for or in connection with requiring the payment of a fee in respect of an application for a permit or the issue of a permit".

My hon. Friend the Member for Ashford helpfully said that we are talking about utilities applying for permits to dig up roads. We now have a lethal combination; the Secretary of State setting out the basis on which utilities will make applications, from which the fees will flow.

As my hon. Friend suggested, it is no good the Minister saying that it will not be the consumer or the taxpayer who will pay; it will be the wicked utilities. As my hon. Friend said, the utilities will not be paying the fees. They have only our money. My hon. Friend missed a trick here, because it is not just the consumer who might pick up a larger utility bill to pay the fee. It could be the shareholder, but since shareholders and consumers overlap to a large extent, that is no excuse either. Someone, somewhere will have to pay for all this. It is not one of those things that sounds good if one says it quickly, which I am not inclined to do. My hon. Friend put his finger on it when he used the term stealth tax, which sums it up.

The Bill refers to

"the amount or maximum amount of any fee"—

there is some small comfort in that—and to

"cases in which fees are not to be payable or are to be repaid."

That is encouraging, and the Minister might say whether he thinks that the number of cases where fees are not to be payable or are to be repaid will be minimal, substantial or significant. That would give us guidance as to how much of an imposition this will be on our hapless voters and taxpayers. The Bill also refers to

"cases in which fees may be discounted".

There are subtleties here that I would not have suspected had I not read the Bill in some detail.

Mr. Damian Green: In Committee, the Minister said:

"The clause as it stands is merely about defining—ill-defining perhaps—the permit scheme, rather than that level of detail. I would ask to leave that detail to regulation". —[*Official Report, Standing Committee A*, 29 January 2004; c. 154.]

I am sure that that will make my right hon. Friend even more suspicious.

Mr. Forth: I am grateful, sort of, to my hon. Friend. We are asked to approve Ways and Means resolutions without any details, and that is made worse when we hear that they will be spelled out in regulations. We are being asked to sign a blank cheque on behalf of our taxpayers, fee payers, stealth tax payers or any other category we care to mention.

That is not satisfactory, and it is not unreasonable for us to ask the Minister how far he feels fees will be automatic, comprehensive and at the maximum level. The authority is, after all, the Secretary of State. The Minister works for the Secretary of State—and, presumably, talks to him occasionally—so I would expect some guidance as to his expectation. We need guidance as to whether we are talking about maxima, minima, every time or some of the time, or whether fees are to be payable, repaid or discounted.

We then come to a point that was touched on by my hon. Friend the Member for Sutton Coldfield (Mr. Mitchell)—the time and manner of the payment of fees. It would be useful if we were given some indication of the relationship between the authority, the utilities and their consumers or shareholders, and of whether there will be any possibility of deferred payments. Would fines be payable and levied on those who failed to pay the initial fees? If so, what sort of fines are we talking about? It may be that if the fees are not paid, no fines would be levied, which would be interesting. If fines are to be payable, or contemplated, we need to know more before we decide whether to support the resolution.

Clause 36(5)(e) refers to

"the application of sums paid by way of fees."

I am not quite sure of the implication of that but it obviously has a bearing. The fees enabled by the resolution will be applied in a way we know not how, because we have no guidance.

I wish that Ministers would take the hint from the House, and that they would tell us what was on their mind, as well as the extent that taxpayers would be involved, so that we as Members of Parliament can make a judgment. I do not think that that is asking too much. I hope that I have given the Minister something to work on today. I look forward to him persuading me why I should vote in favour of the resolution.

2.49 pm

Mr. Greg Knight (East Yorkshire) (Con): I shall not detain the House for long. On most occasions when I have heard the Minister at work, I have found him a powerful advocate, but I am afraid that his powers of advocacy rather deserted him today. He has not convinced me, certainly at this stage, that the Ways and Means resolution is either necessary or desirable. Those are the two tests that the House needs to apply. Is the motion necessary to enable the Government to discharge their business in the Bill, and is it desirable?

I intervened during the Minister's opening remarks, but he discounted my concerns. I was worried that the charging of fees could be another money-raising exercise, but he said no and that he had done his best to ensure that the fees would recover costs only. He referred me to Lords amendments Nos. 28 and 29, which are relevant to the Ways and Means resolution, but what do they say? Do they reassure the House or add to the concerns expressed?

[Mr. Greg Knight]

As I look at Lords amendments Nos. 27, 28 and 29, I find my concerns deepening and not being allayed by the Minister's reference. Under amendment No. 29, we are told that

"the appropriate national authority must try to ensure, so far as is reasonably practicable, that the fees payable in connection with permit schemes do not exceed such costs".

What does

"so far as . . . reasonably practicable"

mean? I notice that the amendment does not contain any requirement that the costs have to be reasonable: it simply refers to "such costs". A local authority could set up a body and employ council employees at great expense, as there is no duty on those issuing the permits to behave in a reasonable way and keep their costs down. I would have thought that the amendment should contain such provisions.

Mr. Forth: I may be able to help my right hon. Friend. He has, of course, read all the provisions and a later amendment actually refers to

"such costs in connection with permit schemes as may be prescribed."

Does my right hon. Friend agree that that shows that the provision goes even further than he is assuming and that the costs will be prescribed, I suspect, by the Secretary of State? That may not give my right hon. Friend any comfort, but that was my reading of the provision. Was it his?

Mr. Knight: That means that it could go either way. A Conservative Secretary of State would, as we all know, impose a provision that the costs had to be reasonable, but I am much less certain about what might be put in place by the present Government. It goes even further because Lords amendment No. 27 refers to the giving of fixed penalty notices. It occurs to me that, if we are charging people for a permit and even if it is a reasonable charge that recoups the cost of issuing it, those issuing the permits are still likely to be awash with money because of the issuing of fixed penalty notices. That poses the question why we need to charge for a permit at all. Why not issue a free permit to the contractor and make bad contractors pay the fixed penalty notice fines? The money received through such payments would undoubtedly cover the cost of issuing the permits in the first place.

Mr. Andrew Mitchell: My right hon. Friend is on to an extremely good point, which reinforces the reservations that he expressed—with which I agree—in his opening remarks. The whole nature of the financing arrangement through permits, including the question of how much money will be raised and what the Government's assumptions are, must be significantly explored before the House can vote on the resolution. For example, does the Minister believe that a certain percentage of the total money raised will come from people defaulting on the permits and subsequently being fined? What percentage will come from that mechanism?

Mr. Knight: My hon. Friend raises a very good point and I hope that the Minister will reply to it in his winding-up speech. I would have thought that he would have set out the answers to such questions in his opening speech rather than wait for them to be teased out by Opposition Members. These questions go right to the root of the question whether the Bill needs a Ways and Means resolution. I have to say that the Minister has not convinced me that that resolution is either necessary or desirable.

What happens when a permit scheme is in place and the fees are rolling in, but it subsequently becomes clear to those examining the arrangements that the charging body is awash with fees because it has charged too much? There is no provision in any of the amendments for a refund of excessive fees. I applauded the decision of the late President Ronald Reagan when he was Governor of California; when he found out that his tax revenues were in excess of his spending plans, he gave the money back to the people of California. Why is there no similar provision to ensure that if, after the first 12 months of operation, the fees are deemed to be too high, they can be returned to those who paid them in the first place?

Mr. Forth: I am grateful to my right hon. Friend, but I feel a bit hurt. He was obviously not paying his usual close attention to my modest contribution to the debate. I read out clause 36(5)(b) of the Bill, which makes provision for

"cases in which fees are not to be payable or are to be repaid".

If my right hon. Friend does not mind, we could perhaps call this the "Ronald Reagan" provision. There it is—in black and white, and in the Bill.

Mr. Knight: Perhaps the Minister could therefore clarify whether my right hon. Friend is right and whether, if the fees were leading to huge profits, a refund would be made. It is not entirely clear to me that that is the Government's intention.

Mr. Andrew Mitchell: On that point, can my right hon. Friend think of any occasion when such a repayment has ever been made?

Mr. Knight: In relation to permit fees, no, I cannot think of any occasion when refunds have been made. However, one should always be prepared to look afresh at issues and problems. The fact that it may not have happened in the UK in the past is not a good argument, in my view, for saying that it should not happen in the future. I rather agree with my right hon. Friend the Member for Bromley and Chislehurst (Mr. Forth) that if the Bill allows it to be done, it should be done.

The Minister referred to Lords amendment No. 29, but it does not seem to me to contain any sanctions at all in respect of incorrect calculations or huge profits being made from permit fees. What sanctions are there? Does the Minister expect an aggrieved member of the public to embark on judicial proceedings to bring about a review of the permit fees? There should be a far simpler mechanism in place to enable the fees to be reduced without members of the public having to have recourse to their own court proceedings.

There are many unanswered questions and unless the Minister can answer them all satisfactorily, I will not believe that the Bill needs a Ways and Means resolution.

2.58 pm

Mr. McNulty: Many of the points raised by Opposition Members are entirely fair, but they have already been discussed at length when we debated the original Ways and Means resolution and subsequently both in Committee and in the other place. The right hon. Member for Bromley and Chislehurst (Mr. Forth) is entirely right when he quotes "Erskine May". How could he not be, as "Erskine May" is our bible? If we want to assume any revenue-raising powers of any description, there must be a Ways and Means resolution. That was made clear on Second Reading.

There was much discussion in Committee about the breadth of the original Ways and Means resolution. The need to deal with those matters made us look at the problem and table amendments in the other place.

I have not sought to introduce a new McNulty doctrine that we should agree without reservation anything agreed in the House of Lords, save for instances, such as the amendments introduced in the other place on this particular part of the Bill. They were whizzed through the House with unanimity and utter cross-party consensus. If ever an issue, such as fox hunting, were agreed and dispatched without reservation, but with full consensus and cross-party agreement in the other place, I would gladly at least look at it in some detail here.

In answer to the hon. Member for Caithness, Sutherland and Easter Ross (John Thurso), yes, the level of permit fees must be directly linked to the costs of operating the scheme. The same applies to fees for extending or varying the scheme. That is precisely how the resolution is drafted. As I said in answer to the hon. Member for Ashford (Mr. Green) in Committee, this is not intended to be revenue raising, and that remains the case. That was the case then and it is the case now. Because subsequent to our debates and debates in the House of Lords many Members of all parties in both Houses and many from the utility companies sought amendments that would, in their terms, restrict the Ways and Means resolution precisely to the cost of a permit scheme, we introduced the subsequent amendments that mean an adjustment to that resolution. Lords amendments Nos. 28 and 29 have been positively welcomed by the utility companies and all parties in the other place. They make it explicit that the fees allowed are confined to the cost to the local authorities and the running of the permit scheme. It is precisely because of fears of open-ended revenue raising and of my view that this should not be seen as a revenue-raising exercise that the amendments have been introduced with the subsequent adjustment to this particular Ways and Means resolution.

The right hon. Member for East Yorkshire (Mr. Knight) asked about the assorted criteria for decisions, how to vary the level of permits and the right of appeal. All those elements are covered in detail in the Bill at clause 36(4).

I fully accept that none of my subsequent points will be of any interest to the right hon. Member for Bromley and Chislehurst (Mr. Forth) in that the first set of permit regulations will be subject to an affirmative resolution of both Houses. We have set up—the right hon. Gentleman will enjoy this—a working group of utilities and local authorities to look in detail at how the schemes should work and how the regulations in clause 36(4) should work in practice. It will make recommendations to us on the level of fees, among other things, and which works will not attract fees, and it is likely to report back to us in August. That is all as outlined in clause 36(4).

We started the process with a Ways and Means resolution on Second Reading to allow fees to be charged for permits, should local authorities choose to have a permit system. During our deliberations and subsequent deliberations in the other place we thought that perhaps that resolution was drawn too widely and could, potentially, allow open-ended revenue raising powers to follow from the permit scheme. As a mature, reflective Government, we listened to debate both here and in the other place and to concerns from the utility companies and others who will be directly concerned—I take the point of my hon. Friend the Member for Milton Keynes, North-East (Brian White) about broadband—and we have come back with Lords amendments Nos. 28 and 29 that far more narrowly define the scope of the permit regimes so that the fees can be related only to the costs of implementing such a scheme and cannot be an open-ended revenue-raising scheme. In other words we listened and listened again.

The amendments are welcome. The utility companies and all parties in the other place across the board cheered from the rafters. There was no dissent at all. We agreed them in the other place and we bring them here. Subsequent to this resolution being passed, we shall debate those amendments that we seek the House to agree with the Lords on. We need the Ways and Means resolution changed to reflect those amendments to which we have already agreed in response to all the concerns of the utilities and other parties. While I understand the fun involved, not least for the right hon. Member for Bromley and Chislehurst, who is a master at his craft, this is innocuous in its intention and is necessary to reflect changes that we accept from the other place. I repeat my desire to commend the new, more restrictive Ways and Means resolution to the House in the hope that we might get on to the more substantive points subsequently.

The House divided: Ayes 214, Noes 75.

Division No. 224] **[3:06 pm**

AYES

Adams, Irene *(Paisley N)*
Ainger, Nick
Ainsworth, Bob *(Cov'try NE)*
Allen, Graham
Anderson, rh Donald *(Swansea E)*
Austin, John
Barnes, Harry
Bayley, Hugh
Beard, Nigel
Beckett, rh Margaret
Beith, rh A. J.
Bennett, Andrew
Benton, Joe *(Bootle)*
Berry, Roger
Best, Harold
Blackman, Liz
Blears, Ms Hazel
Blizzard, Bob
Brown, rh Nicholas *(Newcastle E Wallsend)*
Brown, Russell *(Dumfries)*
Browne, Desmond
Bryant, Chris
Buck, Ms Karen
Burnett, John
Burnham, Andy
Byers, rh Stephen
Cable, Dr. Vincent
Cairns, David
Campbell, Alan *(Tynemouth)*
Campbell, Mrs Anne *(C'bridge)*
Caton, Martin
Challen, Colin
Chapman, Ben *(Wirral S)*
Chaytor, David
Clapham, Michael

Clark, Mrs Helen *(Peterborough)*
Clark, Dr. Lynda *(Edinburgh Pentlands)*
Clarke, rh Tom *(Coatbridge & Chryston)*
Clarke, Tony *(Northampton S)*
Clwyd, Ann *(Cynon V)*
Coaker, Vernon
Coffey, Ms Ann
Cohen, Harry
Colman, Tony
Corston, Jean
Cousins, Jim
Cox, Tom *(Tooting)*
Crausby, David
Cryer, Ann *(Keighley)*
Cunningham, Jim *(Coventry S)*
Cunningham, Tony *(Workington)*
Davey, Valerie *(Bristol W)*
Davidson, Ian
Davies, Geraint *(Croydon C)*
Dawson, Hilton
Dean, Mrs Janet
Denham, rh John
Dismore, Andrew
Dobbin, Jim *(Heywood)*
Dobson, rh Frank
Doran, Frank
Dowd, Jim *(Lewisham W)*
Drown, Ms Julia
Etherington, Bill
Farrelly, Paul
Field, rh Frank *(Birkenhead)*
Fitzpatrick, Jim
Flynn, Paul *(Newport W)*
Foster, Michael Jabez *(Hastings & Rye)*
Francis, Dr. Hywel
Gapes, Mike *(Ilford S)*
Gardiner, Barry
George, rh Bruce *(Walsall S)*
Gilroy, Linda
Griffiths, Jane *(Reading E)*
Griffiths, Nigel *(Edinburgh S)*
Griffiths, Win *(Bridgend)*
Grogan, John
Hain, rh Peter
Hall, Mike *(Weaver Vale)*
Hamilton, David *(Midlothian)*
Hamilton, Fabian *(Leeds NE)*
Hanson, David
Harman, rh Ms Harriet
Harris, Tom *(Glasgow Cathcart)*
Harvey, Nick
Havard, Dai *(Merthyr Tydfil & Rhymney)*
Healey, John
Hepburn, Stephen
Holmes, Paul
Hopkins, Kelvin
Howarth, George *(Knowsley N & Sefton E)*
Howells, Dr. Kim
Humble, Mrs Joan
Hurst, Alan *(Braintree)*
Hutton, rh John
Iddon, Dr. Brian
Illsley, Eric
Jackson, Glenda *(Hampstead & Highgate)*
Jackson, Helen *(Hillsborough)*
Jamieson, David
Johnson, Miss Melanie *(Welwyn Hatfield)*
Jones, Kevan *(N Durham)*
Jones, Lynne *(Sally Oak)*
Jones, Martyn *(Clwyd S)*
Jones, Nigel *(Cheltenham)*
Keen, Alan *(Feltham)*
Keen, Ann *(Brentford)*
Kelly, Ruth *(Bolton W)*
Khabra, Piara S.
Knight, Jim *(S Dorset)*
Kumar, Dr. Ashok
Ladyman, Dr. Stephen
Lammy, David
Lazarowicz, Mark
Lepper, David
Leslie, Christopher
Linton, Martin
Luke, Iain *(Dundee E)*
Lyons, John *(Strathkelvin)*
McAvoy, Thomas
McCafferty, Chris
McDonagh, Siobhain
MacDonald, Calum
McDonnell, John
MacDougall, John
McFall, rh John
McGuire, Mrs Anne
McIsaac, Shona
McNulty, Tony
Mactaggart, Fiona
McWalter, Tony
McWilliam, John
Mahon, Mrs Alice
Mandelson, rh Peter
Marsden, Gordon *(Blackpool S)*
Martlew, Eric
Meale, Alan *(Mansfield)*
Merron, Gillian
Michael, rh Alun
Miliband, David
Moffatt, Laura
Mole, Chris
Morgan, Julie
Morley, Elliot
Mountford, Kali
Naysmith, Dr. Doug
O'Brien, Bill *(Normanton)*
O'Brien, Mike *(N Warks)*
Olner, Bill
Owen, Albert
Perham, Linda
Picking, Anne
Pike, Peter *(Burnley)*
Plaskitt, James
Pollard, Kerry
Pope, Greg *(Hyndburn)*
Prentice, Ms Bridget *(Lewisham E)*
Prentice, Gordon *(Pendle)*
Prescott, rh John
Price, Adam *(E Carmarthen & Dinefwr)*
Purnell, James
Quinn, Lawrie
Rammell, Bill
Rapson, Syd *(Portsmouth N)*
Robertson, John *(Glasgow Anniesland)*
Rooney, Terry
Roy, Frank *(Motherwell)*
Ruddock, Joan
Russell, Bob *(Colchester)*
Russell, Ms Christine *(City of Chester)*
Ryan, Joan *(Enfield N)*
Salter, Martin
Sarwar, Mohammad
Sheerman, Barry
Sheridan, Jim
Singh, Marsha
Skinner, Dennis
Smith, rh Andrew *(Oxford E)*
Smith, Angela *(Basildon)*
Smith, rh Chris *(Islington S & Finsbury)*
Smith, Geraldine *(Morecambe & Lunesdale)*
Smith, Jacqui *(Redditch)*
Smith, Llew *(Blaenau Gwent)*
Soley, Clive
Southworth, Helen
Spellar, rh John
Starkey, Dr. Phyllis
Stewart, David *(Inverness E & Lochaber)*
Stewart, Ian *(Eccles)*
Stinchcombe, Paul
Strang, rh Dr. Gavin
Sutcliffe, Gerry
Thomas, Simon *(Ceredigion)*
Thurso, John
Todd, Mark *(S Derbyshire)*
Trickett, Jon
Truswell, Paul
Turner, Dr. Desmond *(Brighton Kemptown)*
Turner, Neil *(Wigan)*
Twigg, Derek *(Halton)*
Twigg, Stephen *(Enfield)*
Tynan, Bill *(Hamilton S)*
Vis, Dr. Rudi
Ward, Claire
Wareing, Robert N.
Watts, David
White, Brian
Wicks, Malcolm
Winnick, David
Wood, Mike *(Batley)*
Woodward, Shaun
Wright, Anthony D. *(Gt Yarmouth)*
Wright, Tony *(Cannock)*

Tellers for the Ayes:
Paul Clark and Charlotte Atkins

NOES

Amess, David
Arbuthnot, rh James
Atkinson, David *(Bour'mth E)*
Atkinson, Peter *(Hexham)*
Bacon, Richard
Baron, John *(Billericay)*
Beggs, Roy *(E Antrim)*
Bercow, John
Brady, Graham
Brazier, Julian
Browning, Mrs Angela
Cameron, David
Campbell, Gregory *(E Lond'y)*
Chapman, Sir Sydney *(Chipping Barnet)*
Chope, Christopher
Clarke, rh Kenneth *(Rushcliffe)*
Curry, rh David
Djanogly, Jonathan
Dodds, Nigel
Donaldson, Jeffrey M.
Evans, Nigel
Fallon, Michael
Field, Mark *(Cities of London & Westminster)*
Forth, rh Eric
Gibb, Nick *(Bognor Regis)*
Gillan, Mrs Cheryl
Goodman, Paul
Green, Damian *(Ashford)*
Gummer, rh John
Hague, rh William
Heald, Oliver
Horam, John *(Orpington)*
Howarth, Gerald *(Aldershot)*
Jack, rh Michael
Jackson, Robert *(Wantage)*
Jenkin, Bernard
Knight, rh Greg *(E Yorkshire)*
Letwin, rh Oliver
Liddell-Grainger, Ian
Loughton, Tim
Luff, Peter *(M-Worcs)*
May, Mrs Theresa
Mitchell, Andrew *(Sutton Coldfield)*
Moss, Malcolm
O'Brien, Stephen *(Eddisbury)*
Ottaway, Richard
Paice, James
Paterson, Owen
Portillo, rh Michael
Prisk, Mark *(Hertford)*
Redwood, rh John
Robathan, Andrew
Robertson, Laurence *(Tewk'b'ry)*
Roe, Dame Marion
Rosindell, Andrew
Ruffley, David
Soames, Nicholas
Spicer, Sir Michael
Stanley, rh Sir John
Steen, Anthony
Streeter, Gary
Swayne, Desmond
Taylor, Ian *(Esher)*
Taylor, Sir Teddy
Turner, Andrew *(Isle of Wight)*
Tyrie, Andrew
Viggers, Peter
Walter, Robert
Waterson, Nigel
Watkinson, Angela
Wilkinson, John
Willetts, David
Winterton, Ann *(Congleton)*
Winterton, Sir Nicholas *(Macclesfield)*
Young, rh Sir George

Tellers for the Noes:
Mr. Hugo Swire and Mr. John Randall

Question accordingly agreed to.

Resolved,

That, for the purposes of any Act resulting from the Traffic Management Bill, it is expedient to authorise the charging of fees in connection with permit schemes.

Traffic Management Bill (Programme) (No. 2)

Motion made, and Question put forthwith, pursuant to Orders [28 June 2001 and 6 November 2003]

That the following provisions shall apply to the Traffic Management Bill for the purpose of supplementing the Order of 5th January 2004:

Consideration of Lords Amendments

1. Proceedings on Consideration of Lords Amendments shall (so far as not previously concluded) be brought to a conclusion at 6.00 p.m. at this day's sitting.

2. The Lords Amendments shall be taken in the following order, namely Nos. 4 to 15, 1 to 3 and 16 to 109.

Subsequent stages

3. Any further Message from the Lords may be considered forthwith without any Question put.

4. The proceedings on any further Message from the Lords shall (so far as not previously concluded) be brought to a conclusion one hour after their commencement.—*[Mr. McNulty.]*

The House divided: Ayes 213, Noes 77.

Division No. 225] **[3.20 pm**

AYES

Adams, Irene *(Paisley N)*
Ainger, Nick
Ainsworth, Bob *(Cov'try NE)*
Allen, Graham
Anderson, rh Donald *(Swansea E)*
Austin, John
Barnes, Harry
Bayley, Hugh
Beard, Nigel
Beckett, rh Margaret
Beith, rh A. J.
Bennett, Andrew
Benton, Joe *(Bootle)*
Berry, Roger
Best, Harold
Blackman, Liz
Blears, Ms Hazel
Blizzard, Bob
Brown, rh Nicholas *(Newcastle E Wallsend)*
Brown, Russell *(Dumfries)*
Browne, Desmond
Bryant, Chris
Buck, Ms Karen
Burnham, Andy
Byers, rh Stephen
Cable, Dr. Vincent
Cairns, David
Campbell, Alan *(Tynemouth)*
Campbell, Mrs Anne *(C'bridge)*
Campbell, rh Sir Menzies *(NE Fife)*
Caplin, Ivor
Caton, Martin
Challen, Colin
Chapman, Ben *(Wirral S)*
Chaytor, David
Clapham, Michael
Clark, Mrs Helen *(Peterborough)*
Clark, Dr. Lynda *(Edinburgh Pentlands)*
Clarke, rh Tom *(Coatbridge & Chryston)*
Clarke, Tony *(Northampton S)*
Clwyd, Ann *(Cynon V)*
Coaker, Vernon
Coffey, Ms Ann
Cohen, Harry
Colman, Tony
Corston, Jean
Cousins, Jim
Cox, Tom *(Tooting)*
Crausby, David
Cunningham, Jim *(Coventry S)*
Cunningham, Tony *(Workington)*
Davey, Valerie *(Bristol W)*
Davidson, Ian
Davies, Geraint *(Croydon C)*
Dawson, Hilton
Dean, Mrs Janet
Denham, rh John
Dismore, Andrew
Dobbin, Jim *(Heywood)*
Dobson, rh Frank
Doran, Frank
Dowd, Jim *(Lewisham W)*
Drown, Ms Julia
Etherington, Bill
Farrelly, Paul
Field, rh Frank *(Birkenhead)*
Fitzpatrick, Jim
Flynn, Paul *(Newport W)*
Foster, Michael Jabez *(Hastings & Rye)*
Francis, Dr. Hywel
Gapes, Mike *(Ilford S)*
Gardiner, Barry
George, rh Bruce *(Walsall S)*
Griffiths, Jane *(Reading E)*
Griffiths, Nigel *(Edinburgh S)*
Griffiths, Win *(Bridgend)*
Grogan, John
Hain, rh Peter
Hall, Mike *(Weaver Vale)*
Hamilton, David *(Midlothian)*
Hamilton, Fabian *(Leeds NE)*
Hanson, David
Harman, rh Ms Harriet
Harris, Tom *(Glasgow Cathcart)*
Harvey, Nick
Havard, Dai *(Merthyr Tydfil & Rhymney)*
Healey, John
Hepburn, Stephen
Hewitt, rh Ms Patricia
Hoey, Kate *(Vauxhall)*
Holmes, Paul
Hopkins, Kelvin
Howarth, George *(Knowsley N & Sefton E)*
Howells, Dr. Kim
Humble, Mrs Joan
Hurst, Alan *(Braintree)*
Hutton, rh John
Iddon, Dr. Brian
Illsley, Eric
Jackson, Glenda *(Hampstead & Highgate)*
Jackson, Helen *(Hillsborough)*
Jamieson, David
Johnson, Alan *(Hull W)*
Johnson, Miss Melanie *(Welwyn Hatfield)*
Jones, Kevan *(N Durham)*
Jones, Lynne *(Selly Oak)*
Jones, Martyn *(Clwyd S)*
Jones, Nigel *(Cheltenham)*
Keen, Alan *(Feltham)*
Keen, Ann *(Brentford)*
Kelly, Ruth *(Bolton W)*
Khabra, Piara S.
Knight, Jim *(S Dorset)*
Kumar, Dr. Ashok
Ladyman, Dr. Stephen
Lammy, David
Lazarowicz, Mark
Lepper, David
Leslie, Christopher
Linton, Martin
Luke, Iain *(Dundee E)*
Lyons, John *(Strathkelvin)*
McAvoy, Thomas
McCafferty, Chris
McDonagh, Siobhain
MacDonald, Calum
McDonnell, John
MacDougall, John
McFall, rh John
McGuire, Mrs Anne
McIsaac, Shona
McNulty, Tony
Mactaggart, Fiona
McWalter, Tony
McWilliam, John
Mahon, Mrs Alice
Mandelson, rh Peter
Marsden, Gordon *(Blackpool S)*
Martlew, Eric
Meale, Alan *(Mansfield)*
Merron, Gillian
Michael, rh Alun
Miliband, David
Moffatt, Laura
Mole, Chris
Morgan, Julie
Morley, Elliot
Mountford, Kali
Naysmith, Dr. Doug
O'Brien, Bill *(Normanton)*
O'Brien, Mike *(N Warks)*
Olner, Bill
Owen, Albert
Perham, Linda
Picking, Anne
Pike, Peter *(Burnley)*
Plaskitt, James
Pollard, Kerry
Pope, Greg *(Hyndburn)*
Prentice, Ms Bridget *(Lewisham E)*
Prentice, Gordon *(Pendle)*
Prescott, rh John
Purnell, James
Quinn, Lawrie
Rammell, Bill
Rapson, Syd *(Portsmouth N)*
Robertson, John *(Glasgow Anniesland)*
Rooney, Terry
Roy, Frank *(Motherwell)*
Ruddock, Joan
Russell, Bob *(Colchester)*
Russell, Ms Christine *(City of Chester)*
Ryan, Joan *(Enfield N)*
Salter, Martin
Sarwar, Mohammad
Sheerman, Barry
Sheridan, Jim
Singh, Marsha
Skinner, Dennis
Smith, rh Andrew *(Oxford E)*
Smith, Angela *(Basildon)*
Smith, rh Chris *(Islington S & Finsbury)*
Smith, Geraldine *(Morecambe & Lunesdale)*
Smith, Jacqui *(Redditch)*
Smith, Llew *(Blaenau Gwent)*
Soley, Clive
Southworth, Helen
Spellar, rh John
Starkey, Dr. Phyllis
Stewart, David *(Inverness E & Lochaber)*
Stewart, Ian *(Eccles)*
Stinchcombe, Paul
Strang, rh Dr. Gavin
Thurso, John
Todd, Mark *(S Derbyshire)*
Trickett, Jon
Truswell, Paul
Turner, Dr. Desmond *(Brighton Kemptown)*
Turner, Neil *(Wigan)*
Twigg, Derek *(Halton)*
Twigg, Stephen *(Enfield)*
Tynan, Bill *(Hamilton S)*
Vis, Dr. Rudi
Ward, Claire
Wareing, Robert N.
Watts, David
White, Brian
Wicks, Malcolm
Winnick, David
Wood, Mike *(Batley)*
Woodward, Shaun
Wright, Anthony D. *(Gt Yarmouth)*
Wright, Tony *(Cannock)*

Tellers for the Ayes:
Paul Clark and Charlotte Atkins

NOES

Amess, David
Arbuthnot, rh James
Bacon, Richard
Baron, John *(Billericay)*
Begg, Roy *(E Antrim)*
Bercow, John
Brady, Graham
Brazier, Julian
Browning, Mrs Angela
Cameron, David

Campbell, Gregory *(E Lond'y)*
Chapman, Sir Sydney *(Chipping Barnet)*
Chope, Christopher
Clarke, rh Kenneth *(Rushcliffe)*
Curry, rh David
Djanogly, Jonathan
Dodds, Nigel
Donaldson, Jeffrey M.
Evans, Nigel
Fallon, Michael
Field, Mark *(Cities of London & Westminster)*
Forth, rh Eric
Gibb, Nick *(Bognor Regis)*
Gillan, Mrs Cheryl
Goodman, Paul
Green, Damian *(Ashford)*
Gummer, rh John
Hague, rh William
Heald, Oliver
Horam, John *(Orpington)*
Howarth, Gerald *(Aldershot)*
Jack, rh Michael
Jackson, Robert *(Wantage)*
Jenkin, Bernard
Knight, rh Greg *(E Yorkshire)*
Letwin, rh Oliver
Liddell-Grainger, Ian
Loughton, Tim
Luff, Peter *(M-Worcs)*
Maples, John
May, Mrs Theresa
Mitchell, Andrew *(Sutton Coldfield)*
Moss, Malcolm
O'Brien, Stephen *(Eddisbury)*
Ottaway, Richard
Paice, James
Paterson, Owen
Portillo, rh Michael
Price, Adam *(E Carmarthen & Dinefwr)*
Prisk, Mark *(Hertford)*
Randall, John
Redwood, rh John
Robathan, Andrew
Robertson, Laurence *(Tewk'b'ry)*
Roe, Dame Marion
Rosindell, Andrew
Ruffley, David
Soames, Nicholas
Spicer, Sir Michael
Stanley, rh Sir John
Steen, Anthony
Streeter, Gary
Swayne, Desmond
Taylor, Ian *(Esher)*
Taylor, Sir Teddy
Thomas, Simon *(Ceredigion)*
Turner, Andrew *(Isle of Wight)*
Tyrie, Andrew
Walter, Robert
Waterson, Nigel
Watkinson, Angela
Wilkinson, John
Willetts, David
Winterton, Ann *(Congleton)*
Winterton, Sir Nicholas *(Macclesfield)*
Yeo, Tim *(S Suffolk)*
Young, rh Sir George

Tellers for the Noes:
Mr. Hugo Swire and
Mr. Peter Atkinson

Question accordingly agreed to.

Orders of the Day

Traffic Management Bill

Lords amendments considered.

Madam Deputy Speaker (Sylvia Heal): I inform the House that privilege is involved in Lords amendments Nos. 28, 29 and 56. If the House agrees to the amendments, I shall arrange for the necessary entries to be made in the *Journal*.

Lords amendment: No. 4.

3.32 pm

The Parliamentary Under-Secretary of State for Transport (Mr. Tony McNulty): I beg to move, That this House disagrees with the Lords in the said amendment.

Madam Deputy Speaker: With this, it will be convenient to discuss the following: Lords amendments Nos. 5 to 10; Lords amendment No. 11 and Government amendments (a) and (b) thereto; Lords amendments Nos. 12 to 15.

Mr. McNulty: When the House debated part 2, which is covered by the amendments, I explained the importance of the intervention powers and offered a number of assurances relating to the way in which they would be exercised. On Report in another place, my noble Friend Lord Davies made a robust defence, answering the concerns expressed there.

We have said repeatedly—this goes to the core of the Bill—that local authorities are in the best position to deliver improvements in their area and to ensure that optimum use is made of their existing road network, but if they fail in that, it would be wrong for the Government to do nothing. That is why the new statutory network management duty is in place and why the intervention powers, which are the subject of the amendments and central to the Bill, are needed to ensure that that new duty is carried out.

Intervention is not new or novel. Local and central Government have accepted the principle and have even gone as far as to agree a protocol governing how intervention should operate in practice. I assured the Standing Committee that subsequent regulations and guidance on intervention powers would fall within that protocol established between local and central Government.

The process that we outlined in part 2 of the Bill is fully consistent with the protocol that is in place.

In another place, it was said that it would be wrong to grant these powers without knowing the criteria that would be used to trigger them. Throwing out all the powers on that basis seems rather extreme, however. I note that when the Delegated Powers and Regulatory Reform Committee looked at part 2 of the Bill, its only recommendation was that the guidance on the criteria for intervention should be subject to parliamentary procedure. That is an eminently sensible and reasonable approach, and the Government therefore accepted that recommendation and tabled their own amendments in that regard. These would give Parliament the opportunity to consider the relevant document through the negative resolution procedure, and we would wish to

see them restored. As we have said, this guidance is being developed with the assistance of all the interested parties, including the Local Government Association.

It was suggested in another place that the comprehensive performance assessment should be the means by which a council's performance of this duty should be measured. Clearly, consideration of transport as part of the environment block in the CPA could offer some useful evidence. However, I find it difficult to see how a process designed to assess a council's performance overall could be used as the sole trigger for intervention in relation to the network management duty.

It was also said that the intervention provisions marked a fundamentally different approach to dealing with local government, but that ignores evidence to the contrary. One has only to look at the provisions in the Local Government Act 1999, which allow intervention in a council as a whole, to see how wrong that assertion is. There is no significant difference between the way in which those powers are exercised and the provisions that we placed in the Bill. As my noble Friend Lord Davies so forcefully put it, none of this is groundbreaking; it just follows a well-trodden path of prudent provision.

As I said in Committee, I regard the use of intervention as an absolute last resort. As a consequence of much of the regulatory framework and other inspection frameworks that are now, by mutual agreement, imposed on local government, a whole range of local public service agreements and protocols is now in place, which means that local and central Government can work together to ensure that such intervention need not take place. It is important that people understand that that is the context in which this kind of intervention would take place. I do not want to do anything other than work with local government in this regard, but it is vital and central to the Bill that the network management duty should be given teeth. It can only have those teeth if that last resort of intervention exists.

One group of amendments tabled in Committee sought to make the traffic manager responsible to central Government, which was not appropriate, although the sentiment behind them was that a traffic manager should be put in place to work with a potentially failing local authority before intervention became necessary, or instead of intervention. In the core of the Bill, we state that each local authority must have a designated officer, a traffic manager, who will be responsible for ensuring that the network management duty is carried out in full by a local authority. A traffic director would be put in place only subsequent to intervention, to rescue a failing local authority.

After talking to the Local Government Association and others, we have decided that what is now considered good practice in many aspects of local government can prevail, so that there would be support, mentoring and help for local authorities that were in difficulty, long before intervention was needed. If central Government are imposing an additional statutory duty on local authorities, however, it is incumbent on us to put in place all the necessary mechanisms to secure the fulfilment of that statutory duty. Part of that process involves setting out what to do with a failing local authority, which is what the network management duty and the intervention measures are all about. In that regard, I strongly urge the House to support our motion to disagree with the Lords amendments, because we see the intervention powers as central to ensuring that the network management duty is achieved.

Mr. Damian Green (Ashford) (Con): As the Minister said, this is clearly the key group of amendments. The debates in the other place did many good things for the Bill and resulted in a number of improvements, and I am glad that the Minister, from a sedentary position, agrees. This set of changes is one of the best things that their lordships did to the Bill.

Mr. McNulty: You've lost me.

Mr. Green: That was a short-lived consensus. The Minister is alone, because not only Conservative Members but Liberal Democrat Members oppose the Government's position—the Liberal Democrats spoke out in the House of Lords. The Minister is also opposed by the Local Government Association, which he quoted in his introduction as though it supports him. He said that it is co-operating in the preparation of guidance, but one would expect it to do so, because that is prudent and responsible.

The LGA is currently being particularly prudent and responsible because it is under Conservative control again, with the extremely welcome election as its leader of Sir Sandy Bruce-Lockhart, which is extremely good news for it and for local government generally. I expect it to act responsibly, but, as the Minister is fully aware, it is flatly against the Government's position on this set of amendments, about which it has made many cogent arguments.

The Government's position genuinely puzzles me, since one of the new intellectual strands that thoughtful people around the Government promote is new localism—I am not sure whether the Minister avidly attends Institute for Public Policy Research seminars, where the bright young things of new Labour still gather. The attempt to reverse the Lords amendments, which are designed to protect the interests of local government in this country, shows that the new localism in new Labour simply equalises the old centralism. When push comes to shove, the Government want to control all details and all aspects of every policy.

In another place, both Government and Opposition Members forcefully made the point that when they tried to find ways to amend the Bill, they found that the issue is a straightforward matter of principle about whether one believes in and supports local democracy. Both sides agree that there is no way to amend what the Government seek to do, so either one favours the Government's centralising control tendency or one is against it.

The LGA puts it very well: the Government's attempt to reinstate the original clause

"undermines local freedoms and accountability".

I agree with its assessment, and it would be better for the Government if they did too, rather than attempting to reinstate the original clauses.

[Mr. Green]

The Government's position is objectionable for a number of reasons. First, their decision to overrule the local authority traffic director and simply impose one of their own is arbitrary, and arbitrary government is almost always bad government.

Mr. Eric Forth (Bromley and Chislehurst) (Con): My hon. Friend may be about to answer my question, but I shall give him advance warning of what is on my mind. Does he agree that if—this is a real case—a party was elected to control a local authority on an explicit manifesto of removing road humps from the roads in the locality and, as is possible under the provision that their lordships wisely sought to remove, the Secretary of State stepped in to say, "You, the local authority, against the wishes of the electorate, will restore and maintain the road humps", that would be the clearest possible indication of the situation that my hon. Friend describes?

3.45 pm

Mr. Green: My right hon. Friend cites a good example, which, as he says, is from the real world. It involves Barnet and a different arm of the Labour movement—the re-Laboured Mayor of London, who is seeking to use his powers to thwart people's democratically expressed will. As my right hon. Friend anticipated, I intend to move on to the undemocratic nature of the Government's proposals.

Leaving aside the problem that the Government's proposals are fundamentally undemocratic, nobody running a local authority can know what the ground rules are, because decisions are arbitrary. The Secretary of State will presumably announce that the local authority is not doing its job properly in terms of traffic management. He has not told the House on what basis he will reach that decision. Until we know what those criteria are, it is impossible for the House sensibly to support the proposals. As the Bill stands, any governing party would be able to make a decision about whether it wished to leave a local authority in control of its own traffic management arrangements purely on the basis of political partisanship. I would acquit even this Government of trying to behave like that. However, the fact that the Bill would permit that shows that it is in an unsatisfactory state as regards the potential arbitrariness of the application of the Secretary of State's rules.

Secondly, the Government's proposals are unclear. The Local Government Association makes that point powerfully. The Government have resisted attempts to add to the clauses the essential detail that anyone would need to assess whether the relevant national authority would be required to provide more statutory justification for any proposed individual intervention. There is no acknowledgment of the financial cost to any authority facing intervention. Most importantly, what would be the timetable for disengagement? Under what criteria and over what time scale would the Government decide that a local authority had been punished enough and could therefore be given back control of its own traffic management proposals?

Without that degree of detail, it is impossible for the House sensibly to support the Government's contention. We do not know how many people might be involved in a replacement or when the Secretary of State would consider that the traffic director had succeeded. There is a further complication. If it was deemed that a local authority was unsatisfactory and that the Government-appointed traffic director was more satisfactory, presumably the logic is that the Government would be in permanent control, because they could never know whether the local authority would mess up if given back control. The Minister has given us no clarification on that point.

Thirdly, the new traffic managers would be unaccountable. They would presumably be responsible to the Secretary of State, and it is difficult to imagine how this House, as the place where the Secretary of State is democratically accountable, could be expected to take a detailed interest in the individual traffic management of each local authority. If dozens of local authorities were deemed unsatisfactory traffic managers would the House consider in Transport questions whether democratic accountability was in force? That would simply be absurd, so the Government need to provide an explanation. Traffic directors would be unaccountable to anyone in the local community where their actions would have the most daily effect. People in the community would not only not have any say in who those directors were, but they would certainly not have voted for them. To address the point made by my right hon. Friend the Member for Bromley and Chislehurst (Mr. Forth) about local democracy, the wishes of the democratically elected local authority would be overridden. Members on both sides of the House deplore low turnout at local elections, but announcing that a key duty of local authorities can be taken away on the whim of the Secretary of State is a recipe for driving turnout down even further. If the Government are going to second-guess the actions of local authorities as soon as they do something of which they disapprove, people will feel that there is even less reason to vote in local elections.

The Government's proposals are also objectionable because they are impractical. The Minister said that the Audit Commission's comprehensive performance assessment was an unsatisfactory means of judging local authorities' performance in areas such as traffic management. If that is the case, we should approve it. If it is comprehensive, presumably it assesses the performance of local authorities in every field of important endeavour, including traffic management in the case of those that act as traffic authorities. The Minister will be aware that the assessment has proved to be an effective means of supporting and improving the performance of weak local authorities, and should be used in the first instance—I am glad to see that he is nodding—if an authority faces difficulties in traffic management. As that tool for sensible and practical intervention is already available, we do not need another heavy-handed tool to remove local authority control altogether.

The Department sets great store by local transport plans—local authorities certainly do so—which will be made redundant under the proposals. Even if a local authority is providing a decent service under its local transport plan, the Secretary of State will have the power to step in and override that control. The Minister will be aware that the Department for Transport aims to

make the performance monitoring mechanisms under the local transport plans more effective and robust by introducing a regime of penalties for poor performance and rewards for good performance, which is much more sensible than the proposals in the Government amendments. Finally, on practicality, the Bill does not acknowledge the additional financial and administrative burden that will be placed on a so-called failing authority when reporting to an imposed director.

The Government have, as the Minister said, made a robust response in another place. Lord Davies of Oldham said that they would intervene only as "a last resort" on an authority that was

"manifestly failing to live up to its duties".—[*Official Report, House of Lords*, 29 June 2004; Vol. 663, c. 169.]

We do not know what manifest failure means, as the Government will not give us details of the criteria against which any local authority will be judged. Without those criteria, it is impossible for the House to accept Ministers' explanation that only manifest failure would lead to Government intervention.

Mr. Forth: May I try to help my hon. Friend? I say that with some diffidence as a newcomer to the Bill. One of the great joys of this stage in proceedings is that those of us who did not have the joy of serving on the Committee can now represent our voters on such a matter, which is of great interest in my constituency. Clause 20, which is under consideration, says:

"If the appropriate national authority considers that a local traffic authority may be failing properly to perform any of their duties under sections 16 and 17",

one of which refers to the following objective:

"securing the expeditious movement of traffic".

That is a hint for my hon. Friend. I presume that the Secretary of State will look down from his pinnacle, judge whether my authority in Bromley is

"securing the expeditious movement of traffic",

and be able to judge on that basis whether to appoint this interloper to decide what will happen in Bromley.

Mr. Green: My right hon. Friend is characteristically helpful, and, as he says, brings a fresh mind to this unsatisfactory part of the Bill. The point that he raises is interestingly controversial: he may or may not be aware that the Transport Committee, in considering that very point, has argued throughout the process of this Bill that relying purely on the "expeditious movement of traffic" as the only measure of satisfactory traffic management is inadequate. It would be possible, although not under the terms of this debate, for the House to debate that. There are those who argue that traffic managers should have as an explicit duty some kind of environmental consideration, and not only the Liberal Democrat spokesman, who may have a different view on this matter from me and my right hon. Friend.

What is profoundly relevant to this debate, however, is that there is not a clear measure to which everyone could sign up, whereby one can say, "This is how we measure whether a local traffic manager is doing a job properly." There are honest differences of opinion about what set of criteria the Government should operate before deciding whether the local authority is doing a job satisfactorily. Even if we examine the particular clauses, the House is not given enough guidance to accept that the Government have reached a satisfactory conclusion on this matter. The problem is that the safeguards promised by the Government in another place are simply not there. That illustrates a wider problem with the Bill: it has always been an inadequate means to achieve a desirable end—less traffic congestion.

Mr. Forth: It is also the case that clause 17, which is also referred to in clause 20 now under consideration, refers teasingly in subsection (4)(a) to the fact that the traffic manager, which is now also being imposed on the local authority, must

"identify things (including future occurrences)".

Apparently, we now expect the as yet unappointed bureaucrat to have the gift of foresight in order to fulfil his duties to the satisfaction of the Secretary of State. Does my hon. Friend think that that is at all reasonable?

Mr. Green: I agree that it seems unreasonable. It would seem unreasonable were the traffic manager to be appointed by a democratically elected local body, which is more likely to have some kind of gift of foresight as to what its area might want in the time ahead. It is markedly less likely, however, that a central functionary appointed at the whim of and to serve the interests of a Secretary of State in a distant Department will have the sensitivity to anticipate what people might want in terms of their traffic management. That is asking the impossible, and that is what the Bill appears to do.

I have always thought, and have said at various stages of the Bill's passage, that this is an inadequate means of achieving the desirable end of less congestion, but what is particularly unhelpful is that the clauses the Government seek to reintroduce are genuinely damaging. They will contribute nothing to the Bill's underlying aim, while also proving dangerous to the idea of local democracy. The Government are wrong, and their lordships were right to remove the clauses. I urge the House to agree with their lordships, to disagree with the Government, and to keep these damaging clauses out of the Bill.

4 pm

John Thurso (Caithness, Sutherland and Easter Ross) (LD): When the Bill was published, the Minister was kind enough to arrange for officials to brief me and other Opposition Members on its contents. That was very helpful. One of the issues that I raised then was the whole question of traffic directors. This problem has existed throughout the Bill's passage, and I mentioned it on Second Reading and in Committee. As the Liberal Democrats consider much of the Bill beneficial, I offered the Government an alternative in a spirit of co-operation, but they seem to have been curiously intransigent. In the other place, having tried a variety of options, their lordships decided that, on principle, the clauses should be removed.

I believe that their lordships made the right decision, but—again in a spirit of wishing to offer the Minister something—I suggest that the Government could table amendments. They could adopt the proposal that I made in Committee—or, to be exact, a workable version of it, as my proposal was not entirely workable—or, as suggested by the hon. Member for Ashford (Mr. Green),

[John Thurso]

they could draw up criteria for the intervention. It is difficult to accept draconian powers of intervention with no explanation of what they would consist of and when they would be triggered. I know that the Minister is a reasonable man, and I know that he dislikes Draco. I hope that he will consider my suggestion.

As I said in Committee, it seems to me that there are only two circumstances in which the Government might wish to intervene. One is when a local authority has simply failed to appoint a traffic director; the other is when a traffic manager has been appointed and fails to deliver to the Government's satisfaction. Surely there is a straightforward remedy in both cases. In the first case, it is simply to insist that a traffic manager be appointed. In the second, it is to reserve to the Secretary of State a power to remove a traffic manager who has been seen to fail, and make another appointment. That simple method of intervention would leave most of the clauses that have gone out, but would retain some power of intervention. As I said on that occasion, I accept that there may be times at which the Government need to intervene, and my proposal would provide a mechanism.

A very germane point has been made about finance. It is extraordinary that a local authority that must finance a traffic manager and associated requirements through its council tax payers should—if the Government choose to impose a traffic director—also have to pay for the full panoply of staff, offices and all the other accoutrements. That is surely an unnecessary burden to place on local people, particularly when there is nothing they can do at the ballot box.

I genuinely consider the Minister a reasonable man. Given the maths of this House, I am sure that it will vote with the Government, but I hope that, when this provision goes back to their lordships' House, the Government will seriously consider not forcing them to insist. They could avoid that outcome by tabling amendments that would produce the result that I suggested or that would define the relevant criteria.

Mr. Damian Green: In the light of the burst of reasonableness that we are expecting from the Minister, the hon. Gentleman could suggest that he establish some criteria when the Reasons Committee is set up, so that it can judge them. That would be an improvement on the current situation, whereby we are simply being asked to take it on trust that the Government will provide reasonable criteria. They have had many weeks in which to come up with such criteria, and it seems strange that the House is being asked to make a decision without knowing what they are. The Reasons Committee is another means by which the Government could deal with this issue.

John Thurso: The hon. Gentleman makes a valid point. I believe that there is a way forward for the Government that would give them what they require, and which would be acceptable to their lordships. I urge the Minister to demonstrate that burst of reasonableness.

Mr. Forth: We are being invited to discuss an unusually wide range of amendments; indeed, I hardly know where to start, but I shall do my best. The general point made by my hon. Friend the Member for Ashford (Mr. Green)—the relationship between central and local government—is what this is all about. The hon. Member for Caithness, Sutherland and Easter Ross (John Thurso)—we used affectionately to describe his predecessor as the hon. Member for Caithness, Sutherland and Easter Island; we thought that funny but he never did—used an interesting phrase. He spoke of the satisfaction of the Government with what the *local traffic manager is getting* up to, but given his party's devotion to devolution, I would have expected him to speak of the satisfaction of the voters. We have traffic problems in my borough of Bromley, and to my simple mind it should properly be for local voters to judge whether their local councillors and officers are dealing adequately with such problems. I doubt whether anybody in Bromley would be very satisfied to learn that the Secretary of State—or even worse, the Mayor of London—was to look after Bromley's traffic. I shall come back to the Mayor in a moment, because sadly, he is mentioned in these provisions and I cannot imagine why.

The first point that we must confront in considering these provisions is our view as individuals and as a House of Commons of the proper relationship between central and local government.

Mr. Greg Knight (East Yorkshire) (Con): Potentially, this issue goes wider still. I represent an area on which, to my misfortune, the Government are seeking to impose regional assemblies. How would the views of regional assemblies be taken into account?

Mr. Forth: I do not possess my right hon. Friend's intimate knowledge of the Bill, but my glance through it has so far found no reference to regional authorities of any kind, so I assume, given the Government's enthusiasm for elected regional authorities, that there is no role for them in this matter. Presumably, even regional elected representatives would have no role to play in traffic management; yet again, it is the Secretary of State who will decide on such matters, be it road humps or anything else.

We are in an absurd position. All the main political parties now pay lip service to the idea of local decision making—devolution, decentralisation, call it what one will—yet the Bill contains a perfect example of central Government's belief that they invariably know what is best for local areas, and so will seek to intervene. We already have central government control over the national motorway network, which is long established. Going several steps further to say that the Secretary of State is so omniscient that he will know what is required authority by authority, street by street, is patently absurd.

I will not dwell excessively on clauses 16 and 17, except to point out that they are referred to explicitly in clause 20, which means that there is at least an opportunity to touch upon them. In an intervention on my hon. Friend the Member for Ashford, I pointed out what appeared to be a helpful reference to the "expeditious movement of traffic" as a criterion for judging whether the local traffic authority was carrying out its duties satisfactorily. However, the phrase is very subjective and, sadly, there is little or no help in clause 16.

I looked in vain to see whether clause 17 provided further guidance and came across an interesting phrase. The clause starts by saying:

"A local traffic authority shall make such arrangements as they consider appropriate for planning and carrying out the action to be taken in performing the network management duty."

That is the very thing the Secretary of State will use to judge the performance of the local traffic authority.

Clause 17(4) states:

"The arrangements must include provision for establishing processes for ensuring (so far as may be reasonably practicable)

—another subjective judgment—

"that the authority ... identify things (including future occurrences) which are causing, or which have the potential to cause, road congestion or other disruption".

We are now requiring the local traffic authority to have the ability to gaze into a crystal ball and forecast sufficiently accurately what will happen in the future to avoid traffic congestion. I would have thought it demanding enough to deal with existing traffic congestion, but to use as a criterion one's ability to forecast the future gets us into difficult territory.

4.15 pm

Mr. Damian Green: The situation is even worse than my right hon. Friend supposes. Under the comprehensive spending review, the Government slipped out the fact that they had dropped their target of reducing traffic congestion. One would have expected that; they have failed miserably to reach the target since the 10-year transport plan came out. More to the point, the Government will not even define traffic congestion until July next year. They will spend the next year trying to decide if they know what traffic congestion is. Asking a traffic director to predict how traffic congestion will be reduced when the Government cannot even define it puts an onerous burden on the people they are to appoint.

Mr. Forth: I am grateful, but alarmed. Should the Bill receive Royal Assent, there will be at the very least a lacuna, during which nobody will have any idea about these important matters. Having referred to crystal ball gazing and to the anticipation of future occurrences, the Bill goes on to say—with an insouciance of a kind I have rarely seen in legislation—that

"nothing in this subsection is to be taken to require the identification or consideration of anything appearing to have only an insignificant effect (or potential effect) on the movement of traffic on their road network."

We are now into multiple subjectivity. We are judging future occurrences that have potential effects that are significant or insignificant. I defy anyone to pick their way through that, given that we are talking about a matter as important as the imposition by central Government of all-powerful traffic gauleiters in local authorities. Even before I get past clause 20, I am thoroughly confused and alarmed.

I want, however, to try to tease out from the Minister his view of the relationship between the Mayor of London and London authorities. Clause 20(5) states:

"The Secretary of State shall consult the Mayor before giving an intervention notice to a London authority and, if such notice is given, shall give him a copy of it."

We all know about the new bear hug in which the Mayor and the Government are engaging and it is wondrous to behold. However, I would have thought that people in London boroughs, whose councillors are properly elected to take local decisions on their behalf, would be more than a little alarmed at the thought of the remote Secretary of State taking their decisions for them.

I do not want to be too personal about it, but given that the current incumbent Secretary of State also happens simultaneously to be the Secretary of State for Scotland, it is conceivable that he might be spending rather more of his time in Edinburgh than in London. Earlier today, when he was wearing his Secretary of State for Transport hat, he referred to a surface railway line—or he thought he was referring to one—as the Northern line. You will know, Madam Deputy Speaker, that it is really a tube line.

Madam Deputy Speaker: Order. I have given the right hon. Member some latitude, but I hope that he will now return to directing his comments at the amendments that we are debating.

Mr. Forth: Of course, Madam Deputy Speaker, I would not dream of disputing anything you say, but we are debating whether clause 20 should be in the Bill, and I am talking about clause 20(5), which explicitly refers to both the Secretary of State and the Mayor, and London authorities. I was talking about the Secretary of State in almost complimentary terms.

Madam Deputy Speaker: Order. I think that we went rather beyond the Secretary of State when we got on to the Northern line.

Mr. Forth: That is what we all thought when the Secretary of State said that, too. I am grateful for your endorsement, Madam Deputy Speaker, and I will send *Hansard* to him on Monday.

The point at issue is a very serious one. We now face the dangerous possibility that the Secretary of State—regardless of who he or she may be or what other jobs he or she may have—will consult the Mayor on a matter that should be the business only of the London authority. That applies whether it is my authority or any of the other London boroughs. The Government suggest that there are now two people with the potential to interfere and intervene on London matters in London boroughs. I find that wholly unacceptable and I would be surprised if any London Member representing a London borough were any happier than me about that. I press the matter no further than that.

Moving on to clause 21—I want to make progress and there are many clauses to wade through—my eye alights on subsection (3), which states:

"An intervention order providing for the appointment of a traffic director must (among other things) ... confer such general powers on the traffic director as the national authority considers appropriate for achieving those objectives."

So a potential outsider with as yet unspecified but unlimited powers will be imposed on a local authority, subject only to the whim of the Secretary of State. The clause proceeds to hint that the general powers

[Mr. Forth]

conferred on such a director are to "monitor" and "report"—I might just about be able to go along with that—but then to

"intervene in activities of the local traffic authority"

and

"to carry out functions of the local traffic authority".

That surely is alarming.

Moving on rapidly to clause 22—I am picking up speed now, Madam Deputy Speaker, and there will be no legislative congestion here—can the Minister help me? The clause states:

"Where by virtue of an intervention order a traffic director is to be appointed in relation to a local traffic authority ... any person ... may be appointed",

including

"the national authority making the order".

That suggests to me that the Secretary of State could be appointed as the traffic manager. Could that possibly be true? Is the Secretary of State bidding for yet another job? In addition to being Secretary of State for Scotland and Secretary of State for Transport, does he want to be traffic manager for Bromley?

That strikes me as ambitious, to the say the least. Under the terms of the clause, could he also be the traffic manager for every other authority as well? If so, he would be a busy man. Would his salary rise commensurately? Would he get extra money and work overtime? We need to know. Provisions such as this may look innocuous when they are buried in a Bill as clause 22(1)(a), but they have the potential to be extremely damaging.

Clause 30 deals with the recovery of costs from local traffic authorities. I am sure that my hon. Friend the Member for Ashford has considered this matter, given his intimate knowledge of the Bill, but the clause states:

"The appropriate national authority may recover from the local traffic authority such sum or sums as it may consider appropriate."

That is really scary. It suggests that the Secretary of State, on a whim, can recover any amount of money that he considers appropriate from local authorities and, therefore, from council tax payers. How much further must the Bill go before it wrecks any concept of a proper relationship between central and local government?

The proposals are truly frightening. The House of Lords is often criticised by the Government as undemocratic and unaccountable, but we must now look to their lordships to defend local democracy and the proper relationship between local government and central Government. The Government repeatedly pay lip service to local decision making and decentralisation, but they are setting out to wreck and undermine the relationship between local government and voters.

The Bill is appalling and disgraceful. We must oppose it at every turn.

Mr. McNulty: I shall deal first with some of the points raised by the right hon. Member for Bromley and Chislehurst (Mr. Forth). There are 35 highway authorities in the London area. The Bill is restricted to looking at, and imposing duties on, highway authorities. Regional assemblies are not highway authorities, so it is clear that they are outside the Bill's scope.

There are 32 London boroughs, including Bromley. The City of London is another of the 35 highway authorities, as is the Highways Agency, in part, because of its roads network. Finally, there is Transport for London. The relationship between TFL and the London boroughs, after the Greater London Authority Act 1999, is complex. The Mayor is the TFL and GLA representative, and the Bill requires the communication of information to him for that reason alone. However, he must also satisfy the Government in respect of his own network management duty. There is no elaborate conspiracy to Livingstoneise Bromley, or any borough in which people had the misfortune—or were misguided enough—to vote for a party other than the one to which the Mayor now belongs.

I hesitate to mention that, as the United Kingdom Independence party almost won Bromley in the European elections. I shall not go beyond the scope of the amendments, Madam Deputy Speaker, and push the right hon. Member for Bromley and Chislehurst about how he voted in those elections. I shall not ask him whether he voted for his party or for UKIP. I shall not go there.

The right hon. Gentleman made a fair point about Barnet. The same complexities apply here: TFL has a funding relationship, and other relationships, with Barnet and all the London boroughs, which are not part of the local transport plan process referred to by the hon. Member for Ashford (Mr. Green). In that process, there is a direct relationship between the Department and every highway authority in England outside London, whereas the London boroughs relate to TFL in respect of funding, and other matters.

I turn now to the way in which Barnet relates to the Government in respect of its ability to fulfil its network management duty. If a party manifesto promised the wholesale removal of sleeping policemen or street furniture, for example, that would have to be seen to be consistent with the fulfilment of the network management duty. I take the point that this is not about a party of whatever colour elected centrally, imposing by some back-door route its view of what the local highway authority solutions should be to achieving its works management duty. Behind the noise and rhetoric, happily, at least in part, Barnet is not doing what the rhetoric suggests it is doing. I do not think that many sleeping policemen or road humps have been moved. Rather like the hon. Member for Ashford, the rhetoric is a lot noisier than any subsequent action. That explains in part why, to the apparent disgust of the right hon. Member for Bromley and Chislehurst, the Mayor is mentioned so frequently within the whole document. There are complexities that do not prevail in the rest of the country.

I do not accept that the network management duty and the clauses that we seek to restore are undemocratic, unclear, impractical, unnecessary or unaccountable in part, which was the broad gist of what the hon. Gentleman said. Neither, given all the elements of the Bill, including those that we seek to restore, do I consider it to be centralising control, arbitrary or

anything else that he said. It is not undemocratic because we set out clearly what the network management duty should be. We will subsequently flesh that out with criteria and practicalities in guidance. We will make clear in guidance after full consultation what steps need to be taken.

I know that many find it unsatisfactory, as I do to some extent, when I describe the Bill, as I have done on many occasions during its passage, as like a Christmas tree. Broad, enabling powers are taken in the Bill, around which a whole series of regulations, criteria and guidance will be hung subsequently. In the totality of the Bill there will be guidance on the techniques of securing the national management network duty, on intervention, on what the traffic director may and may not do, on making intervention orders and notices, on what the network's duty will be and on a range of other areas. It may be unsatisfactory that all those are not clearly and explicitly in the Bill, but I assure hon. Members that there will be substantive consultation as each of those sets of guidance and regulations comes to fruition.

There is also the backstop. Every time there is an apparent need for intervention, there will be a separate intervention order for that specific authority, which can be discussed in the House, should it be prayed against on the negative resolution procedure via a statutory instrument. A series of belts and braces have been established. I do not think in the main that all should appear in the Bill. It is certainly not the norm in legislation. It has not been the norm in the past and I could point to many Acts since 1979 that are of the same order as this Bill, where the substantive work is done in regulation in consultation or subsequently.

This is not supposed to replace local transport plans, nor does it make them redundant. The network management's duty is entirely consistent with LTPs outside London. The monitoring, which is part of the local transport process, can and probably will be part of the assessment process for the criteria on achieving the network management duty. Such issues are just the kind of matters that we are discussing with local government and others in developing the criteria.

4.30 pm

The half point made by the hon. Gentleman that was valid was that it clearly would be foolish to impose a network management duty, and seek to produce criteria and measurements for that duty, as if the whole local transport plan process did not exist. Of course, the two would need to be intermeshed, and that is what will happen.

It is not right to say that there would be no consideration of the costs of an intervention. Clause 30 allows the recovery of costs associated with appointing a traffic director, but it does not require the recovery of those costs. The Secretary of State might decide that it would be far more efficient for the authority to use those resources to improve its performance. The burden is not as explicit as some would suggest. Neither is it arbitrary. The intervention powers are not arbitrary or unfettered. Any decision must be consistent with the principles outlined in the guidance in what was clause 27—which we seek to restore—and would need to stand up to scrutiny. Those criteria will be set out in an order and can be discussed. They are being developed with stakeholders—I apologise for using that word, and perhaps I should say interested parties—including the Local Government Association, and will be subject to public consultation.

We want the process to be as transparent as possible. The guidance and criteria will overcome many of the difficulties that hon. Members have suggested. The protocol is in place. It is wrong to suggest that the power is brand new and a first in the relationship between central and local government. The protocol contains a long list of existing service-specific powers for statutory intervention related to failure, including on housing, environment, planning, education, health, and even libraries and museums. That demonstrates that these powers are not unusual. It is a widely accepted concept that appropriate national authorities should intervene if an authority fails in its duty. The House is not being asked to take the criteria on trust. As I have said, they can be considered in great detail by both Houses.

The problem with the amendments suggested by the hon. Member for Caithness, Sutherland and Easter Ross (John Thurso) in Committee was that they personalised the issue around the traffic manager. We have deliberately abstracted the notion of traffic manager. In one way, we could care less who the traffic manager is and where they stand in the structures of the local authority. The failure of the traffic manager is not the issue. The failure would be of the authority to fulfil its collective and corporate network management duty.

I repeated frequently in Committee that we see intervention as a last resort. I accept that there are those—such as the LGA—who would not seek to push the ability of central Government to intervene any further than it goes now, as a matter of principle. I accept that, but I congratulate the LGA because—despite that principle—it has discussed the criteria and other elements with us at length. We envisage a series of discussions—and, perhaps, mentoring by other highway authorities that are in a better position to address the failure—as well as other measures, some of which will be contained in the guidance and some that will be agreed with local government.

I have also said that notice will be given of intervention, so that even at such a late stage in the process the difficulties in a highway authority may be addressed. I said on Second Reading, and I repeat today—not least for the benefit of those in the other place who will consider this issue subsequently—that I would see intervention, as outlined in the Bill, as a collective failure of central and local government. Long before intervention was necessary, matters should have been resolved by all three parties—the potentially failing local authority, local government and the Government. However, if we are to impose a statutory network management duty on local authorities, we need, as a long, long backstop—as I have assured the House—the ability to intervene and correct things if an authority fails in that duty, as neither the local community or the Government would want such a situation to prevail.

On Second Reading, it was suggested that I was simply saying, "Trust me". I am not saying that. I am saying that one of the prerequisites of imposing such a statutory duty on local authorities is that the whole array—the panoply—of powers is in place, so that,

[Mr. McNulty]

ultimately, if there were a failure in that duty the responsibility would return to the Government, who would secure the situation or ensure that the local authority could recover and return to a position where it could fulfil its duty. The intervention powers are thus part and parcel of the Bill, by imposing that network management duty in the first place.

I shall be more than happy to speak to Opposition Members from both parties, or their counterparts in the other place, about the criteria, the guidance and the other elements, where much work has already been done; and to give them reassurance about any aspect of the process—the intervention notice, the orders, the criteria for the network management duty—to allay any fears that I have been unable to set aside today. However, for the integrity of the Bill and in order for the Government to secure what we want in part 2, we feel that we must disagree with the Lords. The provisions need to be restored and in the spirit of eminent reasonableness that I am pursuing, I ask the House to endorse that approach and to disagree, in the nicest possible way, with the Lords on these amendments.

Question put, That this House disagrees with the Lords in the said amendment:—

The House divided: Ayes 199, Noes 78.

Division No. 226] **[4:37 pm**

AYES

Ainger, Nick
Ainsworth, Bob *(Cov'try NE)*
Allen, Graham
Anderson, rh Donald *(Swansea E)*
Atkins, Charlotte
Austin, John
Barnes, Harry
Bayley, Hugh
Beard, Nigel
Beckett, rh Margaret
Bell, Sir Stuart
Bennett, Andrew
Benton, Joe *(Bootle)*
Berry, Roger
Best, Harold
Blackman, Liz
Blears, Ms Hazel
Blizzard, Bob
Bosteng, rh Paul
Brown, rh Nicholas *(Newcastle E Wallsend)*
Browne, Desmond
Bryant, Chris
Buck, Ms Karen
Burnham, Andy
Byers, rh Stephen
Cairns, David
Campbell, Alan *(Tynemouth)*
Caplin, Ivor
Caton, Martin
Challen, Colin
Chapman, Ben *(Wirral S)*
Chaytor, David
Clapham, Michael
Clark, Mrs Helen *(Peterborough)*
Clark, Dr. Lynda *(Edinburgh Pentlands)*
Clark, Paul *(Gillingham)*
Clarke, rh Tom *(Coatbridge & Chryston)*
Clarke, Tony *(Northampton S)*
Clwyd, Ann *(Cynon V)*
Coaker, Vernon
Coffey, Ms Ann
Cohen, Harry
Colman, Tony
Corston, Jean
Cousins, Jim
Cox, Tom *(Tooting)*
Crausby, David
Cryer, Ann *(Keighley)*
Cunningham, Jim *(Coventry S)*
Darling, rh Alistair
Davey, Valerie *(Bristol W)*
Davidson, Ian
Davies, Geraint *(Croydon C)*
Dawson, Hilton
Dean, Mrs Janet
Denham, rh John
Dismore, Andrew
Dobbin, Jim *(Heywood)*
Dobson, rh Frank
Doran, Frank
Dowd, Jim *(Lewisham W)*
Drown, Ms Julia
Etherington, Bill
Farrelly, Paul
Flynn, Paul *(Newport W)*
Foster, Michael Jabez *(Hastings & Rye)*
Francis, Dr. Hywel
Gapes, Mike *(Ilford S)*
Gardiner, Barry
Gerrard, Neil
Gibson, Dr. Ian
Gilroy, Linda
Griffiths, Jane *(Reading E)*
Griffiths, Nigel *(Edinburgh S)*
Griffiths, Win *(Bridgend)*
Hain, rh Peter
Hall, Mike *(Weaver Vale)*
Hamilton, David *(Midlothian)*
Hanson, David
Harris, Tom *(Glasgow Cathcart)*
Havard, Dai *(Merthyr Tydfil & Rhymney)*
Hepburn, Stephen
Hodge, Margaret
Hoey, Kate *(Vauxhall)*
Hopkins, Kelvin
Howarth, George *(Knowsley N & Sefton E)*
Howells, Dr. Kim
Humble, Mrs Joan
Hurst, Alan *(Braintree)*
Hutton, rh John
Iddon, Dr. Brian
Illsley, Eric
Jackson, Glenda *(Hampstead & Highgate)*
Jackson, Helen *(Hillsborough)*
Jamieson, David
Johnson, Alan *(Hull W)*
Johnson, Miss Melanie *(Welwyn Hatfield)*
Jones, Kevan *(N Durham)*
Jones, Lynne *(Selly Oak)*
Jones, Martyn *(Clwyd S)*
Keen, Alan *(Feltham)*
Keen, Ann *(Brentford)*
Kelly, Ruth *(Bolton W)*
Khabra, Piara S.
Kumar, Dr. Ashok
Ladyman, Dr. Stephen
Lammy, David
Lazarowicz, Mark
Lepper, David
Leslie, Christopher
Linton, Martin
Luke, Iain *(Dundee E)*
Lyons, John *(Strathkelvin)*
McAvoy, Thomas
McCafferty, Chris
MacDonald, Calum
MacDougall, John
McFall, rh John
McGuire, Mrs Anne
McIsaac, Shona
McNulty, Tony
Mactaggart, Fiona
McWalter, Tony
McWilliam, John
Mahon, Mrs Alice
Mandelson, rh Peter
Marsden, Gordon *(Blackpool S)*
Martlew, Eric
Merron, Gillian
Michael, rh Alun
Miliband, David
Mitchell, Austin *(Gt Grimsby)*
Moffatt, Laura
Mole, Chris
Morgan, Julie
Morley, Elliot
Mountford, Kali
Nayamith, Dr. Doug
O'Brien, Bill *(Normanton)*
O'Brien, Mike *(N Warks)*
Olner, Bill
Owen, Albert
Perham, Linda
Picking, Anne
Pike, Peter *(Burnley)*
Plaskitt, James
Pollard, Kerry
Prentice, Gordon *(Pendle)*
Prescott, rh John
Purnell, James
Quinn, Lawrie
Rammell, Bill
Rapson, Syd *(Portsmouth N)*
Robertson, John *(Glasgow Anniesland)*
Roy, Frank *(Motherwell)*
Ruddock, Joan
Russell, Ms Christine *(City of Chester)*
Salter, Martin
Sarwar, Mohammad
Sheerman, Barry
Sheridan, Jim
Skinner, Dennis
Smith, rh Andrew *(Oxford E)*
Smith, Angela *(Basildon)*
Smith, rh Chris *(Islington S & Finsbury)*
Smith, Geraldine *(Morecambe & Lunesdale)*
Smith, Jacqui *(Redditch)*
Smith, John *(Glamorgan)*
Smith, Llew *(Blaenau Gwent)*
Soley, Clive
Southworth, Helen
Squire, Rachel
Starkey, Dr. Phyllis
Stewart, David *(Inverness E & Lochaber)*
Stewart, Ian *(Eccles)*
Stinchcombe, Paul
Stoate, Dr. Howard
Strang, rh Dr. Gavin
Sutcliffe, Gerry
Timms, Stephen
Todd, Mark *(S Derbyshire)*
Trickett, Jon
Truswell, Paul
Turner, Dr. Desmond *(Brighton Kemptown)*
Turner, Neil *(Wigan)*
Twigg, Derek *(Halton)*
Twigg, Stephen *(Enfield)*
Tynan, Bill *(Hamilton S)*
Vis, Dr. Rudi
Ward, Claire
Wareing, Robert N.
Watts, David
White, Brian
Wicks, Malcolm
Winnick, David
Wood, Mike *(Batley)*
Woodward, Shaun
Wright, Anthony D. *(Gt Yarmouth)*
Wright, Tony *(Cannock)*

Tellers for the Ayes: Jim Fitzpatrick and Joan Ryan

NOES

Amess, David
Ancram, rh Michael
Arbuthnot, rh James
Atkinson, David *(Bour'mth E)*
Bacon, Richard
Baron, John *(Billericay)*
Beggs, Roy *(E Antrim)*
Bercow, John
Bottomley, Peter *(Worthing W)*
Brady, Graham

Brazier, Julian
Browning, Mrs Angela
Cable, Dr. Vincent
Cameron, David
Campbell, rh Sir Menzies *(NE Fife)*
Chapman, Sir Sydney *(Chipping Barnet)*
Chope, Christopher
Clarke, rh Kenneth *(Rushcliffe)*
Cran, James *(Beverley)*
Curry, rh David
Djanogly, Jonathan
Dodds, Nigel
Donaldson, Jeffrey M.
Evans, Nigel
Fallon, Michael
Field, Mark *(Cities of London & Westminster)*
Forth, rh Eric
Gibb, Nick *(Bognor Regis)*
Goodman, Paul
Green, Damian *(Ashford)*
Hague, rh William
Heald, Oliver
Holmes, Paul
Horam, John *(Orpington)*
Howarth, Gerald *(Aldershot)*
Jack, rh Michael
Jackson, Robert *(Wantage)*
Jenkin, Bernard
Jones, Nigel *(Cheltenham)*
Kennedy, rh Charles *(Ross Skye & Inverness)*
Knight, rh Greg *(E Yorkshire)*
Lait, Mrs Jacqui
Lansley, Andrew
Liddell-Grainger, Ian
Luff, Peter *(M-Worcs)*
Maples, John
May, Mrs Theresa
O'Brien, Stephen *(Eddisbury)*
Ottaway, Richard
Paterson, Owen
Portillo, rh Michael
Price, Adam *(E Carmarthen & Dinefwr)*
Randall, John
Redwood, rh John
Robathan, Andrew
Roe, Dame Marion
Ruffley, David
Russell, Bob *(Colchester)*
Shephard, rh Mrs Gillian
Spicer, Sir Michael
Spring, Richard
Stanley, rh Sir John
Steen, Anthony
Streeter, Gary
Taylor, Ian *(Esher)*
Taylor, Matthew *(Truro)*
Taylor, Sir Teddy
Thurso, John
Turner, Andrew *(Isle of Wight)*
Tyrie, Andrew
Viggers, Peter
Walter, Robert
Waterson, Nigel
Watkinson, Angela
Wilkinson, John
Willetts, David
Winterton, Ann *(Congleton)*
Winterton, Sir Nicholas *(Macclesfield)*

Tellers for the Noes:
Mr. Peter Atkinson and Mr. Hugo Swire

Question accordingly agreed to.

Lords amendment disagreed to.

Lords amendments Nos. 5 to 11 disagreed to.

Government amendments (a) and (b) in lieu of Lords amendment No. 11 agreed to.

Lords amendments Nos. 12 to 15 disagreed to.

Lords amendment: No. 1.

The Parliamentary Under-Secretary of State for Transport (Mr. David Jamieson): I beg to move, That this House agrees with the Lords in the said amendment.

Madam Deputy Speaker: With this we may discuss Lords amendments Nos. 2, 3, 17, 18, 35, 36, 43, 45 to 50, 57, 59, 60, 63, 64, 66, 67, 70, 77, 91, 92, 94, 95, 99 to 101, 105, 106 and 109.

Mr. Jamieson: The expert way in which you read out the amendments, Madam Deputy Speaker, makes them sound impressive, but they are, in fact, all drafting amendments and the Government agree with them.

Mr. Greg Knight: I do not necessarily oppose the amendments, but want some clarification.

Amendment No. 36 deletes clause 40(2). Why does the Minister think that that is the right thing to do? Amendments Nos. 43 and 45 are similar but not identical. They relate to the resurfacing notice. Amendment No. 43 removes "serve" and inserts "give", so a street authority may give a resurfacing notice rather than serve one. Amendment No. 45 removes "serve with" and inserts "given".

Every lawyer knows that "serve" has a specific meaning. If someone is served a writ as part of legal proceedings, he has to be physically touched with it. It does not matter what he then does with it. He could rip it up. I have dealt with cases in which a young articled clerk has gone to serve a writ on someone. He has touched the individual with it, has been chased down the drive and the writ has been thrown into the back into the articled clerk's car. That does not matter because the individual has still been served. In my days as an articled clerk, I spent many a weekend trying to earn a few extra pounds from my employer by serving writs on less than salubrious characters who had come into conflict with my firm's clients.

Does the replacement of "serve" with "give" imply that the Government are trying to achieve something less than a personal service, perhaps by placing an advert in a magazine or *The London Gazette*? Alternatively, does giving the notice simply mean telling a junior employee who happens to be on site about it, rather than issuing an official notice to the contractor, sent to that contractor's registered office? If there is a lessening of the test of service, why is that appropriate? Lords amendment No. 59 removes the term "penalty charge". Again, will the Minister say why that is an appropriate course of action?

Lords Amendment No. 70 seeks to delete from the Bill the word "guidance" and to insert the word "guidelines". I wondered what the difference was between those two words, and to refresh my memory I consulted the "New Shorter Oxford English Dictionary", which states that guidance is

"the action of guiding; leadership, direction",

whereas a guideline is a

"directing or standardising principle, laid down as a guide to procedure or policy".

Clearly, the most appropriate word to use in the Bill is "guidelines". The Government spend a lot of money on parliamentary draftsmen who, I suspect, certainly get paid more than a Member of Parliament and perhaps more than the Minister. Why is this change being made at this late stage? It seems, on the face of it, to involve sloppy drafting, and I look forward to the Minister's response.

Mr. Jamieson: I thank the right hon. Gentleman for his remarks. His first question was on the minor technical amendments relating to the fixed penalty notice in the Bill. Lords Amendment No. 35 corrects an error in clause 40. The Bill incorrectly states that schedule 4B

"makes provision about fixed penalties for fixed penalty notices",

but it should read "for fixed penalty offences". Lords Amendment No. 36 also amends clause 40. It is unnecessary to refer to the power to prescribe notices in relation to fixed penalties under the New Roads and Street Works Act 1991, because the power is already implicit in the existing provision in section 97 of the Act. The provision should therefore be deleted.

The right hon. Gentleman asked about the difference between serving notices and giving them. I believe that their lordships probably got more exercised about this

[Mr. Jamieson]

than we did. The difficulty was that both terms had been used in the Bill. I am advised that, in legal terms, they are one and the same thing. These amendments are therefore tidying amendments to ensure that we use the same terminology throughout. Had we not put this minor matter right, there could have been some confusion about the two terms, as the right hon. Gentleman rightly suggested. However, they mean the same thing, so this is just a matter of consistency in the Bill.

I am glad that the right hon. Gentleman made a tour into our excellent Library—we heard earlier about our chief librarian, who is retiring, and about the excellent service that she provides—to look at the "Oxford English Dictionary", albeit the shorter version. He rightly said that the term "guidelines" more accurately described the directing role of the appropriate national authority. "Guidance", the term that was previously used, suggests a broader discretion than we had intended.

This is therefore a group of fairly minor but nevertheless important amendments, and I pay tribute to the right hon. Gentleman for his fastidiousness in having looked through them so carefully and asking questions about some of them.

Mr. Knight: With permission, Madam Deputy Speaker, may I say that the Minister has satisfied us on all the matters that we have raised? I am most grateful to him for his comprehensive reply, and we shall not seek to divide the House on any of the amendments which may, by all means, be put together.

Lords amendment No. 1 agreed to.

Lords amendments Nos. 2 and 3 agreed to.

Lords amendment: No. 16

Mr. McNulty: I beg to move, That this House agrees with the Lords in the said amendment.

Madam Deputy Speaker: With this, it will be convenient to discuss Lords amendments Nos. 19 to 34.

Mr. McNulty: These are all amendments to the permit powers that were alluded to earlier when we were discussing the Ways and Means resolution. Lords amendment No. 16 clarifies that the power for regulations to provide for the review or variation of permits can also cover applications for variations to a permit—for example, where a person wishes to apply for conditions attached to a permit to be varied.

5 pm

Lords amendments Nos. 19 and 22 clarify that the powers for an order to modify or disapply primary or secondary legislation are limited to the extent allowed for by permit regulations, and they were tabled in response to the report by the Delegated Powers and Regulatory Reform Committee.

Lords amendments Nos. 20 and 23 delete the existing powers in the Bill covering the variation and revocation of permit schemes operated by local and national authorities respectively, and Lords amendment No. 21 is consequential on Lords amendment No. 23. Lords amendment No. 24 replaces those deleted powers with a new clause, which makes it clear that schemes may be revoked or varied by order and that a single order can apply to more than one scheme. It also provides that an order can also make specific provision to disapply and modify primary and secondary legislation, provided that that is in accordance with permit regulations.

Lords amendment No. 25 allows for wide provision in regulations for the determination of disputes in relation to permits. Regulations will allow for the facilitation of dispute resolution and any system of appeal for permits thought necessary. Regulations could also provide for the appointment of people to hear disputes, and the scope could extend to systems such as adjudication and mediation. Lords amendment No. 26 makes it clear that if regulations provide for adjudication, then the consent of the Lord Chancellor would be required to the making of the regulations or the appointment of persons.

Lords amendment No. 27 allows permit regulations to make provision for permit offences to be fixed penalty offences. The offences themselves will be defined in permit regulations. Lords amendment No. 31 is consequential and provides a definition of "fixed penalty notice".

Lords amendments Nos. 28 to 30 make further provision for the payment of permit fees. They set out the cases in which regulations can make provision for the charging of a fee, and they also provide that the national authority should try to ensure, so far as reasonably practicable, that fees payable in connection with permit schemes do not exceed costs as may be prescribed. Those amendments were referred to earlier in the Ways and Means resolution.

Lords amendment No. 30 enables regulations to provide for the keeping of accounts. Lords amendment No. 32 allows for permit regulations or a permit order to provide for regional variations, for instance, to apply different arrangements for permit schemes in London as against the rest of the country.

Lords amendment No. 33 provides that the first set of permit regulations would be subject to affirmative resolution. Lords amendment No. 34 is consequential on that, and amends clause 38(4) to make it clear that subsequent regulations would revert to the negative procedure. These amendments were also tabled in response to the Delegated Powers and Regulatory Reform Committee report.

Given that we have already discussed the core elements of the amendments in the Ways and Means resolution, I urge the House to support the amendments.

Mr. Christopher Chope (Christchurch) (Con): As the Minister said, we have debated the principles. The group of 16 Lords amendments is a welcome improvement, but we still have reservations and wish that the Government had been able to go further to meet our concerns about the stealth tax that effectively lies behind the permit scheme.

If it were not for the constraints of time, we could spend longer discussing the detail. By my calculation, the other place spent 25 hours and 45 minutes discussing the Bill, during which time 109 amendments were

tabled. With their guillotine motion, the Government have allowed us only two and a half hours to consider all those amendments, which is a mean approach. We must try to discuss as much as possible, so the time that we can spend discussing this group of amendments is inevitably restricted.

May I ask the Minister about the one-sidedness of the fixed penalty notices, because there is still an issue about the fact that the fixed penalty notices will apply to utilities only, and not to highway authorities, although the highway authorities themselves, through the works that they carry out, may cause as much, if not more, inconvenience to the motoring public?

The National Joint Utilities Group takes the view that this is a one-sided, arbitrary fixed penalty regime that does nothing whatsoever to ensure that there is any incentive for highways authorities carrying out works to do so in a reasonable time and with a minimum amount of disruption to members of the public. *[Interruption.]* I do not know whether the Minister is listening to the concerns expressed by the National Joint Utilities Group, but I hope that he will be able to explain exactly how the travelling public can be assured that when the highways authorities carry out roadworks they will not be able, with impunity, to block the highway by sticking their roadworks there for unreasonable lengths of time. If the Government believe that it is necessary to have a penalty regime, with fixed penalties that may rise to as much as £350, for utilities, why do they not believe that it is necessary for the highways authorities? I hope that the Minister will be able to allay remaining concerns on that matter.

I hope that the Minister will think again about the overall burden of cost involved in these permit schemes. In correspondence with my noble Friend Viscount Astor, the Minister in the other place said that he did not believe that it would be sensible to tie the costs down as narrowly as we wished. I should have thought that it was in everybody's interests that the costs of permit schemes and the costs of getting permits should be tied down as tightly as possible. That is why we regret that the Government have not gone further.

Mr. John Redwood (Wokingham) (Con): I rise to support my hon. Friend the Member for Christchurch (Mr. Chope). He is letting the Government off very lightly, although I realise that that is because we are so short of time that we cannot discuss this properly and divide on it if we hope to deal with the other important matters before us.

I should have thought that the Minister would want to table rather more amendments to the permit scheme provisions, because we live in remarkable times. The Chancellor of the Exchequer told us that there is too much waste and bureaucracy and too many stealth taxes, yet here we see the Department for Transport going ahead as if the new doctrine had not come in. It is busily legislating for a very expensive stealth tax on the private sector, but it is not prepared to be fair-minded by recognising that the public sector is often the cause of delays, and is exempting it from the charge.

These clauses, even when amended as suggested by the Minister, will leave a bureaucratic, expensive and lopsided system. If the Minister knows what is good for him in his future career, he should listen rather more carefully to the Chancellor of the Exchequer and identify this scheme as a new example of the waste, intervention, bureaucracy and stealth taxing that we heard this week was no longer on the agenda.

Mr. McNulty: If I understood the hon. Member for Christchurch rightly, he wants 25 hours to discuss 19 amendments that everyone agrees with. That seems obtuse, to say the least. He did not mention all the time that we spent on Second Reading and in Committee—it was a good-natured Committee stage—and subsequently on Report and Third Reading.

Broadly speaking, I do not accept the points made by the hon. Gentleman. Nor, interestingly, does the other place, where all these amendments were ultimately secured without dissent. The first set of regulations on permit schemes will be subject to the affirmative order. I do not accept that the proposals are one-sided. We debated that extensively in Committee. If I understand the hon. Gentleman correctly, he wants a fixed penalty notice regime whereby the highways authority imposes on itself fixed penalty notices if it transgresses the permit system that it will be afforded the ability to impose on others. One part of the highways authority will therefore impose a fixed penalty regime on another part, and will doubtless take it to court if the notices are not paid. One part would then sue another for recovery of costs and other expenses stemming from the regime if they are not forthcoming. In Committee, we made it clear that we accepted—I am mimicking the hon. Member for Christchurch in case people did not notice rather than the National Joint Utilities Group or any other learned body that partook in our discussions—that it is a network management duty to ensure that highways authorities discharge their functions on roadworks and streetworks properly and respect the spirit of the Bill.

Network management duties are, quite rightly, not imposed on private contractors and utility groups, but are a function of the local highways authority which, as the relevant public body, will be charged with the efficient and expeditious carrying-out of streetworks. We can set hares running, but it will not be in any highways authority's interest to start digging a hole in the road and leave it there for two or three months, as hon. Gentlemen suggested, doing nothing. It is foolish to suggest that the authorities would act with impunity because they are not charged for permits and are not fined—the Opposition have flogged that point to death. The utility groups accept that balance will prevail, and are represented on a series of working groups that will be set up according to regulations and guidance in the Bill.

I shall not even bother to grace the tosh about stealth taxes with a reply. Not only have the Opposition fabricated unrealistic and unnecessary rhetoric to the point of ridicule but their criticisms have become a tiresome standing joke. The amendments were agreed by the House of Lords without dissent and, as the hon. Member for Christchurch said, they tidy up the permits system in the Bill and deal with many of the concerns expressed by the Delegated Powers and Regulatory Reform Committee. I therefore hope that they will be warmly welcomed as a way of tidying up a complex part of the Bill. All the Lords amendments improve the clarity of the Bill, so we are happy to accept them. They

[Mr. McNulty]

should have been welcomed by the Opposition, so that we could debate the matters of substance in the Opposition amendments in the two following groups. The amendments in the current group, however, are worth while and improve the permit scheme. The House of Lords fully endorses them, and I urge the Commons to do so as well.

Lords amendment agreed to.

Lords amendments Nos. 17 to 36 agreed to, the Commons being willing to waive their privileges in respect of Lords amendments Nos. 28 and 29.

Lords amendment: No. 37.

Mr. McNulty: I beg to move, That this House agrees with the Lords in the said amendment.

Mr. Deputy Speaker (Sir Michael Lord): With this we may discuss the following: Lords amendments Nos. 38 to 42, 44 and 51; Lords amendment No. 52 and amendment (a) thereto; Lords amendments Nos. 53 to 56, 93, and 96 to 98.

Mr. McNulty: Regulations will make provision for appeals from utilities against an authority that has given a direction about the placing of apparatus. Lords amendment No. 37 makes it clear that regulations may also make provision about the person who may determine any such appeals.

Lords amendment No. 38 makes some useful changes to the giving of notices by undertakers under sections 54 and 55 of the New Roads and Street Works Act 1991. Among other things, there will be a requirement that if the notice of the starting date of works becomes invalid under section 55, an undertaker must provide a further notice containing such information as prescribed. Failure to do so will be an offence. Lords amendment No. 93 adds this offence, as a consequence, to the list of possible fixed penalties.

Under the 1991 Act, if an authority wishes to restrict street works after substantial roadworks it must notify relevant persons at least three months before the substantial roadworks start. Lords amendment No. 39 provides for flexibility for regulations to prescribe the period instead. Lords amendment No. 40 provides that regulations may also prescribe certain descriptions of persons who must be notified of the restriction.

Lords amendment No. 41 amends clause 50, which amends several provisions in the 1991 Act. Under the Act, certain actions are required when an undertaker sends a section 55 notice. The amendments mean that those actions are also required when the undertaker sends a notice under schedule 3A in relation to works to be carried out before substantial street works. Lords amendment No. 98 deletes the provisions in schedule 3A, which allow for cases where overrun charges are applied to work carried out before the restriction. Those provisions are no longer needed due to amendment No. 41.

Lords amendment No. 96 widens the existing power in the Bill to prescribe the notification requirements in relation to restrictions on further works under the new schedule 3A provisions. Regulations could prescribe the form of such notification and the information that must be contained. Lords amendment No. 97 clarifies which works are exempt from notification arrangements set out under section 55 of the 1991 Act in relation to schedule 3A.

Lords amendments Nos. 42, 44 and 51 to 55 apply to clauses 53 to 55 of the Bill. Those clauses insert new sections into the 1991 Act, which provide the basis for regulations to enable street authorities to require undertakers to resurface a street, or part of a street, or contribute to the cost of that resurfacing.

Brian White (Milton Keynes, North-East) (Lab): Lords amendment No. 52 refers to

"whether or not regulations . . . have been made".

The industry is concerned that that could be several years later, and that it could be faced with not knowing what the Bill will be. Will the Minister assure the House that the times that that clause is brought into effect and that the regulations come into effect will not be several years apart?

Mr. McNulty: Certainly, I give my hon. Friend that assurance. That is not the plan in terms of the timing. I take those concerns seriously, and I will write to my hon. Friend in more detail about timing as and when the time lines are more ready than at present.

Lords amendment No. 42 clarifies that undertakers can be subject to the resurfacing requirements where an authority has issued a notice under section 58A of the 1991 Act indicating its intention to place a restriction on works after substantial street works. That would apply if the undertaker had given notice of its intention to carry out works in the part of the road where the restriction will apply. It would also apply where the undertaker has given the usual section 54 or 55 notices.

Lords amendments Nos. 44 and 52 provide that only works carried out after commencement of these clauses could carry a liability for an undertaker, although, depending on the details in the regulations, the scope may be extended to works carried out before any regulations are made.

Lords amendments Nos. 51, 53, 54 and 55 provide for regulations to ensure that all the undertakers are aware of their liability, and to establish a basis for apportioning the costs between the parties that leads broadly to the same result, whoever carries out the resurfacing works. Those Lords amendments also provide for regulations to include safeguards to cover insolvency of undertakers, and to deal with the interaction of the resurfacing powers with other duties in the 1991 Act, such as reinstatements under section 70 and long-term damage under section 78, in ways that avoid unnecessary works and unreasonable costs for utilities.

Lords amendment No. 56 widens the regulation-making powers of the Secretary of State to allow for a more targeted regime for inspections of the quality of undertakers' work, to enable more inspections of the poorest performers. Regulations would allow disputes to be settled by arbitration.

As I said at the beginning, we agree with all those amendments from the other place. They improve matters, for which we are grateful. I commend the Lords amendments to the House.

5.15 pm

Mr. Chope: I understood the Minister to say in response to the hon. Member for Milton Keynes, North-East (Brian White) that he would accept my amendment (a). I hope he will confirm that. As has been said by the hon. Gentleman and many others, we cannot have retrospection.

If the Bill were enacted later this month, a commencement order were introduced and the resurfacing clauses became active soon afterwards, but the regulations were not made until, say, July 2010, under the present rules highway authorities would be able to request resurfacing, or a contribution towards the cost, dating back to the time of the order. The retrospection could amount to five or six years, or perhaps even longer. That would cause utilities both regulatory and balance-sheet uncertainty. They would be forced to put aside money for charges that might or might not materialise at some point in the future. Regulators would not accept that such provision would be made until regulations were imminent.

In the other place Lord Davies, the Minister, assured everyone that the Government did not want to make it difficult for the utility companies to operate. If the Government do not accept the amendment, it will indeed be very difficult for utility operators to cope, as was suggested by the hon. Member for Milton Keynes, North-East. I hope the hon. Gentleman will seek to catch your eye, Mr. Deputy Speaker, if it becomes apparent that the Minister will not accept the amendment—although the tone of the Minister's response to the hon. Gentleman implied that he was going to.

Mr. Redwood: During the Minister's rather garbled and hurried presentation, did my hon. Friend catch his statement that he welcomed an increase in retrospection in one of the amendments because he thought there could be circumstances in which people should have to pay even if the work had begun before the regulations were made?

Mr. Chope: My right hon. Friend has picked up a detail that I had not cottoned on to. I hope he will have a chance to go into it further during this debate, even though it is short.

Lords amendment No. 56 deals with inspection fees. The Government have introduced an element of variability related to the track record of the company carrying out the work that is the subject of inspection. I do not think that anyone would disagree with the principle, but the only examples given by the Minister in the other place and in correspondence are those in which the fees would be higher. The amount of work to be inspected would increase in the case of a poor record. We need to ensure that in the case of a good record, the burden of inspection is reduced. That underlines the Opposition's continual plea for minimum regulatory intervention in the private sector.

I hope the Minister will be able to assure us that the variability will be both upward and downward. I hope he will be able to tell us that if a utility operator delivers high-quality work and an inspection shows no need for further work, the burden of inspection will be reduced. I hope he can also assure us that when inspections are paid for, that means that they are actually carried out. It has come to my notice that in Dorset, in certain circumstances, utilities pay for inspections that are then not carried out by the inspection authority. That is basically another stealth tax.

John Thurso: Retrospective charging, to which the hon. Member for Christchurch (Mr. Chope) referred, is an issue that concerns me as well, particularly given that it will put a much larger burden on many plc utilities' balance sheets than the Government perhaps appreciate. I chair the audit committee of a plc—it is not, I should hasten to add, a utility company—so I know of the problems that auditors mention when they ask how one is going to account for such liabilities in the balance sheet. I urge the Minister to give some comfort to the utilities in this respect.

On inspection fees, the basic principle of being able to vary fees to punish those who are bad and, more importantly, to reward those who are good must be a good one, so I broadly support proposed new clause 56. But in the light of the correspondence that has been referred to, it appears that lots of stick and very little carrot will be used. An assurance from the Minister that good use will also be made of the lighter touch of the carrot would be extremely helpful.

Mr. Redwood: I support amendment (a), which was tabled by my hon. Friend the Member for Christchurch (Mr. Chope), and I hope that we will have an opportunity to do something about it. The hon. Member for Milton Keynes, North-East (Brian White) is right to be concerned about this issue. This group of amendments, which the Government hope to nod through, give further powers to Ministers that I am not sure they deserve, and they offer further threats to businesses operating in this area. There could be an added element of retrospection, as the Minister said, and there will definitely be variable charges and fees of a kind that could be quite damaging; that will make the private sector's life much more difficult.

This is another example of a well-intentioned Bill—which is trying to do something about the chronic congestion that this Government's transport policy has created—miscarrying and turning into a traditional Labour Government Bill that attacks the private utilities, invents very complicated bureaucracy and creates extra expense. So I hope that we will at least have an opportunity to do something about the very important point made in amendment (a), even if the Opposition are none the less going to go along with the other, rather dubious, complicated and bureaucratic amendments.

Mr. McNulty: I am afraid that I am going to disappoint the hon. Member for Christchurch (Mr. Chope). I agreed broadly with the sentiment expressed by my hon. Friend the Member for Milton Keynes, North-East (Brian White), but I certainly did not agree with what is a flawed amendment that does only half the

[Mr. McNulty]

job that it purports to do. On the assurance that I gave to my hon. Friend and what I subsequently put to him in writing, it is not in the interests of the Government or of anyone else for a massive and significant delay to occur between the commencement order and the subsequent regulations. In any event, this flawed amendment does not overcome the problem, because it deals with only one of the two references that are made to such matters. But although we do not accept amendment (a), I do accept the point made by my hon. Friend the Member for Milton Keynes, North-East.

The regulations can allow for lower inspection fees as well as higher ones, and as with other aspects of the Bill, that will be a matter for discussion with the people most directly affected. It is true that the provision allows work undertaken between the commencement order and the subsequent regulations to carry a liability, but I hope that the reassurances that I have given to my hon. Friend the Member for Milton Keynes, North-East deal with that issue. If one makes it clear that a particular system will prevail, and if there is some delay before it prevails, that is not retrospectivity. If we make clear that we will come in and minimise, as much as we can, the gap between the commencement order and the regulations, and if we then speak to the very people affected by the regulations, we will see that the characterisation of the regime by Opposition Members is a complete nonsense.

Mr. Redwood: That is grossly unfair. The Minister is saying that these companies may have to pay a charge under a regulation that has not been made. How are they expected to know the form and detail of the regulation from the vague statements of the Minister? They must not be imposed upon in this way until they know in detail what the regulatory framework will be.

Mr. McNulty: They will know the regulatory framework. They may not know the detail of the regulations, but I have assured my hon. Friend the Member for Milton Keynes, North-East that the gap between any commencement order for this part of the Bill and subsequent regulations will be as short as possible. That is a practicality and no more; to characterise it as bashing utilities, attacking people and seeking to impede good business is, I repeat, an abject nonsense, given that the very first thing we will do is to sit down with the utilities and the businesses most directly affected to discuss what regulations should prevail. We do not accept amendment (a) but I commend all the other amendments to the House.

Lords amendment agreed to.

Lords amendments Nos. 38 to 51 agreed to.

Lords amendment: No. 52, in page 30, line 4, after "has," insert

"after the commencement of this section (whether or not regulations under it have been made) and".

Amendment proposed to the Lords amendment: (a), in line 2, leave out

'(whether or not regulations under it have been made)'.—*[Mr. Chope.]*

The House divided: Ayes 61, Noes 186.

Division No. 227] **[5:32 pm**

AYES

Amess, David
Ancram, rh Michael
Arbuthnot, rh James
Atkinson, David *(Bour'mth E)*
Bacon, Richard
Bottomley, Peter *(Worthing W)*
Brady, Graham
Brake, Tom *(Carshalton)*
Cameron, David
Chapman, Sir Sydney *(Chipping Barnet)*
Chope, Christopher
Clarke, rh Kenneth *(Rushcliffe)*
Cormack, Sir Patrick
Cran, James *(Beverley)*
Curry, rh David
Dodds, Nigel
Evans, Nigel
Fallon, Michael
Field, Mark *(Cities of London & Westminster)*
Gibb, Nick *(Bognor Regis)*
Goodman, Paul
Green, Damian *(Ashford)*
Hague, rh William
Heald, Oliver
Hogg, rh Douglas
Horam, John *(Orpington)*
Jack, rh Michael
Jackson, Robert *(Wantage)*
Jones, Nigel *(Cheltenham)*
Key, Robert *(Salisbury)*
Knight, rh Greg *(E Yorkshire)*
Lait, Mrs Jacqui
Lansley, Andrew
Lilley, rh Peter
Luff, Peter *(M-Worcs)*
May, Mrs Theresa
O'Brien, Stephen *(Eddisbury)*
Paterson, Owen
Portillo, rh Michael
Price, Adam *(E Carmarthen & Dinefwr)*
Redwood, rh John
Roe, Dame Marion
Rosindell, Andrew
Ruffley, David
Russell, Bob *(Colchester)*
Spicer, Sir Michael
Spring, Richard
Stanley, rh Sir John
Streeter, Gary
Taylor, Ian *(Esher)*
Taylor, Matthew *(Truro)*
Taylor, Sir Teddy
Thurso, John
Tyrie, Andrew
Viggers, Peter
Walter, Robert
Watkinson, Angela
Wilkinson, John
Willetts, David
Winterton, Ann *(Congleton)*
Winterton, Sir Nicholas *(Macclesfield)*

Tellers for the Ayes:
Mr. Eric Forth and
Mr. Peter Atkinson

NOES

Ainger, Nick
Ainsworth, Bob *(Cov'try NE)*
Allen, Graham
Anderson, rh Donald *(Swansea E)*
Atkins, Charlotte
Austin, John
Bayley, Hugh
Beard, Nigel
Beckett, rh Margaret
Bell, Sir Stuart
Bennett, Andrew
Benton, Joe *(Bootle)*
Berry, Roger
Best, Harold
Blackman, Liz
Blears, Ms Hazel
Blizzard, Bob
Brown, rh Nicholas *(Newcastle E Wallsend)*
Brown, Russell *(Dumfries)*
Browne, Desmond
Bryant, Chris
Buck, Ms Karen
Burnham, Andy
Byers, rh Stephen
Cairns, David
Campbell, Alan *(Tynemouth)*
Caplin, Ivor
Caton, Martin
Challen, Colin
Chapman, Ben *(Wirral S)*
Chaytor, David
Clapham, Michael
Clark, Mrs Helen *(Peterborough)*
Clark, Dr. Lynda *(Edinburgh Pentlands)*
Clark, Paul *(Gillingham)*
Clarke, rh Tom *(Coatbridge & Chryston)*
Clarke, Tony *(Northampton S)*
Clwyd, Ann *(Cynon V)*
Coaker, Vernon
Coffey, Ms Ann
Cohen, Harry
Colman, Tony
Corston, Jean
Cox, Tom *(Tooting)*
Crausby, David
Cryer, Ann *(Keighley)*
Cunningham, Jim *(Coventry S)*
Davey, Valerie *(Bristol W)*
Davidson, Ian
Davies, Geraint *(Croydon C)*
Dawson, Hilton
Dean, Mrs Janet
Denham, rh John
Dismore, Andrew
Dobbin, Jim *(Heywood)*
Dobson, rh Frank
Doran, Frank
Dowd, Jim *(Lewisham W)*
Drown, Ms Julia
Etherington, Bill
Farrelly, Paul
Fitzpatrick, Jim
Flynn, Paul *(Newport W)*
Foster, Michael Jabez *(Hastings & Rye)*

Francis, Dr. Hywel
Gapes, Mike *(Ilford S)*
Gardiner, Barry
Gerrard, Neil
Gibson, Dr. Ian
Gilroy, Linda
Griffiths, Jane *(Reading E)*
Griffiths, Nigel *(Edinburgh S)*
Griffiths, Win *(Bridgend)*
Hall, Mike *(Weaver Vale)*
Hamilton, David *(Midlothian)*
Harris, Tom *(Glasgow Cathcart)*
Havard, Dai *(Merthyr Tydfil & Rhymney)*
Healey, John
Hepburn, Stephen
Hopkins, Kelvin
Howarth, George *(Knowsley N & Sefton E)*
Howells, Dr. Kim
Humble, Mrs Joan
Hurst, Alan *(Braintree)*
Hutton, rh John
Iddon, Dr. Brian
Illsley, Eric
Jackson, Glenda *(Hampstead & Highgate)*
Jackson, Helen *(Hillsborough)*
Jamieson, David
Johnson, Alan *(Hull W)*
Johnson, Miss Melanie *(Welwyn Hatfield)*
Jones, Kevan *(N Durham)*
Jones, Lynne *(Selly Oak)*
Jones, Martyn *(Clwyd S)*
Keen, Alan *(Feltham)*
Keen, Ann *(Brentford)*
Kelly, Ruth *(Bolton W)*
Khabra, Piara S.
Ladyman, Dr. Stephen
Lammy, David
Lazarowicz, Mark
Lepper, David
Leslie, Christopher
Linton, Martin
Luke, Iain *(Dundee E)*
Lyons, John *(Strathkelvin)*
McAvoy, Thomas
McCafferty, Chris
MacDonald, Calum
MacDougall, John
McFall, rh John
McGuire, Mrs Anne
McIsaac, Shona
McNulty, Tony
Mactaggart, Fiona
McWalter, Tony
McWilliam, John
Mahon, Mrs Alice
Mandelson, rh Peter
Marsden, Gordon *(Blackpool S)*
Michael, rh Alun
Miliband, David
Moffatt, Laura
Mole, Chris
Morgan, Julie
Morley, Elliot
Mountford, Kali
O'Brien, Bill *(Normanton)*
O'Brien, Mike *(N Warks)*
Olner, Bill
O'Neill, Martin
Owen, Albert
Perham, Linda
Picking, Anne
Pike, Peter *(Burnley)*
Plaskitt, James
Pollard, Kerry
Prentice, Gordon *(Pendle)*
Prescott, rh John
Purnell, James
Quinn, Lawrie
Rammell, Bill
Rapson, Syd *(Portsmouth N)*
Robertson, John *(Glasgow Anniesland)*
Roy, Frank *(Motherwell)*
Ruddock, Joan
Russell, Ms Christine *(City of Chester)*
Salter, Martin
Sarwar, Mohammad
Sheerman, Barry
Sheridan, Jim
Skinner, Dennis
Smith, rh Andrew *(Oxford E)*
Smith, rh Chris *(Islington S & Finsbury)*
Smith, Geraldine *(Morecambe & Lunesdale)*
Smith, Jacqui *(Redditch)*
Smith, John *(Glamorgan)*
Smith, Llew *(Blaenau Gwent)*
Soley, Clive
Southworth, Helen
Squire, Rachel
Starkey, Dr. Phyllis
Stewart, David *(Inverness E & Lochaber)*
Stewart, Ian *(Eccles)*
Stinchcombe, Paul
Stoate, Dr. Howard
Strang, rh Dr. Gavin
Sutcliffe, Gerry
Taylor, rh Ann *(Dewsbury)*
Timms, Stephen
Todd, Mark *(S Derbyshire)*
Trickett, Jon
Turner, Dr. Desmond *(Brighton Kemptown)*
Twigg, Derek *(Halton)*
Twigg, Stephen *(Enfield)*
Vis, Dr. Rudi
Ward, Claire
Wareing, Robert N.
Watts, David
White, Brian
Winnick, David
Wood, Mike *(Batley)*
Woodward, Shaun
Wright, Anthony D. *(Gt Yarmouth)*
Wright, Tony *(Cannock)*

Tellers for the Noes:
Joan Ryan and
Gillian Merron

Question accordingly negatived.

Lords amendment No. 52 agreed to.

Lords amendments Nos. 53 to 57 agreed to, the Commons being willing to waive their privileges in respect of Lords amendment No. 56.

Lords amendment: No. 58

Mr. McNulty: I beg to move, That this House agrees with the Lords in the said amendment.

Mr. Deputy Speaker: With this we will consider Lords amendments Nos. 61, 62, 65, 68, 69 and 102.

Mr. McNulty: Lords amendments Nos. 58, 61 and 102 address a problem with an overlap between powers for fixed penalty notices in the Bill and in the London Local Authorities and Transport for London Act 2003. These overlapping offences relate to the placing of skips and scaffolding under the Highways Act 1980 on the highway. The amendments provide flexibility to deal with the possible problem of having two separate regimes for the same offences. They also deal with the potential problem that the amounts of the overlapping penalties in London could be different from those set outside London, so there is a power to set different rates for different areas in England and Wales, including within and outside London.

Clauses 63 to 66 provide powers for different charging regimes for the occupation of the highway by skips, scaffolding and building materials. These charges could be based on either the occupation overrunning agreed deadlines or the entire period of occupation—lane rental, as it is commonly known.

Lords amendments Nos. 62, 65, 68 and 69 together enable regulations to make provision so that where a series of skips, scaffolding or materials are placed one after the other, they may be treated as constituting a single occupation for the purposes of calculating how long they have been in place and thus what charge has to be paid.

Lords amendment No. 62 inserts new subsections 17A and 17B into section 140A of the Highways Act 1980. This enables regulations to provide that the series of deposits of skips may be treated as a single one. Lords amendment No. 65 carries that provision across so that the same arrangements apply to lane rental charging schemes covering skips. Lords amendment No. 68 does the same in relation to overrun charging for scaffolding and building materials. Finally, Lords amendment No. 69 applies the provision to lane rental schemes for scaffolding and building materials.

Given that all those amendments were agreed in the House of Lords, I urge the House to support them. They satisfactorily fill the gaps in the original Bill. I commend the amendments in all their glory on skips, scaffolds and building materials to the House.

Lords amendment agreed to.

Lords amendments Nos. 59 to 70 agreed to.

Lords amendment: No. 71.

Mr. Jamieson: I beg to move, That this House agrees with the Lords in the said amendment.

Mr. Deputy Speaker: With this it will be convenient to consider Lords amendments Nos. 72 and amendment (a) thereto, 73 to 76, 78 to 90, 103, 104, 107 and 108.

Mr. Jamieson: Among other things, the amendments fulfil the commitment that we made on Report to provide for publication of guidance to local authorities

[Mr. Jamieson]

on the exercise of their civil enforcement duties. I recall that the Opposition made this suggestion in Committee and we, rightly, acceded to their request, although afterwards hon. Members accused us of doing a U-turn. Nevertheless, the Lords have put all that right.

Lords amendments Nos. 71 to 74 amend clause 76, so that a vehicle cannot be immobilised for contravening the conditions of use of a paid-for parking bay until a period of 15 minutes has elapsed from the time that a penalty charge notice for the contravention was issued. They ensure that a vehicle cannot be clamped while the driver goes off to look for change for the machine to pay for parking. They preserve the existing 15-minute grace period against being clamped for overstaying the time paid for.

Lords amendment No. 75 amends clause 77 to enable regulations to be made providing that mitigating circumstances are a ground for appeal to an adjudicator against the imposition of a penalty charge and that, on such an appeal, the adjudicator's function is to decide whether or not to refer the matter back to the enforcement authority for reconsideration. That would effectively give adjudicators a supervisory role over the way in which enforcing authorities exercise their discretion in cases where there are mitigating circumstances.

Lords amendment No. 76 is a minor operational amendment to clause 77. It provides for enforcing authorities to report to the appropriate national authority rather than the Lord Chancellor on the discharge by adjudicators of their functions. That is in line with the current arrangements under section 73 of the Road Traffic Act 1991.

Lords amendments Nos. 78 to 87 serve to improve clause 83. They extend the prohibition on parking in a special enforcement area to cases where a footway, cycle track or verge has been lowered to assist cyclists entering or leaving the carriageway. The prohibition on parking will now also apply where the level of the carriageway has been raised to meet the level of the footway, cycle track or verge to assist pedestrians and cyclists. Most significantly, the prohibition will now apply to special enforcement areas both inside and outside London.

Lords amendment No. 88 inserts a new clause enabling the appropriate national authority to publish guidance to local authorities on any matters relating to their functions in connection with the civil enforcement of traffic contraventions. Authorities will be required to have regard to this statutory guidance. Inclusion of the new clause on guidance fulfils a commitment that we gave on Report in the Commons.

Mr. Chope: I am grateful to the Minister for tabling this amendment. Can he assure us that it will be implemented quickly? Injustices are perpetrated every day and millions of drivers are suffering—

Bob Russell (Colchester) (LD): Millions?

Mr. Chope: Yes, millions of drivers are suffering persecution at the hands of wardens. We need the code of guidance soon.

Mr. Jamieson: Earlier this afternoon, your predecessor in the Chair asked us to be moderate and temperate in our language, Mr. Deputy Speaker. Talk of "millions" and "persecution" does not fall into that category. The hon. Gentleman is guilty of hyperbole, but that is not unusual for him. I assume that the Bill will receive Royal Assent shortly, and we will bring in the measures as soon as is practicable.

Lords amendments Nos. 89 and 90 to clause 85 serve to implement a recommendation of the Delegated Powers and Regulatory Reform Committee of the House of Lords that regulations made by the Lord Chancellor on representations and appeals would be subject to parliamentary approval under the affirmative procedure. We are happy to accept that recommendation.

Lords amendments Nos. 103 and 104 add six additional signs to be subject to civil enforcement to the table at paragraph 9 of schedule 7 to the Bill. Five of those are concerned with enforcement of cycle lanes and cycle tracks. The other will enable civil enforcement of bus prohibitions.

Lords amendments Nos. 107 and 108 serve to give effect to the recommendation of the Delegated Powers and Regulatory Reform Committee of the House of Lords that guidance by the appropriate national authority on the levels of penalty charges to be set by enforcing authorities outside London should be included in an order.

Mr. Greg Knight: I urge the Minister and the House to accept amendment (a) to Lords amendment No. 72. That amendment, as the Minister has said, would allow the affixing of an immobilisation device if a motorist overstayed by 15 minutes the time for which he had paid on a parking meter. Although that is a small protection, many of us feel that the imposition of an £80 ticket is of itself a sufficient penalty, so is it fair and reasonable for a motorist who overstays by a short time to find that the vehicle is immobilised and a further fee is payable before he can drive his car away?

On criminal matters, many of us are reassured because the police have the rules of justice and evidence instilled in them. However, we are less happy about traffic wardens enforcing civil penalties because they do not have the same thorough training as the police and some people would say that they are not of the same calibre as police officers. Indeed, they are under pressure to raise money. As we pointed out earlier, a report in one London local newspaper stated:

"Traffic warden boss says he hates drivers . . . An APCOA boss in charge of training Camden's traffic wardens has admitted he hates motorists—saying they deserve parking tickets because they are lazy. Citing controversial new government proposals which could beef up wardens' duties"—

referring to the Bill—

"he added, 'We will now get the power and respect we deserve'. His comments were made to an undercover Ham & High reporter at a job interview for prospective wardens in Kentish Town."

The article also points out that Camden council

"rakes in £23 million a year from parking, clamping fines"

and the money it raises from meters.

Should a pensioner collecting a prescription for his invalid wife, who puts his money in the parking meter but is delayed both at the doctor's and at the chemist and comes back 16 minutes late, have his vehicle immobilised? Is that fair? Is that justice? We do not think so. Nor do we think that the modest relaxation to one hour proposed in our amendment would undermine the rule of law. Parking fines in this country are already among the highest in the world, so I hope that the Minister will accept our amendment.

Mr. Jamieson: Lords amendments Nos. 71 to 74 came about as a result of a constructive debate in the other place about when immobilisation was an appropriate deterrent measure against unlawful parking. In tabling his amendment to Lords amendment No. 72, the right hon. Member for East Yorkshire (Mr. Knight) seems to be going against what his noble Friend was saying in the other place only days ago. As he knows, we tabled the amendment to deal with the specific concerns raised by the Conservative spokesman, Viscount Astor, who thanked us for doing so. He saw the amendment as beneficial and supported it. The period was changed from 15 minutes after the vehicle was over its time to 15 minutes after the ticket had been put on it.

When the right hon. Gentleman was in the Library looking at the shorter version of the "Oxford English Dictionary" he must have pulled out a copy of Dickens at the same time, because in true Oliver Twist fashion he now wants more, but I am afraid that he will not get it. Under the present provisions of section 70 of the Road Traffic Act 1991, a vehicle that has overstayed in a parking bay may not be immobilised until 15 minutes have elapsed after the end of the period paid for parking, but the amendment makes immobilisation possible only from 15 minutes after the penalty charge has been given.

Mr. Knight: The Minister knows that, under our procedures, we cannot vote on our amendment if he is still talking at 6 o'clock. Will he conclude his remarks so that we can test the mood of the House?

Mr. Jamieson: The right hon. Gentleman has made his remarks and I shall use as much time as necessary to complete the discussion. However, I conclude my remarks by saying that we made a perfectly sensible amendment, with which their lordships agreed and I am only surprised that the official Opposition should disagree with their party in the Lords. If that is helpful to the right hon. Gentleman in considering the matter, so be it.

We have had extremely good debates on all these issues. We covered a wide range of issues, and we have had good time to consider them—

It being Six o'clock, MR. DEPUTY SPEAKER *put the Question already proposed from the Chair, pursuant to Order [this day.]*

Lords amendment agreed to.

MR. DEPUTY SPEAKER *then put the remaining Questions required to be put at that hour, pursuant to Order [this day.]*

Lords amendments Nos. 72 to 109 agreed to.

Motion made, and Question put,

That a Committee be appointed to draw up Reasons to be assigned to the Lords for disagreeing to their amendments Nos. 4 to 10 and 12 to 15; Mr. Christopher Chope, Ms Anne Coffey, Mr. Tony McNulty, Gillian Merron and John Thurso to be members of the Committee; Mr. Tony McNulty to be the Chairman of the Committee; Three to be the quorum of the Committee; Committee to withdraw immediately.—*[Gillian Merron.]*

The House divided: Ayes 181, Noes 45.

Division No. 228] **[6.00 pm**

AYES

Ainger, Nick
Ainsworth, Bob *(Cov'try NE)*
Allen, Graham
Anderson, rh Donald *(Swansea E)*
Atkins, Charlotte
Austin, John
Barnes, Harry
Bayley, Hugh
Beard, Nigel
Bell, Sir Stuart
Benton, Joe *(Bootle)*
Berry, Roger
Best, Harold
Blackman, Liz
Blears, Ms Hazel
Blizzard, Bob
Brown, rh Nicholas *(Newcastle E Wallsend)*
Brown, Russell *(Dumfries)*
Browne, Desmond
Bryant, Chris
Buck, Ms Karen
Burnham, Andy
Byers, rh Stephen
Cairns, David
Campbell, Alan *(Tynemouth)*
Caplin, Ivor
Caton, Martin
Challen, Colin
Chapman, Ben *(Wirral S)*
Chaytor, David
Clapham, Michael
Clark, Mrs Helen *(Peterborough)*
Clark, Paul *(Gillingham)*
Clarke, Tony *(Northampton S)*
Clwyd, Ann *(Cynon V)*
Coffey, Ms Ann
Cohen, Harry
Colman, Tony
Corston, Jean
Cox, Tom *(Tooting)*
Crausby, David
Cryer, Ann *(Keighley)*
Cunningham, Jim *(Coventry S)*
Davey, Valerie *(Bristol W)*
Davidson, Ian
Davies, Geraint *(Croydon C)*
Dawson, Hilton
Dean, Mrs Janet
Denham, rh John
Dismore, Andrew
Dobbin, Jim *(Heywood)*
Dobson, rh Frank
Doran, Frank
Dowd, Jim *(Lewisham W)*
Drown, Ms Julia
Etherington, Bill
Farrelly, Paul
Fitzpatrick, Jim
Flint, Caroline
Flynn, Paul *(Newport W)*
Foster, Michael Jabez *(Hastings & Rye)*
Francis, Dr. Hywel
Gapes, Mike *(Ilford S)*
Gardiner, Barry
Gerrard, Neil
Gibson, Dr. Ian
Gilroy, Linda
Griffiths, Jane *(Reading E)*
Griffiths, Nigel *(Edinburgh S)*
Griffiths, Win *(Bridgend)*
Hain, rh Peter
Hall, Mike *(Weaver Vale)*
Hamilton, David *(Midlothian)*
Harris, Tom *(Glasgow Cathcart)*
Havard, Dai *(Merthyr Tydfil & Rhymney)*
Healey, John
Hepburn, Stephen
Hopkins, Kelvin
Howarth, George *(Knowsley N & Sefton E)*
Howells, Dr. Kim
Humble, Mrs Joan
Hurst, Alan *(Braintree)*
Hutton, rh John
Iddon, Dr. Brian
Illsley, Eric
Jackson, Helen *(Hillsborough)*
Jamieson, David
Johnson, Alan *(Hull W)*
Johnson, Miss Melanie *(Welwyn Hatfield)*
Jones, Kevan *(N Durham)*
Jones, Lynne *(Selly Oak)*
Jones, Martyn *(Clwyd S)*
Jones, Nigel *(Cheltenham)*
Keen, Alan *(Feltham)*
Keen, Ann *(Brentford)*
Khabra, Piara S.
Ladyman, Dr. Stephen
Lazarowicz, Mark
Lepper, David
Leslie, Christopher
Linton, Martin
Luke, Iain *(Dundee E)*
Lyons, John *(Strathkelvin)*
McCafferty, Chris
MacDonald, Calum
MacDougall, John
McFall, rh John
McIsaac, Shona
McNulty, Tony
Mactaggart, Fiona
McWalter, Tony
McWilliam, John
Mahon, Mrs Alice
Mandelson, rh Peter
Marsden, Gordon *(Blackpool S)*
Merron, Gillian
Michael, rh Alun

Miliband, David
Moffatt, Laura
Mole, Chris
Morgan, Julie
Morley, Elliot
Mountford, Kali
Naysmith, Dr. Doug
O'Brien, Bill *(Normanton)*
O'Brien, Mike *(N Warks)*
Olner, Bill
O'Neill, Martin
Owen, Albert
Perham, Linda
Picking, Anne
Pike, Peter *(Burnley)*
Plaskitt, James
Pollard, Kerry
Prentice, Gordon *(Pendle)*
Price, Adam *(E Carmarthen & Dinefwr)*
Purnell, James
Quinn, Lawrie
Rammell, Bill
Rapson, Syd *(Portsmouth N)*
Robertson, John *(Glasgow Anniesland)*
Roy, Frank *(Motherwell)*
Ruddock, Joan
Russell, Bob *(Colchester)*
Russell, Ms Christine *(City of Chester)*
Salter, Martin
Sarwar, Mohammad
Sheerman, Barry
Sheridan, Jim
Skinner, Dennis
Smith, rh Andrew *(Oxford E)*
Smith, rh Chris *(Islington S & Finsbury)*
Smith, Geraldine *(Morecambe & Lunesdale)*
Smith, Jacqui *(Redditch)*
Soley, Clive
Southworth, Helen
Squire, Rachel
Starkey, Dr. Phyllis
Stewart, David *(Inverness E & Lochaber)*
Stewart, Ian *(Eccles)*
Stinchcombe, Paul
Stoate, Dr. Howard
Strang, rh Dr. Gavin
Sutcliffe, Gerry
Taylor, rh Ann *(Dewsbury)*
Todd, Mark *(S Derbyshire)*
Trickett, Jon
Turner, Dr. Desmond *(Brighton Kemptown)*
Twigg, Derek *(Halton)*
Twigg, Stephen *(Enfield)*
Vis, Dr. Rudi
Ward, Claire
Wareing, Robert N.
Watts, David
White, Brian
Williams, Roger *(Brecon)*
Winnick, David
Wood, Mike *(Batley)*
Woodward, Shaun
Wright, Anthony D. *(Gt Yarmouth)*
Wright, Tony *(Cannock)*

Tellers for the Ayes:
Vernon Coaker and
Joan Ryan

NOES

Amess, David
Arbuthnot, rh James
Atkinson, Peter *(Hexham)*
Bacon, Richard
Bercow, John
Bottomley, Peter *(Worthing W)*
Brady, Graham
Brazier, Julian
Chapman, Sir Sydney *(Chipping Barnet)*
Chope, Christopher
Clarke, rh Kenneth *(Rushcliffe)*
Curry, rh David
Dodds, Nigel
Evans, Nigel
Fallon, Michael
Field, Mark *(Cities of London & Westminster)*
Gibb, Nick *(Bognor Regis)*
Goodman, Paul
Green, Damian *(Ashford)*
Greenway, John
Gummer, rh John
Heald, Oliver
Hogg, rh Douglas
Jackson, Robert *(Wantage)*
Knight, rh Greg *(E Yorkshire)*
Lait, Mrs Jacqui
Lilley, rh Peter
Luff, Peter *(M-Worcs)*
Maples, John
O'Brien, Stephen *(Eddisbury)*
Paterson, Owen
Portillo, rh Michael
Roe, Dame Marion
Rosindell, Andrew
Stanley, rh Sir John
Steen, Anthony
Streeter, Gary
Taylor, Ian *(Esher)*
Taylor, Sir Teddy
Tyrie, Andrew
Viggers, Peter
Wilkinson, John
Willetts, David
Winterton, Ann *(Congleton)*
Winterton, Sir Nicholas *(Macclesfield)*

Tellers for the Noes:
Mr. Eric Forth and
Mr. John Horam

Question accordingly agreed to.

Reasons for disagreeing to certain Lords amendments reported, and agreed to; to be communicated to the Lords.

Mr. Peter Luff (Mid-Worcestershire) (Con): On a point of order, Mr. Deputy Speaker. You know how anxious I always am to help the House authorities, so it may interest those responsible for such matters to know that the hon. Member for South Swindon (Ms Drown) snuck into the No Lobby as the Doors were about to be locked and took the selection lists. I think she thought that they related to today's amendments and took them to be recycled. Sadly, she took tomorrow's selection lists, so they are now not available to Members in the No Lobby. I hope that you can put that right.

Mr. Deputy Speaker: I note the hon. Gentleman's point and we will see what we can do to rectify the matter as soon as possible.

DELEGATED LEGISLATION

Mr. Deputy Speaker: I propose to put together the Questions on the seven motions.

Motion made, and Question put forthwith, pursuant to Standing Order No. 118(6)(Standing Committees on Delegated Legislation),

Northern Ireland

That the draft Anti-social Behaviour (Northern Ireland) Order 2004, which was laid before this House on 28th June, be approved.

That the draft Criminal Justice (No. 2) (Northern Ireland) Order 2004, which was laid before this House on 29th June, be approved.—*[Paul Clark.]*

European Communities

That the draft European Communities (Definition of Treaties) (Stabilisation and Association Agreement between the European Communities and their Member States, and the Republic of Croatia) Order 2004, which was laid before this House on 21st June, be approved.—*[Paul Clark.]*

Road Traffic

That the draft Motor Vehicles (International Circulation) (Amendment) Order 2004, which was laid before this House on 14th June, be approved.—*[Paul Clark.]*

Broadcasting

That the draft Community Radio Order 2004, which was laid before this House on 15th June, be approved.—*[Paul Clark.]*

Representation of the People

That the draft Representation of the People (Form of Canvass) (England and Wales) Regulations 2004, which were laid before this House on 16th June, be approved.

That the draft Representation of the People (Form of Canvass) (Scotland) Regulations 2004, which were laid before this House on 17th June, be approved.—*[Paul Clark.]*

Question agreed to.

SITTINGS OF THE HOUSE

Motion made,

That, at the sittings on Monday 19th, Tuesday 20th, Wednesday 21st and Thursday 22nd July, the Speaker shall not adjourn the House until any Message from the Lords has been received, until any Committee to draw up Reasons which has been appointed at that sitting has reported, and until he has reported the Royal Assent to any Act agreed upon by both Houses.—*[Paul Clark.]*

Mr. Eric Forth (Bromley and Chislehurst) (Con): Object.

PETITION

BUPA Seven

6.13 pm

Mr. John Horam (Orpington) (Con): I wish to present a petition on behalf of Eileen Chubb of the BUPA seven and others. BUPA seven is composed of former care workers who spoke out against elder abuse in a care home in Bromley.

The petition states:

That silence is a major contributory factor in elder abuse in care homes and that unless whistleblowers are fully protected, the silence will continue, along with the suffering of those who are unable to speak out for themselves. The Petitioners further declare that the case of the "BUPA Seven" has raised real concerns that the Public Interest Disclosure Act is failing to protect those who speak out in defence of the legitimate interests of others. Amongst these failings is the fact that if the employer contests disclosures then the whistleblower is left in a situation where the only court that can hear the cases has no jurisdiction to hear criminal evidence. The Petitioners further declare that the verdict in the case of the "BUPA Seven" will serve to encourage others not to report cases of abuse, and they note the conclusion of the Health Committee in its Report on Elder Abuse that further measures to make staff aware of their responsibility to report abuse, and to allow them to do this in a confidential manner, may be needed.

The Petitioners therefore request that the House of Commons urge the Government to hold a full public inquiry into the case of the "BUPA Seven" in order to address in full the concerns raised and to ensure that whistleblowers can speak out without fear of reprisal or victimisation and that fear and silence are not encouraged.

And the Petitioners remain, etc.

To lie upon the Table.

NHS Dentistry (East Staffordshire)

Motion made, and Question proposed, That this House do now adjourn.—*[Paul Clark.]*

6.15 pm

Mrs. Janet Dean (Burton): I welcome this opportunity to raise the concerns of my constituents who have difficulty in finding an NHS dentist. This problem is not confined to east Staffordshire; nor has it recently arisen. It stems from the reduction of dental training places in the 1980s and the dispute between the dental profession and the Conservative Government in 1992, which led to many dentists moving into the private sector. Those practices that loyally remained with the NHS were placed under pressure by patients moving from dentists who had left the NHS.

It is impossible to determine the exact number of whole-time equivalent dentists offering NHS treatment, because many dentists undertake variable amounts of both private and NHS work. However, the answer that I received in response to a written parliamentary question in March this year showed that the number of dentists per 10,000 population, on a head-count basis, was 2.8 in east Staffordshire, compared with 8.8 in Westminster. Not only do we have a comparatively low number of NHS dentists, but we also have a high demand for regular, routine dental care in east Staffordshire. The uptake rate per hundred of the local population is good compared with the figures for the midlands and for England generally. To some extent, that masks the problems that people have in accessing NHS dentistry in my constituency.

Those problems can arise when people move into the area, or if they fail to attend for a check-up within 15 months of their last appointment. However, a more difficult situation arises when dentists decide to de-register patients en masse. Such a situation arose in Burton in 2001 and, in March this year, two dentists at one of the only two practices in Uttoxeter notified their NHS patients that they would no longer treat them as NHS patients, following their next appointment. The patients were offered the opportunity to join a private dental health insurance scheme. Indeed, it appeared that the notification letters had been distributed by that scheme, as they had been posted in Winchester, where the company is based.

Many of my constituents in Uttoxeter who received those letters were extremely angry because, in many cases, they had been with the practice, and the previous dentist at the practice, for most of their lives. They were angry because they were faced with the difficult choice between joining the private scheme, paying for private treatment or having to find an alternative NHS dentist. Some constituents were also angry because they knew that the dental clinic in question had received investing in dentistry funding in 1999, which had helped to increase the amount of NHS dental treatment available in the town.

It was with great sadness that I reported the decision of those dentists to de-register their patients to the East Staffordshire primary care trust on Monday 1 March 2004, following phone calls from my constituents over the previous weekend. I was particularly saddened by the dentists' decision because I had supported their bid for investing in dentistry funding in 1999. I had also had

[Mrs. Janet Dean]

the pleasure of accepting the invitation to open their new premises in Uttoxeter. Somehow, it felt like a kick in the teeth—no pun intended, but there had to be one, did there not?—that they should decide to take a decision that so badly affected so many of my constituents at a time when the Government had recognised the problems with the current general dental service contract and were in negotiations with the British Dental Association regarding a new contract. The receipt of the letters by my constituents followed about a week after I had publicly welcomed the extra Government funding being made available to support dentists in east Staffordshire from the beginning of the financial year. There is something wrong with a system that leaves 3,500 people without an NHS dentist and where a decision taken by an individual dentist affects so many people. I am disappointed that dentists who have stuck with the NHS through all of the years of pressure within the system since the early 1990s should feel the need to cease to treat NHS patients.

Dentists give several reasons for ceasing to treat adults as NHS patients. They claim that remuneration has been inadequate in the past and that the proposals put forward in the new contract do not address the perceived underfunding of the service. They also suggest that patients' quality of care will be compromised under the new proposals. Looking at the reduced opening hours of those practices where dentists decide to leave the NHS, it appears that their quality of life improves, but those constituents who cannot register with an NHS dentist pay the price. Some dental practices in my constituency have remained totally or mainly with the NHS, increasing or maintaining their NHS registrations, and I pay tribute to them for their loyalty and dedication to their patients.

Since 1997, the Government have made dramatic improvements to our health service. In my constituency, that investment has increased the number of people employed at Burton's Queen's hospital by 35 per cent. The number of consultants whom the trust employs has risen from 65 to 92. There are 255 more nurses and midwives, 41 more ancillary staff and a 68 per cent. increase in the number of doctors. There has been an improvement in primary care for my constituents in Winshill, with the opening of a medical centre, made possible by the employment of a GP by the East Staffordshire PCT.

In spite of funding initiatives for dentistry, such as the investing in dentistry and modernising NHS dentistry programmes, the lack of capacity within NHS dentistry in east Staffordshire remains. I know that the Government are committed to tackling the problem. The importance of retaining NHS dentistry for adults as well as for children cannot be overstated. The issue is about not only the care of teeth, but overall oral health and the early identification of wider disease, which is important. Oral health care should not be jeopardised because people cannot afford to pay into private insurance schemes.

In east Staffordshire, we are fortunate that our children have low levels of tooth decay because our water supply is fluoridated—naturally in Uttoxeter, and artificially in and around Burton upon Trent. However, we have difficulty in recruiting dentists. I understand that there are currently vacancies for four associate dentists, three in Burton and one in Uttoxeter. The primary care trust has paid for adverts in the "British Dental Journal", but to no avail, and discussions have occurred between the PCT and the Department of Health regarding the recruitment of overseas dentists. Will my hon. Friend indicate the time scale for overseas recruitment and how PCTs can support such dentists?

The difficulties in recruitment have their origins in the decision in the 1980s to close two dental schools and to reduce the number of places at the Birmingham dental school. One reason why we have a particular difficulty in recruiting dentists in east Staffordshire is that we are on the fringe of the west midlands, and some distance from the nearest dental schools in Birmingham, Sheffield and Manchester. There is a tendency for dentists to practise close to the area in which they have trained, because after five years at university they have often developed close ties to that area.

I welcome the Government's commitment to open two new dental schools. May I seek my hon. Friend's reassurance that one of those will be in the midlands, bearing in mind the work force problems in the area? At present, all training of dentists, hygienists and therapists takes place in Birmingham, so not only is there a tendency for them to stay in that area, but local students may be hindered in accessing that training in the first place. There are also concerns about the capacity for dental nurse training in the area, as dental practices in east Staffordshire also report difficulty in recruiting and retaining dental nurses, especially as salaries are higher in the private sector. Can my hon. Friend tell me whether an increase in the local training capacity would assist east Staffordshire?

I commend the efforts of the NHS dentistry support team and the East Staffordshire PCT over recent months in looking for ways to improve the situation in my constituency. Following my representations to the Minister of State, Department of Health, my hon. Friend the Member for Doncaster, Central (Ms Winterton), I know that representatives of the new special health authority have been in close contact with Staffordshire primary care trusts and the strategic health authority. I am pleased to say that a new dental access centre has been opened at the Balance street health centre in Uttoxeter for two days a week. That will complement the full-time service at Cross street clinic in Burton and help many people who are displaced by the deregistration of NHS patients to access urgent treatment and pain relief.

The East Staffordshire PCT has been in discussions with three local dental practices over their potential transfer to personal dental services contracts in advance of the move to local commissioning in April 2005. They are also in negotiation with five practices over grants under the general dental services initiative scheme. I am pleased that the Government made £113,000 available for 2004–05 to East Staffordshire PCT for that purpose. That will help to stabilise capacity at some practices and help others to expand. Will my hon. Friend say whether East Staffordshire PCT could be considered in any further round of funding available through the dentistry support team? Will he also confirm when PCTs are likely

to receive their indicative dental services budget, which would allow them to test the requirements for live commissioning in 2005–06?

I turn to the funding arrangements from 2005. I understand that my hon. Friend the Minister of State has made a commitment to the British Dental Association that

"if any dentist wishes to increase his or her NHS commitment now or in the run-up to the new arrangements we will fund that extra commitment and make sure their PCT is adequately resourced to sustain that funding level under the new contract."

If it proves difficult to fill vacancies for some months, will it still be possible for the necessary funding to be made available to PCTs for the three years from 2005? Indeed, will the historic inequalities in NHS provision be addressed in the funding of dentistry through primary care trusts from next year?

Can my hon. Friend assure me that it will possible to avoid a postcode lottery in dentistry in future? There is a fear that when PCTs are given cash-limited budgets, they will, after the three-year base contract guarantee period has ended, be forced to prioritise what is commissioned in order to maximise the impact of funding. That could mean that some traditionally provided services might no longer be supported if PCTs are to address the challenges on access of service and oral health inequalities. It is likely that PCTs will vary in the decisions they take at that time.

I am aware that the Secretary of State for Health is due to set out the Government's plans to strengthen NHS dentistry tomorrow. I hope that that announcement and my hon. Friend's response today will give reassurance that the problems in NHS dentistry that we have seen for many years can be overcome. I hope that dentistry provision can experience the same expansion that has taken place in other sectors of the NHS. I believe that if we can increase the number of NHS dentists in east Staffordshire and elsewhere where there are shortages, more people will be treated as NHS patients rather than as private patients or through private insurance schemes. We may then see the end of the downward spiral, and some of those dentists who have left the NHS may choose to return to the fold.

6.28 pm

The Parliamentary Under-Secretary of State for Health (Dr. Stephen Ladyman): I congratulate my hon. Friend the Member for Burton (Mrs. Dean) on securing this important debate on NHS dentistry in east Staffordshire, on the interest she shows in these important matters, and on the constructive way in which she put her case. I sympathise with her and understand how she feels let down by those dentists who have taken the NHS shilling in order to expand their practice, then decided to abandon the NHS.

I am well aware of the keen interest that my hon. Friend takes in access to dentistry in her area. I know that she raised the matter with the Secretary of State at oral questions last week, as she has on other occasions, and that she has written to the Minister of State, my hon. Friend the Member for Doncaster, Central (Ms Winterton), on the subject. I want to address not only the specific issues that she raised, but to talk about the programme of action that is under way nationally to reform the overall system. First and foremost, as my hon. Friend said, my right hon. Friend the Secretary of State for Health will make an announcement tomorrow that will detail the Government's plans for improving access to dental services in future. I know that she is eager to hear that announcement, but I hope that she will forgive me if I do not let the cat out of the bag, as that would not do my career any good at all.

The oral health of the population has improved enormously since the NHS was set up, and the number of dentists has increased year on year. There are now more dentists than ever before—more than 19,000 dentists provide NHS care, compared with just 15,411 in September 1992. While the number of dentists has been going up, we accept that the commitment of dentists to the NHS has fallen. As a result, in some areas people have difficulty accessing NHS dentistry, despite the fact that the Government have increased dentists' fees in line with the doctors and dentists pay review body recommendations, resulting in an increase in fees of 32 per cent. since 1997. We accept that some areas have a serious shortage of NHS dentists. The problem is not new, however, and has its roots in the actions of the previous Government, including the contract debacle of 1990 that led to a fee cut in 1992 and caused dentists to start to move away from NHS dentistry. That might explain how the problems came about but, of course, it does not help us to make progress and solve them. One set of clauses in the new Health and Social Care (Community Health and Standards) Act 2003, however, which was welcomed by Members from all parties in both Houses, covered the reform of NHS dentistry, and represents the most significant reform of dentistry since NHS dental services were established in 1948.

The reform will provide a better deal for patients, dentists and the NHS. It will allow dentists to spend more time with patients and provide patients with the dental care that they need. Our policy, therefore, is not to maintain the status quo but to rebuild NHS dentistry and provide a more up-to-date legal framework that will better allow primary care trusts to develop and plan those services strategically. It will enable services to be more responsive to patient needs while improving the working lives of dentists and their teams. The general principles of the new primary dental service were set out in the report "NHS Dentistry: Options for Change", which was published in August 2002. One of its key recommendations was for the local commissioning of a high-quality dental service. It proposed that funding should be devolved to the local level to allow PCTs to secure the provision of a new service. The implementation of the Health and Social Care Act 2001 will enable those changes to be made.

The existing patterns of NHS expenditure on dentistry reflect the varying willingness of dentists to treat NHS patients. However, we need to move to a system in which the NHS locally decides what is necessary to meet the needs of the local population, and the new arrangements will enable us to do so. Under the new system, we are giving PCTs the responsibility for £1.3 billion of financial resources that are currently held centrally. We have transferred decisions about the commissioning of local services to the local level. At the same time, current spending will be protected. The devolved funding will be used to commission more dentistry locally, for example, through extra sessions for NHS patients. In the short term, however, we accept

[Dr. Stephen Ladyman]

that there are serious problems with access. Since last year, we have provided new investment totalling £90 million to support PCTs as they get to grips with the new agenda, of which £59 million will support access and £30 million will support IT. The balance of £1 million will support organisational development locally.

In my hon. Friend's constituency, East Staffordshire PCT is working closely with Shropshire and Staffordshire strategic health authority. They are being supported by the Department of Health in their efforts to improve local dental access by using their share of the access funds—some £1.4 million in Shropshire and Staffordshire in 2004–05. We also aim to bring more dentists back to practice after a career break, and have recently placed advertisements in the national press. The keeping in touch scheme is designed for people on a career break who want to return to practice. We have also begun to recruit dentists from abroad, including Europe and further afield.

It is not just about dentists but about the whole dental team. We have already increased training places for dental therapists from just 50 to 200, and the first newly trained therapists will be entering the work force in autumn 2006. In addition, there are a number of avenues available to support the training of dental nurses. We are exploring how best to make those more readily accessible to dental practices.

In the longer term, NHS funding allocations for dental services will need to take oral health needs into account, as general NHS allocations currently do in relation to general health needs. We already have the experience of five years of local commissioning of dentistry under the personal dental services pilot programme, where resources are devolved to the front line. The pilots, now treating 750,000 people a year, have shown what works well and what works less well. The field sites are building on that learning experience to refine a simple but robust base contract, which all PCTs and dentists can have in place for 2005. PCTs are already building up relationships with their local dentists, and we are confident that devolving commissioning responsibility for dentistry to PCTs will enable areas to tailor more appropriate local solutions to any particular access issues that they may have.

I appreciate the real concerns that my hon. Friend has raised, and can well understand that her constituents may be worried that they will have to wait for those changes to come into effect. East Staffordshire PCT is aware of the problems that local people are having in accessing NHS dental services. At the moment, there are two practices in the area, one at Burton, and the other at Uttoxeter, which are accepting new NHS patients. I am informed by Shropshire and Staffordshire strategic health authority that in the past both of those practices have been forced to stop accepting new registrations due to the high demand.

Mrs. Dean: My hon. Friend might like to be aware that although one of those practices is accepting new patients, there is a waiting list of several months before someone can see a dentist and join the list properly.

Dr. Ladyman: I accept that point entirely, and that is why the local PCTs are working so hard to try to address those issues.

While there are dentists in other PCT areas that may have been able to take some of the demand, it is recognised locally and by me that that does not really tackle the underlying problem. The PCT has therefore been working hard to develop a range of local solutions to those difficulties. For example, the PCT has commissioned a dental access centre in Burton, and dental access centre services are now available for two days a week in Uttoxeter. The PCT has used previous grant initiatives to support local practices under the investing in dentistry and modernising NHS dentistry programmes.

The PCT received £113,000 in grants for 2004–05 under the general dental services initiative scheme and is in negotiation with local dental practices about stabilising and expanding capacity. The PCT is also looking into pooling its £11,000 share of salaried primary care dental service capital funding with other PCTs in Staffordshire in a fund of £55,000, which can be used to improve premises and efficiency across the area.

The PCT is also in discussion with three dental practices about the potential transfer to personal dental services arrangements in advance of the move to local commissioning in 2005. It is hoped that that will stabilise practices, which otherwise could move further towards private treatment. Work is also under way within the PCT to establish the extent of inequalities in dental health between affluent and relatively deprived communities. In addition, the Department of Health is working closely with local NHS organisations to ensure that they have appropriate support. With the additional funding from the Department, PCTs are now in a position to develop firm plans for the future and are now developing dental action plans to set out how they will use that additional funding.

I have listened carefully to all of the issues raised by my hon. Friend today. At a national level, a reform programme is in hand, and national support is being provided to those areas that are most challenged until those reforms are safely in place. I know that my hon. Friend wants more practical action, however, so I am happy to announce that further support should soon be available to east Staffordshire from the Department of Health. The Department's dental support team has just decided its next programme of visits, which will include east Staffordshire. The Shropshire and Staffordshire SHA, including the East Staffordshire PCT area, will be prioritised for around 10 of the next tranche of dentists who will shortly be recruited from Europe by the Department of Health. I am pleased to tell my hon. Friend that as a result of her campaigning, and that of her Labour colleagues in the area, two have been identified for specific vacancies in East Staffordshire PCT.

I hope that that additional help will please my hon. Friend and, of course, her constituents. The changes will take time, but the framework is in place, and the extra investment and support from the Department should enable much-needed improvements in dental services to be delivered in east Staffordshire.

Question put and agreed to.

Adjourned accordingly at twenty minutes to Seven o'clock.

House of Commons

Friday 16 July 2004

The House met at half-past Nine o'clock

PRAYERS

The First Deputy Chairman of Ways and Means took the Chair as Deputy Speaker, pursuant to the Standing Order.

[SYLVIA HEAL *in the Chair*]

Mr. Julian Brazier (Canterbury) (Con) *rose—*

PETITION

Cod Crusaders

9.34 am

Mr. Alex Salmond (Banff and Buchan) (SNP): The hon. Member for Canterbury (Mr. Brazier) should know that everything comes to those who wait.

I am delighted to present the petition of the Cod Crusaders community campaign and particularly the organisers of the national and international petition that is circulating in Scotland, England, Wales, Northern Ireland and the Republic of Ireland, the material allegations of which concern the iniquities of the common fisheries policy and the disgraceful failure of the Government to allow time for debate, discussion and decision on the Fisheries Jurisdiction Bill, in my name and before the House, and similar Bills in the names of other hon. Members.

The petition reads:

To the House of Commons.

The petition of the Cod Crusaders Community Campaign,

Declares that the EU common fisheries policy has failed to conserve fish stocks and that is has caused untold hardship for fishermen and their local communities and industries. The policy has proved to be ineffective and inadequate in the conservation and management of fish resources, has resulted in bankruptcies, the uprooting of individuals and families, and the destruction of thriving communities with centuries-old cultural traditions and communal lives.

The Petitioners therefore request that the House of Commons urge the Government to restore British sovereign waters to national control and free them from European bureaucracy.

And the Petitioners remain, etc.

Morag Ritchie from the Cod Crusaders community campaign signed the petition.

To lie upon the Table.

Mr. Brazier: I beg to move, That the House do sit in private.

Question put forthwith, pursuant to Standing Order No. 163 (Motion to sit in private):—

The House proceeded to a Division.

Madam Deputy Speaker (Sylvia Heal): I ask the Serjeant at Arms to investigate the delay in the No Lobby.

The House having divided: Ayes 0, Noes 34.

Division No. 229] **[9.36 am**

AYES

Tellers for the Ayes:
Dr. Julian Lewis and
Mr. Eric Forth

NOES

Atkinson, Peter *(Hexham)*
Bacon, Richard
Barnes, Harry
Bell, Sir Stuart
Brazier, Julian
Brooke, Mrs Annette L.
Coaker, Vernon
Cox, Tom *(Tooting)*
Dismore, Andrew
Dobson, rh Frank
Evans, Nigel
Fitzpatrick, Jim
Gardiner, Barry
Hoey, Kate *(Vauxhall)*
Howarth, Gerald *(Aldershot)*
Jamieson, David
Joyce, Eric *(Falkirk W)*
Mactaggart, Fiona
Michael, rh Alun
Mountford, Kali
Murphy, Jim *(Eastwood)*
Paterson, Owen
Prosser, Gwyn
Quinn, Lawrie
Randall, John
Rapson, Syd *(Portsmouth N)*
Robertson, Angus *(Moray)*
Salmond, Alex
Shaw, Jonathan
Skinner, Dennis
Stewart, David *(Inverness E & Lochaber)*
Taylor, Matthew *(Truro)*
Walter, Robert
Williams, Roger *(Brecon)*

Tellers for the Noes:
Mr. John Burnett and
Sir George Young

It appearing on the report of the Division that fewer than 40 Members had taken part in the Division, MADAM DEPUTY SPEAKER *declared that the Question was not decided in the affirmative.*

Orders of the Day

Promotion of Volunteering Bill

As amended in the Standing Committee, considered.

Mr. Andrew Dismore (Hendon) (Lab): On a point of order, Madam Deputy Speaker. I am sure that you will have noticed that the promoter's new clause 29, together with a couple of consequential amendments, effectively completely changes the Bill that was considered on Second Reading and in Committee. It would be far more appropriate if the Bill were recommitted to Standing Committee for reconsideration. As the hon. Member who is in charge of the Bill will have priority in this matter, I wonder whether you have had any requests from the hon. Member for Canterbury (Mr. Brazier) for the Bill to be recommitted so that it can be properly considered in the light of his completely changing its original format.

Mr. Julian Brazier (Canterbury) (Con): Further to that point of order, Madam Deputy Speaker. The reason why I have made no submission of the sort to which the hon. Gentleman refers is that the changes that we are proposing seek simply to remove all the controversial aspects of the Bill, so that we can present it in a form that we thought might be fully acceptable in all parts of the House.

Madam Deputy Speaker (Sylvia Heal): I am authorised by Mr. Speaker to decline to accept any motion to recommit the Bill.

New Clause 29

DECLARATION AS TO EXTENT OF LIABILITY IN NEGLIGENCE

'(1) In respect of volunteering and voluntary organisations there is no liability in negligence for something that might not be avoided by taking reasonable care or exercising reasonable skill.

(2) The cases to which subsection (1) applies include, for example, cases where liability in negligence is alleged to arise in connection with recreational, sporting, play or other activities as a result of something that is an inherent risk of the activity concerned.

(3) Where persons suffering harm (and the parents of minors suffering harm) have knowingly accepted that there were risks involved, the court shall take account of that fact.

(4) In this section "negligence" means the breach—

(a) of any obligation, arising from the express or implied terms of a contract, to take reasonable care or exercise reasonable skill in the performance of the contract;

(b) of any common law duty to take reasonable care or exercise reasonable skill (but not any stricter duty);

(c) of the common duty of care imposed by the Occupiers' Liability Act 1957 or the duty imposed by the Occupiers' Liability Act 1984.

(5) The Secretary of State shall by regulations prescribe the meaning of "volunteering" and "voluntary organisations" in this section.

(6) Regulations under subsection (5) shall be made by statutory instrument which shall be subject to annulment in pursuance of a resolution of either House of Parliament.'.—*[Mr. Brazier.]*

Brought up, and read the First time.

9.54 am

Mr. Brazier: I beg to move, That the clause be read a Second time.

Madam Deputy Speaker: With this it will be convenient to discuss the following: New clause 3—*Non-application to fatal accidents*—

'This Act shall not apply to civil proceedings in court for negligence or breach of statutory duty in respect of fatal accidents.'.

New clause 6—*Role of expert evidence*—

'The presumption of exclusion of a finding of negligence or breach of statutory duty provided by section 2(6) of this Act shall be rebuttable by expert evidence.'.

New clause 7—*Publicising the terms of section 2(6)*—

'The Secretary of State shall take such steps as he considers necessary to ensure the terms of section 2(6) are brought to the attention of persons who are intending to undergo activities covered by this Act.'.

New clause 11—*Absence of statement*—

'In an action for damages for personal injury a court shall take into account the absence of a statement of inherent risk in circumstances where a statement might have been expected as evidence of the lack of a risk assessment for the activity concerned.'.

New clause 12—*Application to catastrophic injuries*—

'This Act shall not apply in respect of civil proceedings for personal injury where the injuries concerned are catastrophic within the meaning of the Judicial Studies Board Guidelines on Personal Injury Damages.'.

New clause 16—*Non-application to activities involving enforceable contracts*—

'This Act shall not apply to any activity where there is a contract enforceable in law to provide that activity between the person undertaking the activity and its provider.'.

New clause 17—*Application only in respect of fast track procedures*—

'This Act shall only be taken into account by any court in considering a claim for negligence or breach of statutory duty resulting in personal injury if that claim is commenced in the fast track as provided for by the Civil Procedure Rules.'.

New clause 18—*Liability under Occupiers Liability Act*—

'Nothing in this Act shall remove or reduce liability under the Occupiers Liability Act 1984 from a farmer or land owner.'.

New clause 19—*Vicarious liability resulting from criminal conduct*—

'Nothing in this Act shall reduce or remove vicarious civil liability for personal injury (including psychological injury) from a voluntary body or voluntary organisation as a consequence of criminal conduct by a volunteer or employee of that body or organisation.'.

New clause 20—*Continuing liability of local authority*—

'Nothing in this Act shall reduce or remove the liability for negligence or breach of statutory duty for personal injury caused by a local authority.'.

New clause 24—*Insurance companies*—

'An insurance company shall not take the existence or non-existence of a statement of inherent risk into account when quoting a price for an insurance premium to a volunteering body or voluntary organisation.'.

New clause 25—*Non-application for injuries of maximum severity*—

'This Act shall not apply in respect of civil proceedings for personal injury where the injuries concerned are of maximum severity within the meaning of the Judicial Studies Board Guidelines on personal injury damages.'.

New clause 26—*Liability under Occupiers Liability Act 1957*—

'Nothing in this Act shall remove or reduce liability under the Occupiers Liability Act 1957 from a farmer or landowner.'.

New clause 28—*Risk assessments*—

'(1) It shall be the duty of any volunteer, employee or voluntary body to whom this act applies

(a) to undertake a risk assessment,

(b) to identify risks or potential harm to people or a building,

(c) to ensure that the risk assessment complies with any rules, advice or guidance of any body governing the activity,

(d) to document any such risk assessment, and

(e) to ensure that all those who undertake the risk assessment are suitably trained, qualified and experienced.

(2) Failure to perform this duty shall be a criminal offence punishable on summary conviction to a fine at level 3.

(3) Failure to perform the risk assessment shall disentitle the volunteer, employee or voluntary body from reliance on any of the other provisions of this Act.'.

New clause 30—*Exclusion of claims in respect of death or serious injury*—

'(1) Nothing in this Act shall affect—

(a) an action for damages under the Fatal Accidents Act 1976 (c.30); or

(b) any other claim in respect of death or serious injury.

(2) In this section, "serious injury" includes damage to an internal organ and impairment of a bodily function.'.

New clause 31—*Exclusion of claims by protected persons*—

'(1) A person to whom this Act applies may not present a statement of inherent risk to a protected person (or, if he is aged less than sixteen, to his parent or guardian).

(2) Nothing in this Act shall affect a claim brought by or on behalf of a protected person.

(3) A person is a "protected person" if he is—

(a) a person who has a learning difficulty, or

(b) a person who has a mental disability.

(4) For the purposes of this section, a person has a learning difficulty if—

(a) he has a significantly greater difficulty in learning than the majority of persons of his age, or

(b) he has a disability which either prevents or hinders him from making use of facilities of a kind generally provided for persons of his age by schools or other institutions providing education or training.

(5) For the purposes of this section, "mental disability" means a disability or disorder of the mind or brain, whether permanent or temporary, which results in an impairment or disturbance of mental functioning.'.

Amendment No. 139, in page 1, line 1, leave out Clause 1.

Amendment No. 104, in page 1, line 2 [Clause 1], at end insert

'"activity" means participation in amateur sport, adventure training, and any other amateur pursuit involving vigorous physical activity'.

Amendment No. 105, in page 1, line 2, at end insert

'"activity" means any amateur pursuit involving vigorous physical activity listed in regulations approved by both Houses of Parliament'.

Amendment No. 106, in page 1, line 2, at end insert

'"activity" means any amateur pursuit listed by order by the Secretary of State'.

Amendment No. 142, in page 1, leave out lines 3 to 5.

Amendment No. 143, in page 1, line 6, leave out from 'employee' to end of line 13 and insert

'" means an employee of a voluntary organisation;'.

Amendment No. 30, in page 1, line 7, after 'person' insert

'who has no other contractual arrangement with that organisation or body'.

Amendment No. 31, in page 1, line 7, after 'person', insert

'who has no other contractual arrangement with that organisation or body and has had no such arrangement in the previous 3 years'.

Amendment No. 16, in page 1, line 7, after 'organisation', insert

'who is not a director or office holder of the organisation'.

Amendment No. 7, in page 1, line 7, after 'body', insert

'on a contract which provides for a maximum number of hours work per week'.

Amendment No. 9, in page 1, line 7, after 'body', insert

'who is not a director or other office holder of that organisation or body'.

Amendment No. 8, in page 1, line 8, after 'responsibilities', insert

'(which are not responsibilities within his job description or job title)'.

Amendment No. 11, in page 1, line 12, after 'expenses', insert

'limited to 1 per cent. of his basic contractual salary'.

Amendment No. 144, in page 1, leave out lines 14 and 15.

Amendment No. 13, in page 1, line 15, after 'constituted', insert

'and registered with the Charities Commission'.

Amendment No. 145, in page 1, leave out lines 16 to 18.

Amendment No. 10, in page 1, line 16, after 'employed', insert

'(but not on a contract which provides for overtime to be worked for payment or for time off in lieu)'.

Amendment No. 15, in page 1, line 17, after 'organisation', insert

'on a fixed hours contract that does not provide for payment of overtime or time off in lieu of overtime'.

Amendment No. 14, in page 1, line 17, leave out

'whether or not paid at the time'.

Amendment No. 146, in page 1, line 20, leave out from beginning to end of line 22 and insert

'a body the activities of which are carried on otherwise than for profit, but does not include a public or local authority.'.

Amendment No. 107, in page 1, line 22, after 'purposes', insert

[Madam Deputy Speaker]

'except in both cases, when that organisation has the character of a business'.

Amendment No. 128, in page 1, line 22, after 'purposes', insert

'but excluding schools, youth organisations or youth clubs'.

Amendment No. 1, in page 1, line 22, at end insert

'but in either case shall not include a school or other educational establishment.'.

Amendment No. 2, in page 1, line 22, at end insert

'but in either case shall not include a church or other religious establishment.'.

Amendment No. 3, in page 1, line 22, at end insert

'but in either case shall not include a housing association.'.

Amendment No. 4, in page 1, line 22, at end

'but in either case shall not include any organisation established by central Government or a local authority.'.

Amendment No. 5, in page 1, line 22, at end insert

'but in either case shall not include any organisation with a turnover in excess of £100,000 or such other figure as shall be prescribed by order.'.

Amendment No. 6, in page 1, line 22, at end insert

'but in either case shall not include any organisation involved with training with firearms or other weapons.'.

Amendment No. 147, in page 2, line 1, leave out from beginning to end of line 17 and insert—

'(a) an individual who provides unpaid services to, or on behalf of, a voluntary organisation; or

(b) a person who, without payment, allows the use of goods or premises for the purposes of activities organised by a volunteer or voluntary organisation.'.

Amendment No. 26, in page 2, line 1, leave out 'or on behalf of'.

Amendment No. 32, in page 2, line 5, after 'worth', insert

'or future expectation of any contractual arrangement whether by employment contract or for commercial services'.

Amendment No. 33, in page 2, line 7, after 'expenses', insert

'limited to a maximum of £500 in any one financial year or such higher figure as shall be prescribed by order'.

Amendment No. 20, in page 2, line 11 ,after 'access' insert

'pursuant to a written agreement with a voluntary organisation or voluntary body.

Amendment No. 21, in page 2, line 12, after 'activity', insert

'formally organised by a voluntary organisation or voluntary body with the objects of that organisations constitution and professional competence or reasonably ancillary activities.'.

Amendment No. 19, in page 2, line 13, leave out from 'land' to end of line.

Amendment No. 22, in page 2, line 14, leave out paragraph (c).

Amendment No. 23, in page 2, line 17, leave out 'whether or not' and insert 'if'.

Amendment No. 24, in page 2, line 17, after 'is', insert 'not'.

Amendment No. 25, in page 2, line 17, leave out from end to end of line 26.

Amendment No. 148, in page 2, leave out lines 18 to 26.

Amendment No. 35, in page 2, line 20, leave out 'whether or not in' and insert 'outside a'.

Amendment No. 34, in page 2, line 21, leave out from 'gain;' to end of line 26.

Amendment No. 130, in page 2, line 22, leave out 'services' and insert 'activities'.

Amendment No. 36, in page 2, line 24, leave out paragraph (b).

Amendment No. 37, in page 2, line 24, leave out 'school or'.

Amendment No. 38, in page 2, line 25, leave out 'school'.

Amendment No. 149, in page 2, line 26, at end insert—

'(2) In this section—

(a) references to payment are to payment in money or money's worth, and

(b) references to anything being provided unpaid, or without payment, are to its being provided without payment or any expectation of payment.

For this purpose the reimbursement of reasonable and proper expenses does not count as payment.'.

Amendment No. 140, in page 2, line 27, leave out Clause 2.

Amendment No. 150, in page 2, line 28 [Clause 2], leave out subsection (1) and insert—

'( ) This Act applies to—

(a) volunteers,

(b) voluntary organisations, and

(c) employees.

( ) A person to whom this Act applies may present to an individual who is to undertake an activity provided—

(a) by that person, or

(b) in the case of a volunteer or employee, by the voluntary organisation concerned,

a statement (a "statement of inherent risk") setting out the principal risks inherent in the activity.'.

Amendment No. 41, in page 2, line 28, leave out

'employee, voluntary body or voluntary organisation'.

Amendment No. 121, in page 2, line 28, leave out 'may' and insert 'must;—

(a) have undergone suitable training

(b) currently hold qualifications to supervise the activity

(c) carry insurance in respect of the activity'.

Amendment No. 39, in page 2, line 29, after 'person', insert

'or in the event the person is under the age of 16, in person to his parent or guardian)'.

Amendment No. 40, in page 2, line 30, leave out

'administered or managed by or'.

Amendment No. 42, in page 2, line 30, leave out from 'volunteer' to 'body' in line 32.

Amendment No. 122, in page 2, line 33, leave out 'the principal' and insert 'all the'.

Amendment No. 43, in page 2, line 33, leave out 'principal'.

Amendment No. 123, in page 2, line 33, leave out 'inherent to' and add 'associated with'.

Amendment No. 44, in page 2, line 35, after 'personal', insert 'or psychological'.

Amendment No. 124, in page 2, line 37, leave out 'likely to be' and insert 'which may'.

Amendment No. 125, in page 2, line 38, leave out from 'activity' to end of line.

Amendment No. 138, in page 2, line 38, leave out 'but need not' and insert 'and shall'.

Amendment No. 151, in page 2, line 39, leave out ', voluntary body'.

Amendment No. 46, in page 2, line 41, after 'criminal', insert 'or civil'.

Amendment No. 126, in page 2, line 42, leave out 'not apply to' and insert 'not be permissible for'.

Amendment No. 152, in page 2, line 43, leave out from beginning to end of line 47 and insert—

'(i) an activity which a school obliges a child to undertake, if no alternative is offered, or

(ii) any other activity which the person concerned is obliged to undertake in performance of contractual obligations, in the course of his employment or for other reasons.'.

Amendment No. 127, in page 2, line 46, leave out 'school' and insert 'any educational'.

Amendment No. 119, in page 2, line 46, leave out 'obliged' and insert 'invited'.

Amendment No. 120, in page 2, line 47, at end insert—

'(iii) any period when the participant is being carried in a vehicle on a public highway

(iv) any activity to which the Unfair Contract Terms Act 1977 applies'.

Amendment No. 114, in page 2, line 48, leave out 'indicate' and insert 'state'.

Amendment No. 115, in page 2, line 49, after 'by', insert

'and the relevant experience of'.

Amendment No. 48, in page 2, line 50, at end insert—

'(aa) the relevant qualifications expected for supervisors of such activities by any professional, sporting or other umbrella organisations with recognised experience in the field, or of which the voluntary organisation or voluntary body is a member'.

Amendment No. 49, in page 2, line 50, at end insert—

'(aa) whether a risk assessment of the activities has been carried out and if so on what date and by whom;'.

Amendment No. 50, in page 2, line 50, at end insert—

'(aa) whether a safety inspection of any premises or land involved in the activities has been carried out and if so on what date, by whom, and in the case of outside activities, under what weather and light conditions the inspection was carried out'.

Amendment No. 51, in page 2, line 50, at end insert—

'(aa) if the activities involve the use of equipment, when that equipment was last tested and by whom'.

Amendment No. 52, in page 2, line 50, at end insert—

'(aa) If the person undertaking the activity—

(i) will be issued by the voluntary organisation or voluntary body with personal protective or other equipment, and if so when it was last tested, by whom, and what steps will be taken to ensure such equipment is a proper fit, size, and fit for purpose for the person undertaking the activity; or

(ii) will be required to provide personal protection or other equipment and if so specify by reference to British Standards Specification or other approval body the equipment that will be required and what steps will be taken by the voluntary organisation or voluntary body to check the equipment is a proper fit, size, and fit for purpose before commencement of the activity.'.

Amendment No. 72, in page 2, line 50, at end insert—

'(aa) details of the insurance arrangements in place for the activities, including—

(i) the name and address of the insurer

(ii) the policy number

(iii) the nature, extent and period of the insurance cover under the policy

(iv) how the policy may be inspected by the person or his parents or guardian in the event he is under age'.

Amendment No. 102, in page 2, line 50, at end insert—

'(aa) the extent to which the Statement excludes the right to bring an action for damage in the event of a personal injury being sustained.'.

Amendment No. 103, in page 2, line 50, at end insert—

'(aa) in express terms the meaning, effect and consequences of paragraph (b) in any subsequent action for damages in the event of injury being sustained whilst undertaking the activity.'.

Amendment No. 116, in page 3, line 1, after second 'the', insert 'reasonable and lawful'.

Amendment No. 153, in page 3, line 1, after 'obey the' insert 'reasonable'.

Amendment No. 53, in page 3, line 2, at end insert—

'(ba) what steps will be taken in the event of the person

(i) not obeying or

(ii) failing to carry out such instructions.'.

Amendment No. 54, in page 3, line 2, at end insert—

'(ba) whether such instructions will be given in writing, verbally or a mixture of both.'.

Amendment No. 57, in page 3, line 3, leave out paragraph (c).

Amendment No. 55, in page 3, line 3 , leave out 'sixteen' and insert 'eighteen'.

Amendment No. 59, in page 3, line 3, after 'sixteen', insert '(the under age person)'.

Amendment No. 154, in page 3, line 6, after 'obey' insert 'the reasonable instructions of'.

Amendment No. 155, in page 3, line 7, leave out from 'activities' to end of line 9.

Amendment No. 117, in page 3, line 7, at end insert—

'(iii) understand the activity himself, and

(iv) ensure the child understands the activity'.

Amendment No. 60, in page 3, line 8, leave out paragraph (d).

Amendment No. 56, in page 3, line 8, leave out 'sixteen' and insert 'eighteen'.

Amendment No. 118, in page 3, line 9, leave out

'for the safe conduct of the activity' and insert 'for his own safety'.

Amendment No. 156, in page 3, line 9, leave out

'the safe conduct of the activity'

and insert

[Madam Deputy Speaker]

'his safety while undertaking the activity'.

Amendment No. 61, in page 3, line 9, after 'activity', insert

'insofar as that activity is exclusively within the risks identified in the statement.'.

Amendment No. 64, in page 3, line 11, after 'relate', insert 'not'.

Amendment No. 62, in page 3, line 11, leave out from 'to' to second 'or' in line 13.

Amendment No. 157, in page 3, line 11, leave out

'administered or managed by or under the control of'

and insert 'provided by'.

Amendment No. 158, in page 3, line 13, leave out

'voluntary organisation or volunteering body'

and insert 'or voluntary organisation'.

Amendment No. 65, in page 3, line 13, leave out 'or' and insert 'but only'.

Amendment No. 63, in page 3, line 14, leave out 'including a school visit'.

Amendment No. 112, in page 3, line 15, leave out

'need only be presented once'

and insert

'must be presented on every occasion that the activity is undertaken'.

Amendment No. 66, in page 3, line 15, leave out 'only'.

Amendment No. 67, in page 3, line 15, leave out 'once' and insert

'on each occasion the activity is to be undertaken'.

Amendment No. 159, in page 3, line 15, leave out 'adult'.

Amendment No. 160, in page 3, line 15, leave out

'the parent or guardian of the child concerned'

and insert

', if he is aged less than sixteen, to his parent or guardian'.

Amendment No. 113, in page 3, line 16, at end insert—

'(c) must be prepared in advance of every activity'.

Amendment No. 68, in page 3, line 17, after 'signed', insert 'and dated'.

Amendment No. 108, in page 3, line 18, leave out 'or on behalf of'.

Amendment No. 161, in page 3, line 19, leave out paragraph (b) and insert—

'(b) if that person is a volunteer or an employee, on behalf of the voluntary organisation concerned;'.

Amendment No. 69, in page 3, line 21, leave out 'sixteen' and insert 'eighteen'.

Amendment No. 109, in page 3, line 23, leave out paragraph (d).

Amendment No. 70, in page 3, line 23, leave out 'sixteen' and insert 'eighteen'.

Amendment No. 162, in page 3, line 24, at end insert 'and'.

Amendment No. 71, in page 3, line 25, leave out 'eleven' and insert 'fourteen'.

Amendment No. 110, in page 3, line 25, leave out 'eleven' and insert 'eighteen'.

Amendment No. 111, in page 3, line 26, at end insert

'in default of this the statement shall be of no effect'.

Amendment No. 133, in page 3, line 26, at end insert—

'(f) in the event of continuous or repeated activities at least annually'.

Amendment No. 73, in page 3, line 27, leave out subsection (6).

Amendment No. 163, in page 3, line 27, leave out from beginning to 'a Statement' in line 28 and insert

'Where a person to whom this Act applies has presented'.

Amendment No. 164, in page 3, line 29, after 'Risk' insert 'to an individual'.

Amendment No. 75, in page 3, line 30, leave out 'negligence or'.

Amendment No. 76, in page 3, line 30, leave out

'or breach of statutory duty'.

Amendment No. 165, in page 3, line 31, leave out from first 'the' to 'a court' in line 33 and insert

'person who presented the statement (or, in the case of a volunteer or employee, of the voluntary organisation concerned)'.

Amendment No. 78, in page 3, line 31, after 'volunteer', insert 'or'.

Amendment No. 79, in page 3, line 31, after 'employee', insert

'but not the vicarious liability of'.

Amendment No. 77, in page 3, line 31, after 'any', insert 'personal'.

Amendment No. 80, in page 3, line 32, after 'employed', insert

'or the personal liability of'.

Amendment No. 84, in page 3, line 34, leave out paragraph (a).

Amendment No. 81, in page 3, line 34, after 'have', insert 'strict'.

Amendment No. 82, in page 3, line 35, leave out 'certain' and insert

'risks as specified in the statement'.

Amendment No. 83, in page 3, line 35, after 'activities', insert 'specified in the statement'.

Amendment No. 166, in page 3, line 36, at end insert 'and'.

Amendment No. 85, in page 3, line 37, after 'take', insert 'strict'.

Amendment No. 86, in page 3, line 37, after first 'the', insert 'express terms of the'.

Amendment No. 87, in page 3, line 39, after 'risks', insert

'but only as expressed in the statement'.

Amendment No. 167, in page 3, line 39, leave out from 'involved' to the end of line 41.

Amendment No. 131, in page 3, line 39, at end insert

'that they have known of the risks which materialised and had voluntarily accepted the risks.'.

Amendment No. 92, in page 3, line 40, leave out paragraph (c).

Amendment No. 93, in page 3, line 40, leave out 'only uphold' and insert

'may take into account in'.

Amendment No. 94, in page 3, line 40, leave out 'where' and insert 'whether'.

Amendment No. 96, in page 3, line 41, leave out 'reckless' and insert 'careless'.

Amendment No. 95, in page 3, line 41, leave out 'reckless'.

Amendment No. 168, in page 3, line 42, leave out subsection (7).

Amendment No. 97, in page 3, line 42, leave out 'shall not' and insert 'may'.

Amendment No. 98, in page 3, line 42, at end insert—

'(d) a court shall take the absence of a Statement of Inherent Risk into account in deciding whether a voluntary organisation or voluntary body is or has been personally or vicariously negligent.'.

Amendment No. 134, in page 3, line 46, at end insert—

'(9) In the event of a Statement of Inherent Risk relating to an activity or activities being proposed, no person shall engage in those activities who has not complied with subsection (5) above.'.

Amendment No. 135, in page 3, line 46, at end insert—

'(9) A Statement of Inherent Risk shall cease to have effect from the first anniversary of its preparation.'.

Amendment No. 136, in page 3, line 46, at end insert—

'(9) A Statement of Inherent Risk prepared under this section shall be reviewed at least annually.'.

Amendment No. 170, in title, line 1, leave out from 'Make' to end of line 2 and insert

'provision as to the extent of liability in negligence in respect of volunteering and voluntary organisations'.

Mr. Brazier: I thank colleagues in all parts of the House for the hard work that has gone into this Bill, including the four Committee sittings. We have had some good volunteers on the Promotion of Volunteering Bill. The voices of support that the Bill has brought from across the adventure training, sport, recreation and play sectors have been greatly encouraging.

As I look at the large group of amendments and new clauses before us, I find it extremely flattering that the hon. Member for Hendon (Mr. Dismore) has found it necessary to table roughly 150 amendments and new clauses to stop the Bill—a number that is about the same as the number of hon. Members who signed the early-day motion supporting it. I do not think, however, that the scout masters, guide leaders and cadet instructors, and those struggling to organise clubs for everything from rugby to roller-skating, will take a charitable view.

The aim of new clause 29, which has been tabled by supporters of the Bill, is to offer the House the opportunity to vote on a much simpler, reduced version of the Bill that simply asks the courts to take account of inherent risks in adventure training, sport and play where participants seek to sue volunteers or voluntary organisations for alleged negligence. It also asks the courts to take account of inherent risk, without any of the certificates or paperwork that were objected to at length in Committee—although the paperwork implications would have been negligible in the original measure in relation to participants in the field of adventure training, sport and play. It asks the courts to take account of cases in which the participant—in the case of children, this will be parents—understood and had been made aware of any risks involved. Private Members' Bills can succeed only where there is consensus, as we all know.

Lawrie Quinn (Scarborough and Whitby) (Lab): I am grateful to the hon. Gentleman for giving way on the point about consensus. Has he received any representations from the Association of Personal Injuries Lawyers with regard to this matter? It has certainly been in touch with me, and it has advised me in briefings that putting in place proper risk assessment and health and safety mechanisms before an activity is conducted will negate the possibilities of an accident occurring and perhaps leading to an appearance in court. That would be a far more positive way of taking forward the matter in hand than what he proposes.

Mr. Brazier: If I were feeling uncharitable, I would say that the Association of Personal Injuries Lawyers proves the old dictum that hell hath no fury like a vested interest masquerading as a principle. None the less, the hon. Gentleman makes a deeply serious point that I shall address at some length in a moment.

Private Members' Bills can succeed only where there is consensus. The amendments meet many of the objections raised to the original Bill. They include the abandonment of all paperwork, although the paperwork requirements would have been no more than most of the relevant organisations already have; the measure would simply have given the arrangements some legal force. The Bill's supporters hope that the House will find this much watered down measure—the legal advisers tell us that it would be a step forward none the less—acceptable.

Whether or not the House accepts the measure, the amendments at least ensure that it has the opportunity to address the substance of the issue. Fond as all Friday regulars are of the hon. Member for Hendon, it is much better that we spend this morning discussing the very grave issues that the Bill involves than five hours trailing through 140-something amendments.

Mr. Dismore: The hon. Gentleman has made two personal attacks on me in the first two minutes of his speech. I have not tabled my amendments merely for fun. They are substantive amendments—indeed, they would not have been selected otherwise—that point out the deep flaws in his Bill and the problems that arise from what he says. They deal with matters of principle, not merely matters of pedantry.

Mr. Brazier: We will debate that point. I am sorry that the hon. Member for Hendon interpreted my two references to him as attacks, because I think that I made them rather courteously.

10 am

The Bill and new clause 29 turn on one simple question of fact, and from that one question of fact stems one simple requirement for action. The issue of

[Mr. Brazier]

fact is that litigation is a real problem rather than a perceived problem. The steady growth in insurance premiums and the insurance companies' refusal to insure many events altogether reflects genuine appraisals by their legal advisers of the attitudes of the courts in recent years, rather than their pandering to urban myths. That is why we need action in the form of actual changes in the law, and not a working party for insurance or any of the dead ends into which the Government are trying to drive the world of adventure training, sport and play.

I addressed a conference on Tuesday where I was presented with many fresh examples of ridiculous judgments by the courts and costly out-of-court settlements, each of which further undermines the spirit of adventure in this country, prevents children and young people from learning about taking responsibility and managing risk, which are vital skills in later life, and denies young people the chance to enjoy themselves in a structured environment. Hon. Members who served in Committee have heard me raise many such examples.

A skipper was sued by an adult crew member who had hurt his leg putting out a fender, which I first did when I was seven years old, and the judge said that the skipper should have supervised that experienced adult. The parents of a guide successfully sued because their daughter slipped on a footpath, and the parents of another sued because their daughter was hurt on a slide in a playground. It seems that all the adventure training organisations have been sued as a result of children falling out of bunk beds. A kayak instructor was successfully sued after an accident when two teenagers deliberately disobeyed instructions given just a few seconds before. Sadly, the Minister gave the impression that her mind was closed to the evidence in Committee. As the examples were put to her, she kept repeating the mantra that the issue is a matter of perception.

Let me add just two more examples from Tuesday's conference, the first of which was a horrible tragedy. A scout group from the Manchester area were eating their picnic lunch before undertaking a guided tour of the Gaping Ghyll show cave. One of the scouts noticed a small cave across a stream and asked the scout leader for permission to explore it. The leader refused permission, pointing out that the cave could be dangerous and that they had neither the equipment nor the expertise to explore it. The scout was accompanied by his father, who had been encouraged to join the group. The scout went out of earshot of the instructor and said to his dad that he wanted to go into the cave. His father said, "Okay, let's go", provided his son with a cigarette lighter and accompanied him into the cave, where the child plunged over a precipice to his death.

Hon. Members know that I was largely responsible for a fatal accident, and I can imagine what that father went through, but surely it is a total travesty of justice that the scout leader, who did everything right, should be called into a court of law, where the judge declared him negligent on the ground that he failed to assume that the father would not understand risks in the countryside because the father came from an urban centre and that he failed forcibly to prevent the father from taking his son into the cave.

I shall cite a much less grave case. A scout campsite had created a water slide, which is something that most of us have done for our kids. One puts a long piece of plastic down on the ground and pours water and, if one feels a bit excited, a bit of squeezy on it. The supervising scout masters explained that children should not run or dive on to the sheet, and they even provided lightweight plastic helmets for the children. How much further can one go? A youth leader with a group of non-scout children asked to have a go. While the scout masters were supervising the children, the youth leader grabbed a helmet that did not fit him and plunged head first down the slide, injuring himself in the process. A judge held that the scouts should have made sure that nobody managed to get down that slide with an ill-fitting helmet.

At Tuesday's conference, the lawyers and insurance specialists were staggered that a Minister of the Crown, or indeed any responsible person, could believe that the problem is perception rather than the reality of those ghastly judgments. Indeed, they made the point that they are caught between paying out money from hard-pressed volunteer funds to undeserving cases or going to court. In court, volunteers are bullied by lawyers and are sometimes declared negligent, so they leave court feeling like criminals. Most voluntary organisations are strapped for cash, so they do not go to court on legal advice and end up paying out of court, so the number of cases is declining. The Minister has pointed to that decline as evidence that the culture has become less litigious.

On 20 April, the Secretary of State for Education and Skills was asked about teachers' fears that they would fall victim to the compensation culture. The National Association of Schoolmasters Union of Women Teachers recommends that its members should never take pupils on school trips again, and the right hon. Gentleman told its delegates:

> "I want to offer today, very explicitly and directly in the context of this broader curriculum, consultations about the concerns you are expressing".

He was right to do so. The Secretary of State for Culture, Media and Sport went further in *The Observer* on 30 May:

> "It's absolutely clear that schools are being deterred from taking children on trips, either away in this country or abroad, because they fear the consequences of compensation if there's an accident."

That is why we need a change in the law.

The Government's solutions are based around ever-increasing levels of safety. The problem is that risk is an essential ingredient in such areas, and so is the delegation of responsibility to older young people from time to time—it is impossible to delegate responsibility without incurring the risk of an unsupervised accident. For organisations that want to provide opportunities for children and young people, the approach the Minister advocates offers a vanilla world. The spirit of adventure led the Scout Association, the Guide Association, the Royal Aero Club, the English Outdoor Council, which is responsible for a large proportion of school trips, and London Youth to sign a letter to *The Times* supporting the Bill. Unlike the groups in the letter quoted by the hon. Member for Hendon, those organisations are all involved in providing sport, adventure training and recreation for children.

A mass of regional organisations has contacted me to express support for the Bill.

Lawrie Quinn: The hon. Gentleman is being generous in giving way. He may recall that I have spent some time in this House trying to promote health and safety issues. In 2002, Sport England produced a document called, "Sports volunteering in England". Can he point to the evidence in that document that supports his new clause?

Mr. Brazier: I shall be delighted to do so—the hon. Gentleman has anticipated me by a line or two. I shall quote a document prepared about one year later by Sport England and the Central Council of Physical Recreation, which he can download from the website. The document identifies eight reasons why people choose not to volunteer. The reasons include the growth in bureaucracy, family pressures, and pressures at work, but the top reason is the blame culture and the fear of litigation.

Many children cannot try adventure training because of the shortage of instructors—80,000 children would like to be scouts or guides—which may mean that they degenerate into couch potatoes. We are the third worst country in the developed world for obesity. Of course, more adventurous children will not sit on the couch doing nothing while they miss out on safe, structured activities. They will be out on the streets finding ways to amuse themselves that are a great deal less safe and, in some cases, antisocial.

Is the Minister still convinced that this is the stuff of the imagination of the Bill's supporters? Perhaps a final word from the Richmond canoe club will help:

"thank you for your initiative in bringing this Bill forward . . . the changes you propose will allow"

volunteer instructors

"to continue this sterling work with much greater peace of mind".

Whatever the Minister and the relatively small number of other opponents of the Bill believe, too many adults are deterred from volunteering by the threat of litigation. The message that the scouts gave me at the conference that their legal advisers organised for me on Tuesday is echoed across all such organisations. If the Government, through their agent, the hon. Member for Hendon, kill my Bill today, the campaign for a change in our law—

Mr. Dismore: Will the hon. Gentleman give way?

Mr. Brazier: Yes, for one last time.

Mr. Dismore: I very much resent the suggestion that I am doing this at the instigation of the Government. I would have been here to speak against the Bill on Second Reading had I been able to do so. I feel very strongly about this issue and, as my hon. Friend the Minister may confirm later, I would have been here irrespective of whether the Government supported the Bill. I want to speak against it and fight it because it is ill-conceived and a disgrace.

Mr. Brazier: I have made no personal attack on the hon. Gentleman, but as he has made those remarks, I should draw the House's attention to this simple fact: he can speak for himself as a lawyer, but he was present in this building on the day of Second Reading and, indeed, showed his face in the Chamber twice, but chose not to speak.

Madam Deputy Speaker: Order. May I ask all hon. Members to address their remarks to the new clause that is under consideration?

Mr. Brazier: I am delighted to do so, Madam Deputy Speaker. I did not choose to raise the temperature of the debate.

The message from the volunteer organisations involved in sport and adventure training is very clear. If the Bill is killed today, the campaign for a change in our law on negligence—not a campaign against health and safety or to change the criminal law, but simply to restore the level of proof for negligence in sport and adventure training—will go on. It will go on until eventually the change in the law that most people know is needed takes place.

Mr. Frank Dobson (Holborn and St. Pancras) (Lab): I support the new clause and the consequential amendments.

It is worth saying, as the hon. Member for Canterbury (Mr. Brazier) did, that our new clause is intended to deal with legitimate criticisms levelled at the Bill on Second Reading and in Committee by getting rid of any additional bureaucracy that might have been involved. It would also get rid of the concept of reckless disregard, which we accept may be going a little too far.

I have talked to various constitutional lawyers of some distinction, and it is evident that new clause 29 represents a fairly novel concept in English law—it is a declaratory measure. In other words, it declares what the law should be. Those who say that there is no problem should not object to it, because it states the law as they say that it already is.

Mr. Dismore: I do not.

Mr. Dobson: My hon. Friend does not agree, but I am at a loss as to how he thinks that the new clause would change the law or reduce the concept of negligence.

Lawrie Quinn: Will my right hon. Friend give way?

10.15 am

Mr. Dobson: No, I will get on, so long as my hon. Friend the Member for Hendon (Mr. Dismore) does not want to interfere.

As far as we are concerned, the new clause changes the law to what we would like it to be, while for those who think that the present situation is acceptable, it states the law as they claim that it already is. I therefore cannot see why any Member should speak or vote against it.

It is no good saying that there is not a problem. Some people say, "Oh no, there isn't", but we say, "Oh yes, there is." There may not seem to be a problem if one is a distinguished member of the Better Regulation Task Force or some such outfit, but if one is a scout leader, an adventure trainer, a teacher contemplating taking

[Mr. Dobson]

awkward children on school trips to relatively dangerous places, a sports organiser, or someone trying to run a playground, there certainly is a problem. It is not just a matter of perception.

To add topicality to my remarks, let me say that if something goes wrong for one of those people, they will not face a kindly Robin Butler-style inquiry that might conclude that things went wrong but nobody is to blame: they will face court action against themselves personally or against the organisation to which they belong.

If, as some people claim, there is no increase in this problem, why are insurance premiums soaring out of sight for volunteer organisations? *[Interruption.]* It may well be that some insurance companies are greedy—I do not know. Perhaps the Better Regulation Task Force should look into regulating insurance premiums, although that is a rather socialistic idea that may not go down too well with Conservative Members. The increase in premiums is clear evidence that increased costs are faced by organisations that try to provide volunteer services for their fellow citizens.

I was not originally a sponsor of the Bill, but it caught my attention because the hon. Member for Canterbury seemed to be trying to do the right thing. I say, with great respect for him, that he has never suggested that there was anything perfect about the wording that he proposed, and he has been happy to accept all sorts of amendments, even to the point of changing the whole damn Bill so long as it does what people want.

Our proposal is not intended, and never has been, to protect people who are negligent or disregard the safety of those for whom they are responsible. Its intention is to offer clear protection to people who take reasonable care and exercise reasonable skill, and to ensure that the courts recognise that. Some lawyers say that they already do recognise it—I think that that was the argument advanced by the organisation mentioned by my hon. Friend the Member for Scarborough and Whitby (Lawrie Quinn). We say that the law and the courts—

Lawrie Quinn: Will my right hon. Friend give way?

Mr. Dobson: Let me just finish my sentence. We say that the law and the courts must also require that some activities involve an inherent risk over and above simply walking along the pavement.

Lawrie Quinn: I have great respect for my right hon. Friend, as he knows, but I am sure that he has taken a look at the Health and Safety at Work, etc. Act 1974, and I ask whether he sees any potential conflict with that legislation in terms of negligence claims being stirred up in a different, ill-thought-out way, and does he accept that that might deter more people from volunteering instead of achieving the laudable aims of the hon. Member for Canterbury?

Mr. Dobson: Our new clause says that the person concerned should take reasonable care and exercise reasonable skill against the background of some inherent risk. As I understand it, that is one of the principles that applies to health and safety at work legislation. Obviously, a steelworks is slightly more risky than the office of an MP in the House of Commons, and that is recognised in law and in practice.

The other point that is causing huge difficulty is the personal exposure of people who are trying to provide voluntary services. It is difficult enough for them to find the time, make the effort and put up with the pressures and stresses of looking after young people. They do not want a lot of extra pressures slung on top of them by lawyers who urge parents to go to law.

Dr. Julian Lewis (New Forest, East) (Con): In support of the right hon. Gentleman's point, I should like to quote a letter that the commanding officer at the sea cadet unit in Southampton sent to his Member of Parliament. He wrote:

"I am ever conscious of the increasing amount of bureaucracy and the fear of being taken to court by a disaffected young person or their parent/guardian. I have tried to encourage other local people in supporting the cadets but they too are reluctant to commit themselves because of the fear of litigation."

Mr. Dobson: I agree. That view is commonly held among a range of people who are trying voluntarily to help young people. In my view, our proposals do not go quite far enough. If we are to encourage young people to take responsibility, I am not sure whether our proposal provides the cover that we need. For example, let us suppose that someone teaches a person canoeing in a two-person canoe, the supervisor goes out with the young person in the canoe two or three times, and the young person appears to behave fairly responsibly and have a grip on the technique and so on. If the person teaching says, "Okay then, give it a go by yourself," I am not sure whether that would be construed as exercising reasonable care or skill under our proposal. I should like the encouragement of responsibility in young people, which is automatically a discouragement of irresponsibility, to be included. However, perhaps we cannot do that today.

Last year, at the request of the Secretary of State for Culture, Media and Sport, I carried out a review of play provision throughout the country. We visited every part of England and the devolved Administrations undertook consultations in Scotland, Wales and Northern Ireland. I cannot speak for those three parts of the consultation but in every part of the country that I visited, people who were responsible for providing play expressed concern about the problem that we are considering.

We concluded that far too many children have nowhere safe to play. They either do not get out to play or they play in places where they are not safe. They are either deprived of the pleasure and stimulation of playing with their friends or they put themselves in danger. That is bad for them and for their parents' peace of mind. We recognise that play cannot be made risk-free. Learning to judge risk is one of the benefits that children get from play. Generations of children have survived bumps and scrapes. Children have not changed; society has. That hinders children's play. The blame culture, the increase in litigation and consequent

rises in the cost of insuring playgrounds make life more expensive and difficult for voluntary organisations and councils. I said at the time:

"It is my personal view that Parliament needs to give special statutory protection to play organisations"

and perhaps

"to help with their insurance problem."

That is why I got involved with the Bill.

It is no good saying that the problem does not exist, and that it is a modern urban myth or perception and not reality. I say in parenthesis that it is my understanding that part of the new Labour creed is that tackling reality is sometimes not sufficient—the perception must be tackled, too. We are trying to tackle the reality in the hope that it will change the perception. Nothing is currently changing the perception. The debate or something from the Better Regulation Task Force is unlikely to get much public attention whereas the next ludicrous court case will. Perhaps we would do better to listen more closely to the people who are trying to provide services to their local communities than to the Better Regulation Task Force, which does not perceive a problem, presumably because its members are not in much danger when they sit around their table, discussing the issue.

We have received representations from charity groups. I understand from some groups that representations against the Bill were helped by a few judicious telephone calls from, shall we say, one or two headquarters. One body, which purported to represent a group of voluntary organisations, wrote to me, and I rang the boss who had signed the letter to ask whether he had consulted the organisations that he represented. He replied, "Ah no, but I'm going to check with them now." That falls within no definition of consultation.

One of the worries seemed to be that the Bill applied only to volunteering, not to the public sector or possibly the commercial sector, and that that would somehow undermine the reputation and concept of volunteering and voluntary organisations and suggest that they did not have professional standards. I appreciate that everyone is trying to raise the standard of performance by volunteers but I believe that juxtaposing "volunteering" and "professionalism" makes for a bit of an oxymoron. We shall never get away from that unless we have "professional volunteers" in future. Perhaps there are one or two around nowadays.

The hon. Member for Canterbury mentioned a couple of spectacular cases. In some of the cases that have reached the Court of Appeal or the House of Lords, the final court has said, "We agree. This should not have come to court," and the claim has been rejected. That is a big deal for those involved in the case or those who feel that they might be involved in such a case. Who wants to go through several years of turmoil and stress, huge amounts of time, trouble and possibly money to prove that they acted reasonably and exercised reasonable skill? We will allow that to happen if we do not do something to change the law. In an interview or a newspaper article, Lord Phillips of Worth Matravers, the Master of the Rolls, broadly said that the matter needs to be clarified. We are trying to clarify the law.

The Bill offers protection against recklessness by people in supervisory positions. It would punish or allow for the punishment of people who do not take reasonable care or exercise reasonable skill. It would protect those in the volunteers' care and the volunteers. Whether we are considering reality or perception, we owe it to thousands of volunteers throughout the country to change the law. We believe that it needs changing; lawyers say that it simply needs clarifying. Our proposal clarifies the law, does not increase bureaucracy and should be better for everybody. I do not understand why it cannot be accepted. If the Government have a few minor worries about the wording, there are plenty of lawyers in the Lords to make a few amendments there.

10.30 am

Mr. John Burnett (Torridge and West Devon) (LD): I am delighted to follow the right hon. Member for Holborn and St. Pancras (Mr. Dobson), but I hope that he will not mind me correcting him on one small detail. He said that lawyers were against the Bill, but that is not entirely true. This lawyer is a sponsor of the Bill and delighted to be so. I hasten to add that my knowledge of personal injury matters is very limited. I do not practise as a lawyer now, and I was a tax, company and commercial specialist when I did. Nevertheless, I am delighted to sponsor the Bill.

On the general principle of the new clause, it is right to put it to the House that we are not asking for a free-for-all—far from it. The new clause makes it absolutely plain that volunteers must take reasonable care, exercise reasonable skill and be properly trained. I pay tribute to the millions of people in all our constituencies who devote enormous time to assisting young people in adventure training who seek to advance their skills and to foster the spirit of adventure. Such activities are crucial because, without them, young people will soon turn to other, socially unacceptable activities.

I want to say a few words about the threat of litigation and to remind the Minister of something that she said in Committee on 12 May 2004 in response to interventions that I made on her. I believe that she is seized of the fact that insurance premiums have risen substantially, and that that is significantly inhibiting the activities of volunteers. Why is that happening? Various reasons have been suggested, not least the great extension in the Access to Justice Act 1999 of no win, no fee, or conditional fee agreements, in which personal injury lawyers take a hunk of the damages. Those are not quite the same as the contingency fee arrangements in the United States, but they certainly give lawyers a vested interest in the outcome of the litigation.

Further reasons for the huge increase in the cost of insurance are, as I believe the Minister also conceded, the threat of litigation, the time it takes and the fact that damages are so substantial, especially in cases where one would have assumed that an inherent risk had been accepted, proper skill exercised and reasonable care taken. We discussed a series of cases in that regard.

We also discussed the number of claims being made. That involves not only the claims made in court but those made to insurance companies. In response to a question in Committee, the Minister said:

"The report showed that accident claims made to insurers rose by 0.2 per cent. in the most recent available year."—[*Official Report, Standing Committee C*, 12 May 2004; c. 54.]

That is a small amount, but it is a rise from a very high base indeed. The Minister looks surprised, but I am quoting what she said in Committee.

[Mr. John Burnett]

Unfortunately, we live in a risk-averse culture and a claim culture, which is undermining the ability of children to enjoy themselves and to learn to assess risk by pursuing adventure training. The Bill is not a let-out; it is not going to create a free-for-all or exculpate people who do not exercise due care or reasonable skill. Those people will still get into real problems with the courts. The Bill seeks to promote volunteering, and to enable people who are doing their best as volunteers to assist young people.

Lawrie Quinn: The hon. Gentleman and I have served for many hours on various Committees over the years, and his learned position on these matters is well known. As a sponsor of the Bill and a supporter of the new clause, will he help me with regard to the impact of a possible appeal to the European Court? As I understand it, the Joint Committee on Human Rights reviewed the Bill in its original form, and concluded that it was not compliant with the European convention on human rights, although the new clause may make amends for that. If the legislation were to go through, would it create the possibility of prolonged litigation going through the courts, ultimately ending up in Europe?

Mr. Burnett: I do not believe that any Bill is competent to oust the jurisdiction of the European Court. If we were debating European matters, I might have something to say about that. Nevertheless, it is always open to litigants to appeal further on the basis of what we have drawn into the law of this land, namely the European convention on human rights. People can now plead that at stage one, rather than having to go to in Strasbourg after having exhausted their right of appeal in the House of Lords, so I do not entirely follow the hon. Gentleman's point. It is always open to litigants to plead the human rights convention.

There are significant problems in relation to volunteering. The Members of Parliament who have sponsored the Bill have been inundated with correspondence saying that people cannot function further and are inhibited from doing what they have done for years. That is undermining enormously the efforts of many respectable, hard-working people to advance the cause of young people. As I said earlier, if young people do not have socially acceptable pastimes to pursue, they will soon turn to socially unacceptable pastimes, much to the disadvantage of themselves and of society.

Kate Hoey (Vauxhall) (Lab): We had extremely wide-ranging discussions in Committee, and I felt that we had sorted out a lot of the difficulties that we encountered. The Minister seemed reasonably keen, on the whole, to see the Bill make progress, while understandably wanting to ensure that it was as tight as possible. I am sorry that this new clause has had to be tabled, but I fully support it. I share with my right hon. Friend the Member for Holborn and St. Pancras (Mr. Dobson) the view that perhaps it does not go far enough, but I sincerely feel that, given the nature of this place and of private Members' Bills, it offers a way forward that will send a signal to the country and to those volunteers whom we are so desperately keen to support that Parliament has realised that there is a real problem and that we need to tackle it.

I hope that the new clause goes through. It is very important, because some people continue to say that there is no problem and that this is all a question of perception. I do not know who those people talk to, but those who say that there is no problem cannot spend much time at the coal face—if that is the right way to put it—talking to people who are involved in volunteering activities.

Wherever we go, be it a sporting or recreational activity, or guiding, scouting or another uniformed activity, the first thing that people say is how increasingly difficult it is to get volunteers to come forward. The reason is clear: they know that things are not as they were when I was taking young people on skiing or outward bound trips, which involved going off into the Brecon Beacons and camping overnight.

We took all reasonable precautions before we went and planned things very carefully. We worried a little in those days, but never about what would happen if anyone was hurt, because part of the experience of those young people on expeditions or skiing trips doing all the things that they wanted to do was to allow them the opportunity to be semi-independent but within a comforting framework.

We had mishaps. I vividly remember one young person in my company skiing over the parapet of a slope after going too near to it and breaking her leg. She was very badly injured. Her parents were involved, as were our insurers, but she did not take us to court and in no way did her parents blame us. Now, society has changed and we therefore have to accept that, in response, we must look at how the law works.

The law is not working, I believe, in a way that is fair to the people who have done their best, taken all precautions and not been negligent. As my right hon. Friend the Member for Holborn and St. Pancras said, the stress involved with the length of time for which legal proceedings hang over people is dreadful. It can stop them, for the rest of their lives, wanting to be involved in any volunteering activity.

The new clause would send out a message to the judges and the courts that they should take into account what has gone on before the mishap and what reasonable precautions were taken so as to get away from the idea that people who take action will always win—in other words, that there is always somebody to blame.

The reality is that there is not always somebody to blame when something goes wrong. Quite often, it is a misfortune that no one could possibly have foreseen or done anything to prevent. That should be the end of the matter. I cannot understand why there are now people who want continually to push and push and push to make a legal action out of anything that has happened. We should go ahead with the new clause.

I spoke recently at a conference of football's Referees Association in Wales, and time and again I heard from referees who referee at all levels of the game, especially junior level, how difficult it now is for them to find people who want to be referees. Part of that is to do with the behaviour of young people and the hassle referees get from many parents on the touchline. Underlying an

awful lot of those comments was the fact that people had seen, heard and even experienced in some cases what happens when something goes wrong on the field. That is making a difference to their expectations.

We need to be clear about the fact that the people who help and support every young person who goes out to take part in an activity have taken all reasonable precautions. How can we leave things as they are? For example, the fact that the cost of insurance is increasing is coming through more and more as smaller clubs and groups find it impossible to get the funding to insure their activity. Some underwriters have decided to leave the business.

10.45 am

I think that everyone agrees that something has to be done. I would have liked the Government to take these measures, but they have an opportunity to show that they have listened to this serious, all-party debate on the issue that has involved many people who have put in a huge amount of work. The work has been done and the Government should support the Bill. Then, although there might be technical difficulties, they could take it forward knowing that there is full support in the House from all those who have considered it carefully.

This is the way forward and the Minister has the opportunity to go against, perhaps, what some of her officials have been saying. I know that there have been disagreements within the Government. Some Ministers in some Departments, particularly the Department for Education and Skills, strongly support the Bill. I hope that this Minister and this Department will deal with these matters by saying that, although things have been difficult and this has not been tried before, the Bill is the first step in ensuring the long-term future of volunteering and the long-term opportunity for our young people to engage in physical and recreational activities that challenge them and give them the independence that we all want them to have. If we do not take the Bill forward today, we will miss a hugely important opportunity.

Dr. Julian Lewis: It is a great pleasure to follow the hon. Member for Vauxhall (Kate Hoey), primarily because every word she said reeked of common sense, as is usual when she makes a contribution. This is no exception. I believe that the absence of common sense among certain members of the judiciary, coupled with greed among certain members of the legal profession, have made it necessary for my hon. Friend the Member for Canterbury (Mr. Brazier) to introduce such a measure.

To this day, I have a healthy respect for glass doors because, when I was about seven and a member of a youth group, I had an accident involving a collision with one. I carry the scars to this day. It never crossed my mind that that accident was anybody's fault but my own, yet if it happened to somebody today I have no doubt that there would be a huge temptation for that child and the parents to see what could be done to extract a large sum from the group concerned.

That in itself would not matter if the judiciary took a robust, common-sense and reasonable view of how it ought to treat cases, without merit, of that sort; but it does not. There is a separation of powers, as we all know, between this Chamber and the judiciary, so I will not pursue that line of argument further other than to say that one sometimes wonders what sort of world some judges inhabit.

I have only a single extra point to add to the debate: when one is cocooned as a child, one is living in an artificial world, but when one becomes an adult one is living in the real world. The question that parents and youth group leaders have to decide—in their different ways, their different spheres and their different contexts—is how much cocooning must be done and how much preparation there must be for the real world.

I say to those who believe that children must not be exposed to any significant risk that they should ask themselves a single simple question, which is, "What sort of favour are you doing for that child, who will eventually, whether you like it or not, have to go out into the real world, face real risks and live with real consequences?" The more those people delay a child having to face up to the consequences of his own actions, the more they expose that child to the risk of having to live with the much more serious consequences of his actions when he becomes an adult.

This problem is being seen not only in relation to children, but even in relation to something called the working at height directive, which was dreamed up in Europe for the perfectly good reason that people working in industry on high buildings needed maximum protection. In this country, however, there are moves to gold-plate that by saying that people engaged in mountaineering or caving must have double the number of ropes and ladders. As usual, the road to hell is paved with good intentions, and ideas that are meant to promote safety will ultimately make the activities more dangerous.

I do not wish to stray further from the new clause other than to observe that my hon. Friend the Member for Canterbury has achieved a coup in securing the valued support of right hon. and hon. Labour and Liberal Democrat Members who have made a convincing case. If the Bill and new clause are judged on their merits, there should be no doubt that they will proceed.

Mr. David Stewart (Inverness, East, Nairn and Lochaber) (Lab): May I start by congratulating the hon. Member for Canterbury (Mr. Brazier) on his initiative in bringing forward this Bill?

In general terms, I am supportive of many aspects of it. Like many right hon. and hon. Members today, I want to congratulate the thousands of volunteers across the country who give tremendous support to our social and sporting organisations. I can also see lots of links with other aspects. One key aspect involving sport is the fight against obesity across society, which is one of the most worrying factors in health care today. I declare an interest as secretary of the all-party group on diabetes. There is a big link between obesity and diabetes, which worries me greatly. Without straying too far from the new clause, there are tremendous worries about the 1.4 million people in this country who are diabetic. Perhaps even more worryingly, there are more than 1 million people who have diabetes and who are not diagnosed. Volunteer activities are connected with that because sport plays a great role in the fight against obesity.

[Mr. David Stewart]

Many communities such as mine, which is a widespread highlands seat, are very close-knit, and voluntary groups and volunteers are key to that. I want to give a few examples of my experience of growing up, in which voluntary work was extremely important. I know that many right hon. and hon. Members have had similar experiences of volunteering, which is what makes me enthusiastic about the new clause and the Bill.

My first experience as a volunteer was with Citizens Advice, an excellent organisation, and I spent many Friday evenings training in welfare rights so that I could volunteer, in addition to my job in social work, to help ordinary people—

Lawrie Quinn: On the fundamental issue of training, like my hon. Friend, I have been involved in volunteer activities. Training and realising a level of competency before undertaking "management" activity as a volunteer leader is crucial. How far is he concerned that this new clause might dilute the importance of making sure that volunteers have high-quality training, so that whatever activity is undertaken is done as safely as possible, recognising all the risks that might occur, in line with health and safety legislation and so on?

Mr. Stewart: My hon. Friend makes an important point. I have always been a great believer that although volunteers are not paid, they are professional—my right hon. Friend the Member for Holborn and St. Pancras (Mr. Dobson) made a similar point earlier. Of course, there is a duty of care on any organisation to make sure that volunteers are properly trained, and that health and safety issues are highlighted. What we cannot do, however, is to take away all risk in society. Some responsibility must be put on individuals, too. My hon. Friend makes a good point.

The other organisation in which I was involved as a volunteer for many years was the Samaritans, of which Members will be aware. Thinking back to my youth, I remember calls at 5 o'clock in the morning from the lonely, the suicidal and those who had given up hope. That experience encouraged me to become a social worker many years later. That organisation was another good example of excellent dedication and training, and of a good group of young people and adults who wanted to put something back into society to try to support other people who have great problems.

Like many right hon. Member and hon. Members, I have a variety of excellent voluntary organisations in my constituency. Time does not allow me to go though all of them, but I shall mention one: the Lochaber transport forum. Those who have knowledge of the highlands will know that Lochaber is a widespread area, with beautiful mountains and scenery, but that there are also great problems with isolation. That organisation allows volunteer drivers to go out and support the elderly, single parents, and those with mental health problems, to ensure that they can go to doctors, shops and so on. All that is done by volunteers and with minimal funds.

I suggest that three groups of people are helped by and benefit from volunteering. When taken together, they constitute the whole of society, which is my point and the point behind this Bill. First, the volunteers benefit from the experience: they have the satisfaction of knowing that they are investing in the lives of others and helping them. They get a sense of pride and achievement and gain new skills—we should not forget that. In some cases, that helps their future career development. In my case, although it was not in my mind at the time, voluntary work stimulated my interest in going into full-time social work later.

Volunteering is good not only for the volunteers but for organisations. They will be able to function correctly and efficiently, which means being able to deliver services to the public, which is very important. A larger organisation such as the British Heart Foundation relies on 10,000 volunteers across the UK for its valuable work in tackling heart disease.

Perhaps the widest group to benefit, however, are the communities themselves, and especially the most disadvantaged who are cared for and who have their needs met. Such communities include schools, hospitals and social services. Those are the types of communities in which we all want to live—communities of carers. That is why volunteering is so important, and it is imperative that the Government recognise the importance of the voluntary sector and promote volunteering. I welcome my right hon. Friend the Chancellor's Budget announcement last year on the setting up of a commission to draw up plans for a national youth volunteering strategy. That demonstrates the Government's commitment to consider the wider issues of volunteering, for young, old, rich and poor.

I was also encouraged to see that the number of volunteers, if we take the English example, has increased dramatically between 2001 and 2003. I therefore welcome the Bill. Of course, it is important that volunteers carry out activities without undue fear of blame or litigation. I agree that there are arguments about the "age of compensation" culture, although there are some opposing views. For example, Department for Work and Pensions statistics show that, between 2001 and 2003, disease claims fell by 26 per cent., employer liability claims fell by 16 per cent., and the number of solicitors undertaking personal injury work fell by 7 per cent. I am sure that some hon. Members may wish to comment on that.

I also realise that there have been some difficult test cases involving volunteering, to which some hon. Members have referred. For example, one of the crunch cases was Dowling *v.* the London borough of Barnet and Bowman's farm. Members may be aware that that multi-million pound damages case involved a pupil who suffered severe brain damage after contracting E. coli on a school trip to a farm. There are two sides to the compensation culture. On one side, the statistics show a reduction, but on the other, there have been some test cases in terms of liability, on which I am sure that Members will comment, affecting both schools and the volunteers involved.

11 am

I have a couple of questions that can perhaps be answered later. First, does the Bill justify a certain amount of compromise in terms of protecting volunteers from litigation and ensuring that attention is paid to health and safety at all times? Secondly, should

we not bear it in mind that the real problem may not be the level of litigation but the fear of it among voluntary organisations?

It is important to keep volunteering in the public eye. I strongly support the construction of the Bill, and I also support the work of volunteers throughout the United Kingdom. I believe that the promotion of volunteers, with no compromise on duty of care and safety standards, is crucial. In general, I am in favour of the Bill.

Mr. Owen Paterson (North Shropshire) (Con): I heartily congratulate my hon. Friend the Member for Canterbury (Mr. Brazier) on doing so well in the ballot, and on an admirable Bill. Remarkably, my hon. Friend has created what might be described as a common-sense coalition. He speaks for 22 million volunteers—I think that is what he said on Second Reading—who provide a wonderful service throughout the country, giving young people the opportunity to have experiences that they would not be able to have if those volunteers did not give their time.

The right hon. Member for Holborn and St. Pancras (Mr. Dobson) rightly said that children need to learn about risk. He was also right in saying that depriving children of play areas and opportunities to play is damaging in the long term. For one thing, they are likely to resort to more dangerous places; for another, they must learn how to cope with risk. As the right hon. Gentleman said, neither the Bill nor the new clause endorses recklessness. Both merely suggest that reasonable care and reasonable skill should be exercised.

Another member of the common-sense coalition, the hon. Member for Torridge and West Devon (Mr. Burnett) mentioned the enormous increase in insurance. I have encountered that in my constituency. People have written to me about the problem of taking part in certain activities. I should perhaps declare an interest: I am president of the Ellesmere cadets. In my rural constituency, many people undertake activities that are potentially risky. Yesterday the headmaster of Oswestry school sent an e-mail to my hon. Friend the Member for Canterbury saying:

"I fear that the amount of paperwork now needed to organise even the most basic sort of outing or trip (consent forms, medical forms, risk assessments and so on) would be likely to put off even the keenest of staff. Moreover, the fear of litigation should anything go wrong is likely to strangle any form of activity at birth (especially those which have any degree of risk). Thankfully, in my own school teachers are still prepared to make the effort, but at considerable expense to their time and energy."

That headmaster, Mr. Stockdale, sent me a note yesterday. He wrote:

"If you are able to give it"

—the Bill—

"your support I would encourage you to do so. It would not directly affect the work of schools but if successful would bring a degree of commonsense back to an area in which it is sadly lacking."

I recently came across a ludicrous example of the disappearance of common sense. When I first entered the House—my constituency being 200 miles away—I was struck by the fact that nearly all school children visiting the Houses of Parliament came from London and the south. I make a point of trying to visit local schools frequently: I try to do so every Friday, although I do not always succeed. I always try to encourage headmasters and other teachers to bring groups down here. I have had some modest success, but I was astonished the other day when I invited a headmaster to bring his pupils down and he hesitated because of the difficulties involved in bringing them to meet their Member of Parliament—risk assessments, and all the other paperwork. That shows just how far the current excessively risk-averse culture has gone.

Mr. Brazier: My hon. Friend has just demonstrated why the amount of litigation is falling. Throughout the country and across a range of activities, people are abandoning activities that have led to litigation in past years.

Mr. Paterson: That is exactly the point that I am trying to make.

Dr. Julian Lewis: Applying the principle of reductio ad absurdum, can my hon. Friend envisage circumstances in which—heaven forbid—a party of children came to the House of Commons and a terrorist attack took place? The headmaster would end up being sued for not having predicted the degree of risk that the party might face.

Mr. Paterson: My hon. Friend shows extraordinary perception. The day on which I did entertain a group of children here was the day on which an object was thrown at the Prime Minister. That brings me to the point made by the hon. Member for Vauxhall (Kate Hoey): children must learn about risk.

Mr. Dismore: These are some of the myths that develop in personal injury law. If someone were injured in such circumstances, the answer would be a straightforward claim under the criminal injuries compensation scheme. There would be no question of suing anyone else, as any decent personal injury lawyer would tell the hon. Gentleman.

Mr. Paterson: Oh dear! It is obvious that the hon. Gentleman is not going to join our common-sense coalition. The point is that the culture is putting people off.

I hope that the Minister will give a glowing endorsement of all those people who volunteer. I hope that he appreciates the sterling work that they do, and recognises that children need to learn about risk.

Let me say to the hon. Member for Vauxhall that there are times when no one is to blame. It is cruel to let children grow up thinking that they can always blame someone. I hope that the Minister will support the Bill, and will help to give it a fair passage so that our common-sense coalition wins.

Mr. Dismore: Let me begin by declaring an interest. As my entry in the Register of Members' Interests states, I have been a personal injury lawyer for some 25 years. I am also a member of the Association of Personal Injury Lawyers, and have been a member of its executive committee. I am not taking any cases at present, because I am busy doing other things. This is more than a full-time job.

[Mr. Dismore]

I have observed a good deal of prejudice against lawyers during the debate. *[Laughter.]*

Mr. Dobson: Shame!

Mr. Dismore: Members may scoff, including my right hon. Friend the Member for Holborn and St. Pancras (Mr. Dobson). I well remember dealing with a big case in his constituency involving the King's Cross fire. I was very proud of the work that my colleagues and I did to help secure justice for the victims and their families following that appalling tragedy.

As far as I am aware, no one has stood up for the rights of victims today or in our previous debates on the Bill. No one has spoken for those who are injured, maimed or killed. It is my job to do that today, as throughout my professional life I have stood up for people who have been injured or killed through the fault of others.

Dr. Julian Lewis: Does that include people who are injured through no one's fault but their own?

Mr. Dismore: Of course not.

Mr. Burnett: I think we have all been standing up for the victims. New clause 29 makes it clear that anyone who wishes to exculpate themselves from liability must take "reasonable care" and exercise "reasonable skill".

Mr. Dismore: The hon. Gentleman said earlier that he might be a lawyer, but was not a personal injury law specialist. That was illustrated by the fact that he did not understand the distinction between quantum and liability. He has clearly not approached the new clause as a personal injury lawyer would. I intend to construe it as a personal injury law specialist would, and explain why it is counter-intuitive and would create more rather than less litigation.

Mr. Dobson: If my hon. Friend is so keen to protect these individuals' interests, presumably he welcomes the new clause on the ground that it will give them more scope for compensation. That is the logic of his position.

Mr. Dismore: No, of course it is not. My position is simple: the law as it stands is pretty much as it should be. On the point made earlier by my right hon. Friend the Member for Holborn and St. Pancras, the Bill does not preserve the existing law; in fact, it significantly reduces the rights of people who are injured and maimed. The Bill is neither more nor less than a licence negligently to kill, maim and injure children, and to do so with impunity.

Mr. Paterson: Rubbish!

Mr. Dismore: I do agree with a lot of the views that have been expressed so far today. My hon. Friend the Member for Inverness, East, Nairn and Lochaber (Mr. Stewart) described very well the important role that volunteers and volunteering organisations play in our society, and I endorse everything that he said in that regard. Believe it or not, I also agree with a lot of what the hon. Member for New Forest, East (Dr. Lewis) said. He said that the judiciary should exercise more common sense, and I tend to agree, but in fact they often do so. For every case that can be cited in which compensation was dubiously awarded, I can cite a case in which compensation was not awarded but perhaps should have been.

The basic point is that the judiciary are remarkably good at sorting the wheat from the chaff in such cases. The fact remains that we hear about some of the more outlandish cases because part of the tabloid agenda is to hype up the concept of having a go at lawyers. However, there are also cases of people being injured but no compensation being payable, and in such cases the tabloids are equally willing to jump into that other camp, when it suits them, in order to sell newspapers.

Dr. Julian Lewis: I find the hon. Gentleman's logic a little hard to follow. He said that for every case in which compensation should not have been given but was given, he can cite a case in which compensation should have been given but was not, and that that is a sign that the judiciary are getting things right. However, that seems to suggest that the judiciary are getting things wrong in all such cases and right in none.

Mr. Dismore: The hon. Gentleman misconstrues my argument. I said that generally speaking, the judiciary do get it right. Occasionally, they get it wrong, and those are the cases that are sensationalised in the tabloids. However, they also occasionally get it wrong the other way, by refusing compensation in cases where, in the view of most people, it should be paid. So we are talking about swings and roundabouts, but overall the judiciary do get it right.

Mr. David Stewart: If we have a compensation culture, why has the number of personal liability lawyers reduced by 7 per cent. in the past year?

Mr. Dismore: My hon. Friend makes a very important point, to which I shall return when I deal with the red herring of the compensation culture.

The hon. Member for New Forest, East says that we are seeing such developments because lawyers are greedy. Some are greedy, but they are the ones who are rapidly going out of business—the point to which my hon. Friend the Member for Inverness, East, Nairn and Lochaber has just alluded. As a result of the new conditional fee agreement method of financing personal injury claims, lawyers can make no money out of pursuing duff claims because they get no money at the end. The lawyers who advertise for cases here, there and everywhere—on buses, television and so on—are those who are rapidly going bust because they are pursuing cases that are no good, or because they are simply not getting any money. Reputable law firms who undertake such work do not pursue duff cases. When I was in practice, the rule of thumb was that about one third of cases were good and one third were no good, and one had to do a bit of work on the remaining third in order to decide whether they were good or not.

Lawrie Quinn: Further to the clear point made by my hon. Friend the Member for Inverness, East, Nairn and Lochaber (Mr. Stewart), public liability claims went

down by 16.7 per cent. in 2003–04. Is that not because people are taking the proper precautions to ensure that such problems do not arise in the first place? Should not the House be doing precisely that: ensuring that risk is managed effectively to prevent such problems from occurring?

Mr. Dismore: My hon. Friend makes a very important point and I hope to return to that issue shortly. We in the House should encourage the development of a safety culture, not a compensation culture.

Mr. Eric Joyce (Falkirk, West) (Lab): Does my hon. Friend not think that we should encourage a culture in which people enjoy taking a bit of risk, instead of being obsessed with safety?

11.15 am

Mr. Dismore: Of course, and the same point has been made by the hon. Member for New Forest, East, among others. I agree that we should not develop a risk-averse society. We should encourage people to undertake certain risks, but the Bill is counter-productive in that regard because it will achieve entirely the opposite effect, as I shall explain later.

Mr. Burnett: The hon. Gentleman asserts that the law as it stands is about right, but he has identified real problems. What changes, if any, should be made to redress the situation and overcome problems that he himself has identified?

Mr. Dismore: I am not sure that I have identified a problem; the problem is the myth, rather than the reality. I certainly agree with what has been said about not encouraging a risk-averse society, but as I said, the Bill will have entirely the opposite effect. It is important that we recognise the realities of the decisions taken in such cases. If one reads the law reports rather than the tabloid headlines, one finds that there are often very good reasons why the judges took the decisions that they did. Greedy lawyers are rapidly being weeded out, leaving reputable law firms that will take proper decisions through the conditional fee agreement system, which we have debated in the House many times.

Mr. Burnett: It would help if the hon. Gentleman gave us the personal injury claims success rate. I gather that it is 90 per cent. or more; is that correct?

Mr. Dismore: I am not sure what the exact figure is, but the point of the CFA system is that it weeds out bad claims. It is pointless for lawyers to pursue claims that have no merit, because they will not get paid. That is why the CFA system enjoys a high success rate, and it is one reason why there has been such a big decline in the number of personal injury claims.

Mr. Dobson: Is it not true that in some cases, whether because of reality or perception, many organisations feel that if they go to court, they stand a chance of losing? Does my hon. Friend not agree that when a no win, no fee lawyer approaches an organisation for compensation, such a case is now more likely to be settled out of court than it used to be?

Mr. Dismore: The short answer is no, as the statistics show, and I shall go through them in due course. In any event, in such circumstances it is not the organisation that pays out but the insurance company, as my right hon. Friend doubtless knows.

The real issue is fear of litigation, with which the hon. Member for North Shropshire (Mr. Paterson) dealt, and the myth of the compensation culture. The Bill is a sledgehammer to crack a non-existent walnut. We are pandering to the urban myth of the compensation culture, rather than correcting such misconceptions. The risk is that the Bill will feed those misconceptions rather than correct them. It does nothing to dispel that urban myth, and the net result is that the losers will be the innocent children who will be killed, maimed and injured, without any prospect of compensation.

Mr. Burnett: If the compensation culture is a myth, why has the cost of insurance grown so hugely—if one can get it at all? I am told that often, people are denied insurance cover for certain types of adventure training, or if they can get it, it is massively high.

Mr. Dismore: The hon. Gentleman makes an important point, which I shall come on to shortly. There are real reasons why that is the case and it may be that the insurers do not come quite as clean as they might.

Mr. Brazier: Let me first put on record the fact that I have no intention of impugning the hon. Gentleman's integrity, although I believe him to be deluded in this matter—

Dr. Julian Lewis: As in so many others.

Mr. Brazier: Exactly. Does the hon. Member for Hendon (Mr. Dismore) accept that a large part of the reason for the statistical change is that up and down the country people are abandoning the very sorts of activities that could have led to these actions? At 11 o'clock last night, I received a phone call from the secretary of one of the people involved in the campaign who told me that her son's secondary school in Exeter had abandoned its sports day last week because it had rained the previous night and the school was worried about being sued. In view of the court cases that I mentioned, who could be surprised?

Mr. Dismore: The hon. Gentleman says that he does not want to impugn my integrity and I would simply say to him that he is barking up the wrong tree here—the second time this week that I have used the canine analogy in the House.

There is no reason for school sports days to be cancelled, which brings me back to the point raised by the hon. Member for North Shropshire. There is a great deal of myth and fear, but the reality of what people can claim and recover is completely different. That is part of the problem. We should be correcting people's misconceptions of what the law is rather than what people—badly fed by tabloid headlines—think it is.

A health and safety culture has developed in this country—for some good reasons and for some bad. The good part is that we see fewer accidents, organisations conducting proper risk assessments and fewer people mangled at work. At the same time, the culture has developed the other way, leading to the self-

[Mr. Dismore]

perpetuating new profession of health and safety experts who, in order to secure the work, go around putting the fear of God into people about what they may or may not get sued for. The problem here is not that people do not get compensated—the consequence of the Bill—but the fact that the health and safety culture has got completely out of hand. That is nothing to do with being sued; it is connected with the self-perpetuating health and safety profession, which can make a living only out of frightening people. The reality of what the law says is different and the fact remains that people cannot be sued for many of the things that they fear that they can be sued for—and scuppering school sports days is arrant nonsense.

Some figures have already been quoted. The most reliable figures on the compensation culture are the compensation recovery unit figures. They are reliable because every single compensation claim has to be registered with the Government's unit, because the Government claim back the social security benefits in the event of a successful claim. Those figures show that over the past 12 months employers' liability claims fell by 15 per cent., public liability claims by 17 per cent., motor claims by 6 per cent. and clinical claims by 11 per cent. The most relevant to our concerns are the public liability claims, as those are the ones that—

Madam Deputy Speaker: Order. I have allowed a certain latitude to hon. Members in making their remarks because the Bill's promoter is seeking completely to recast it. However, I must ask the hon. Member to direct his remarks to the new clause and all the other new clauses and amendments grouped with it, many of which stand in his name.

Mr. Dismore: I will certainly do so, Madam Deputy Speaker, but important points have been raised in the debate, particularly about compensation culture, and I have been challenged to defend my position on that matter. If you are ruling me out of order, despite the charges made so far, so be it, but I vigorously stand by my position that there is no compensation culture other than in the sense of an urban myth.

Mr. Brazier: Get out more.

Mr. Dismore: The hon. Gentleman says that I need to get out more, but at the risk of straying beyond your recent ruling, Madam Deputy Speaker, I would say that the hon. Gentleman should look at the statistics rather than the tabloid headlines.

The question of insurance has arisen and is dealt with in some of the amendments in the group—and there is a separate provision on insurance as well. People are asking why insurance is getting so expensive. There are a number of reasons for that. The Department for Work and Pensions consulted and produced a report on insurance over the past year. Insurers significantly underestimated their exposure to liability over several major issues a decade or so ago and the cases are now coming home to roost. People are now trying to recover their underinsured losses from those decades ago.

Small organisations are particularly important. They are finding it difficult to get insurance quite simply because the insurers cannot make any money out of them. Because of the administrative costs of running the insurance industry, the insurers do not see such small organisations as a worthwhile investment.

Mr. Brazier: The hon. Gentleman must accept that the proportion of the total amount of litigation involved in sport and adventure training, with which we are concerned, is absolutely minute. What is happening with the insurance premiums applies not just to small organisations providing risk-based activities—the sort of activities that insurance companies have turned against—but to large organisations. The organisations that signed the letter in *The Times* supporting the Bill included the Royal Aero Club, which has 500,000 members, and the Girl Guides—the largest youth organisation in the country. Those are big organisations and the letter referred to the horrendous rise in their insurance premiums.

Mr. Dismore: The hon. Gentleman argues against himself. If only a minute number of cases out of the overall total are brought to the insurers, how can those claims have any impact whatever on insurance premiums?

Mr. Brazier: The hon. Gentleman misheard me. I said that the hon. Gentleman is quoting global statistics that apply across the economy as a whole. Only a very small proportion of the totals, where he identified trends, apply to the sport and adventure training sector. The vast majority arise in commercial and other circumstances. Unless he can point to trends in the particular sector, his argument takes us nowhere.

Mr. Dismore: If they are only a very small part of the overall picture, I stand by my original response to the hon. Gentleman. In those circumstances, the impact of those cases on the overall trends in the insurance industry and the level of premiums would be negligible. The fact remains that public liability claims have fallen by 17 per cent. and that is the sort of insurance that we are debating now.

Mr. David Stewart: My hon. Friend referred to the insurance working party, which reported last year. Will he tell the House what its conclusions were?

Mr. Dismore: The conclusions were, quite simply, that the Government should not get involved in the insurance industry, that the compensation culture was something of a myth—yet another report reaching that conclusion—and that insurance premiums had gone up for commercial reasons. I mentioned long-tail claims earlier.

Mr. Dobson: Does my hon. Friend not accept that something needs to be done? He is proposing that nothing should be done, but there are, all over the country, small organisations that are either facing huge increases—a trebling or quadrupling—in their annual insurance premiums or are unable to get cover at all. I presume that my hon. Friend does not accept the

conclusion of the insurance working party—or whatever the hell it was—that the Government should do nothing. What does he recommend should be done?

Mr. Dismore: I am not sure that the report came to that conclusion.

Mr. Dobson: That is what I understood my hon. Friend to say.

Mr. Dismore: I was only halfway through, actually. The short answer to my right hon. Friend's points is for us to get the insurance industry by the scruff of the neck and make it insure some of the organisations that are having such difficulties. The reason for the problem is quite simple. The insurance industry does not believe that it can make any money of out these organisations; it does not view that line of work as commercially viable. It has nothing to do with the claims record. A small organisation would normally pay a relatively small premium in the overall global sum. A percentage increase will dramatically increase the amount that it ends up paying. That is the problem—one of commerciality in the insurance industry and nothing to do with the claims record.

Mr. Burnett: I am grateful to the hon. Gentleman for taking so many interventions. He rests his case, in part at least, on a reduction in claims registered with the compensation recovery unit. Does he believe that all unlitigated claims, settled without any action whatever, and all payments on a personal injury matter made by every insurance company are registered?

Mr. Dismore: I sincerely hope so, because otherwise the insurance companies would be committing criminal offences. If the hon. Gentleman suggests that Lloyd's or other insurance companies are not complying with the law, that should be investigated. If insurance companies do not report settlements, they are committing serious criminal offences. If the hon. Gentleman has evidence of that he should produce it, because it is an issue of great public importance.

11.30 am

I mentioned my concern that the Bill is counter-intuitive. It purports to try to increase the number of volunteers. However, I am concerned that it will deter children from engaging in the activities that the volunteers would be supervising. Suppose young Johnny and Jill asked their parents if they could go on an Outward Bound trip and said, "Oh, by the way, if I fall off and break my leg—or worse, fall off and become a paraplegic—because of a cock-up by the people organising the course, I will not be able to claim any compensation. Can I still go?" I think in today's society many parents would think twice about allowing their children to go on trips for which they are effectively uninsured—that would be the consequence of this Bill.

Mr. Dobson: My hon. Friend is starting his own modern urban myth. There is nothing in new clause 29 that says that someone can make a mess of organising things and get away with it. As I have said, we are talking about the courts, not the Butler report.

Mr. Dismore: I shall demonstrate how my point is justified in terms of new clause 29. My right hon. Friend implies that children will have nowhere safe to play and that children's play cannot be made risk-free. I agree, and so does the law. That is not the issue. I am concerned that children will not be allowed to go on courses because parents fear that they will not receive compensation if they are injured.

Mr. Brazier: The hon. Gentleman has lost the thread of his argument. There is nothing in the Bill that prevents parents from insuring their children, or anybody else insuring themselves. All the Bill says is that a reasonable degree of blame must be attached before a negligence claim would be upheld against a volunteer.

Mr. Dismore: I am amazed, because the hon. Gentleman is now advancing a system of no-fault liability for such cases. If he thinks that the existing arrangements are expensive, he should examine the costs of a no-fault system, in which everybody is insured against injury, whether or not anyone is at fault—

Mr. Richard Bacon (South Norfolk) (Con): That is not what my hon. Friend said.

Mr. Dismore: Well, that is the logical consequence of his argument. If there is nothing to stop people being insured, irrespective of any negligence, the logical corollary is that everybody has to be insured against every injury. That might be a benefit, but it would be prohibitive in cost.

Lawrie Quinn: My hon. Friend is indeed being generous with his time. The hon. Member for Canterbury (Mr. Brazier) made a fair point about negligence. As I said earlier, I am concerned about how the rules of negligence could be varied by the new clause. I note that in amendment No. 60 my hon. Friend tries to respond to the concerns about clause 2(3)(d), which would turn the duty on employers under health and safety legislation into a shared responsibility. When will he address the reasons why he seeks to delete that paragraph?

Mr. Dismore: I shall come to that issue later in my remarks, but it may not be for a while.

Mr. Bacon: We can hardly wait.

Mr. Dismore: Well, the hon. Gentleman may have a short wait.

My right hon. Friend the Member for Holborn and St. Pancras also made the point that the problem is not only the number of cases that go to court, but the number of claims that are registered and the grief that arises from them even if they are lost. He also pointed to the length of time the cases take. However, the way in which the new clause is phrased will not address that problem. Indeed, it would make it worse. The new clause is a lawyer's charter, and cases would last even longer because there would be much more to argue about.

My right hon. Friend also mentioned various charity groups. I agree that some charities are small, but some are enormous. In preparing for the debate, I checked with the Charity Commission and discovered that there are 4,500 charities with a turnover of more than

[Mr. Dismore]

£1 million. Many of them are not charities in the sense that we normally think of charities: they are big businesses.

Mr. Dobson: Eton college, for example.

Mr. Dismore: My right hon. Friend is correct. Eton college is a charity, as are London zoo and several theatres. I shall give some examples involving such organisations shortly.

The problem with the Bill is that it is called the Promotion of Volunteering Bill, but that is not what it would do in practice. It fails to address the real reasons why people do not get involved in volunteering and it does not have any ideas to deal with those reasons. People feel that they do not have the time to volunteer. Sometimes they feel that they are not asked to volunteer, or they fear that they would be out of pocket for doing so. The Bill does not address any of those issues. We have the right to time off for public duties, such as serving as a magistrate or on a local authority. Perhaps we should consider giving people a limited right to time off to engage in volunteering activities.

Mr. Joyce: My hon. Friend gives reasons why there has been a decline in volunteering. However, it is clear that many hon. Members believe that there are good reasons for linking a lack of volunteers to the compensation culture. He says that that is an urban myth, but I am not sure how scientific that suggestion is. Does my hon. Friend accept that there is broad agreement about the existence of the compensation culture and that it is affecting the number of volunteers?

Mr. Dismore: That is a bad reason for accepting something. The House should get to the facts—it should not get bogged down in prejudice, myth, newspaper spin and spin put out by the insurance industry—

Mr. Bacon: Or long speeches.

Mr. Dismore: He ain't seen nothing yet.

There is an argument, but it is a false argument and not based on fact or reality. Every time anyone has done a proper study—be it the Better Regulation Task Force or examination of the CIU statistics—the same conclusion has been reached: there is no compensation culture. It is a misconception, and that is what we should deal with—not a perceived problem that does not in fact exist.

Mr. Brazier: I again refer the hon. Gentleman to the December survey by Sport England and the Central Council of Physical Recreation, which found eight reasons why people did not volunteer, including several that he has mentioned. However, the top reason was the blame culture and the threat of compensation. It was the fifth such survey to show the same result.

Mr. Dismore: That does not make it right. The answer is not to pander to that misplaced belief, but to tell the truth about the situation. We should put the facts before people, explain what the law says and stop reinforcing an idea that is not true. The Bill is called the Promotion of Volunteering Bill, but it would not do what should be done to promote volunteering. We could do many other things that would have a much more positive effect, including giving people the right to a limited time off work for volunteering activities—

Madam Deputy Speaker: Order. As I said earlier, I have allowed a certain degree of latitude, but we are now slipping back into a Second Reading debate. Will the hon. Gentleman please address his remarks to the new clause?

Mr. Dismore: I am sorry, Madam Deputy Speaker, but I was sent down that byway by the intervention of the hon. Member for Canterbury (Mr. Brazier). If people challenge me I tend to react, as I do not believe in perpetuating myths.

In new clause 29, the hon. Gentleman has produced an ill-thought-out collection of words; it is a back-of-the-envelope job—*[Laughter.]* There may be some mirth because the suggestion may also have come from a one-time, senior member of the Government, but I doubly stand by my remarks about the new clause being ill-thought-out and badly worded. The hon. Gentleman has junked his Bill entirely by getting rid of clauses 1 and 2 and is asking the House to start all over again.

Earlier on, Madam Deputy Speaker, you indicated that you would not accept a motion that the Bill be recommitted to Standing Committee. I am disappointed about that, because the new clause completely changes the original wording of the Bill and itself requires a large degree of amendment. All that is left of the hon. Gentleman's original Bill are the commencement provisions, and there are even amendments proposed to them.

The Bill is a lawyer's charter. I am a lawyer; I know a charter when I see one and the Bill will make things far worse. It is vague and badly worded. Let us start, for example, with "for example" in line 1 of subsection (2). Lawyers will have a field day with that "for example". I do not know where the hon. Gentleman stands on Europe, but his new clause would import to UK domestic law European legal principles: the purposive approach, whereby one does not consider what the words actually say but tries to work out what they mean from a general assessment of what the clause says. In English law, we look for specifics and if there are none lawyers will take the Bill to pieces.

Subsection (2) lists things that are "for example":

"recreational, sporting, play or other activities".

That list is not exhaustive, so lawyers—in this case, defence lawyers—will come up with all sorts of other ideas that do not quite fit into it. Indeed, having begun with "for example", it is somewhat tautologous to refer to "other activities". If the words "for example" are included, why do we need "other"? That is an example of how badly the Bill is drafted.

Defence lawyers will be able to say, "Well, this activity was meant by 'for example'", and all sorts of cases that could be perfectly properly brought at present will be excluded. For example, supposing someone is injured at work and that work involves supervising swimming, for example, as a volunteer lifeguard; and, for example, they drown—for example, will they be

caught by the Bill even though it was an accident at work and thus not covered by the hon. Gentleman's original intention? In some ways, that could be classed as a sporting accident. There are many, many ways to talk about such provisions.

The words "inherent risk" also offer a field day for lawyers. What do we mean by inherent risk? Let us consider football, or rugby, which was mentioned earlier. At present, the law says that if one engages in a physical contact sport such as rugby or football, one accepts the normal risks of the game played according to the spirit of the game and its rules—

Mr. Dobson: The inherent risks.

Mr. Dismore: I am just about to explain that there is a lot in inherent risks. When lawyers get hold of that definition of inherent risk they can extend it far, far beyond what is the case. If someone breaks their leg playing football but the tackle is legal, that is inherent risk and under existing law no compensation would be due; but if someone breaks their leg as a result of a foul tackle, is that inherent risk or not? Under existing law, probably not, especially if the game has been somewhat violent.

To give my right hon. Friend an example: suppose one is playing pub football against a team known for its robust approach and the game gets out of hand, the referee loses control, and someone breaks a leg due to a foul tackle of the most violent type—as we sometimes see on the football field. Is that inherent risk or not? As a lawyer, I should be able to construct a strong argument, depending which side I was on, that it was or that it was not.

11.45 am

Similarly, in rugby, a series of cases has arisen from collapsed scrums. The most recent case was, I think, Vowles, and there was a big argument about it. The referee was sued because a player, in breach of the rules, was allowed to go into the front row of the scrum when he had no experience of doing so. That was a breach of the Rugby Football Union rules and in those cases the sportsman was able to recover damages. In previous cases, a scrum was allowed to collapse in a colts game, against RFU rules and guidance and the boy was allowed to recover. But are those inherent risks of a sport? Should people be unable to recover if they are left a paraplegic as a result of a manifest failure to apply the rules?

The existing law is clear: inherent risk is risk in the game as it is supposed to be played. However, under the Bill, that meaning could be extended way beyond that to exclude or include, depending on which side of the argument one happened to be.

Mr. David Stewart: But does that not relate to the points made earlier about training and how well trained people are—be it in football or rugby?

Mr. Dismore: My hon. Friend makes an important point and I have tabled a number of amendments that deal with it in detail; it is important that people are properly trained, but the difficulty with the Bill is that some bumbling idiot could be running a game or an activity and they would be exempted from liability. I shall come to that point shortly.

Canoeing was referred to earlier. The Lyme bay tragedy was a famous case, in which four children drowned on a school trip because the activity was not properly supervised. The organisation providing the activity was not properly trained or equipped and the whole thing was a mess from start to finish.

Drowning is an inherent risk of canoeing—

Mr. Dobson: My hon. Friend is just trying to be a flash lawyer, but he will recognise that as subsection (2) of the new clause follows and relates to subsection (1) people would need to demonstrate that they were exercising "reasonable care" or "reasonable skill" in supervising canoeing.

Mr. Dismore: My right hon. Friend raises the questions of reasonable care and reasonable skill. I shall be coming back to those because, as a lawyer, whenever I see the word "reasonable" I think, "Ah, we've got something to argue about."

My right hon. Friend says that I am being a flash lawyer, but what I am demonstrating is what, to use his term, flash lawyers will be able to do with the Bill. He can accuse me of being a flash lawyer if he wants, but the fact remains that this is what people will do with the Bill. They will construe the new clause in the same way as I am doing now and they will have a field day, yet that is what the hon. Member for Canterbury is trying to prevent.

Mr. Joyce: I am surprised to hear my hon. Friend suggest that we cannot use the word "reasonable" and understand it in a common-sense way. Surely, we all understand what reasonableness is. Hon. Members do not have to be lawyers—I am not one. I am sure that a lot of what he has said is very intelligent and learned, but, frankly, we have to understand some basic principles, one of which is surely the idea of reasonableness.

Mr. Dismore: My hon. Friend refers to reasonableness. I have here a big fat book, from which I may have to quote later, called "Clerk & Lindsell on Torts"—the bible on the subject—most of which is about the meaning of the word "reasonable", so I hope that my hon. Friend will not tempt me down that route, or we shall be here even longer than I anticipated.

Mr. Dobson: My hon. Friend suggests that we are importing some novel and wondrous opportunity for him and his fellow lawyers to exploit. The concepts of reasonableness and risk are already in the law. We are trying to clarify the law and to declare what the law is. What we suggest would be beneficial, and we have reason to believe that senior members of the judiciary share our view.

Mr. Dismore: I am not sure which senior members of the judiciary my right hon. Friend is talking about, but such words are open to interpretation whenever they are

[Mr. Dismore]

put in a new context, and I am suggesting how a lawyer—he refers to a flash lawyer; not myself, of course—may try to interpret those words.

Mr. Burnett: The hon. Gentleman says that he has with him a learned book on torts, which are civil wrongs, other than breaches of contract. There is no magic in that word—he does not suggest that there is—but a lot of the book that he cites refers to the academic discussion of reasonableness. All we would do is add another few lines to that book to redress the balance, so that volunteers are not adversely affected and that people have an opportunity to pursue adventure activity, and to cut back on frivolous and vexatious litigation, which is often pursued by lawyers and claims assessors who have a vested economic interest in the outcome.

Mr. Dismore: There are two points there. First, the hon. Gentleman makes a vitriolic attack on lawyers. In fact, their vested interest lies in ensuring a successful outcome, not in running daft cases, as we discussed earlier. He says that he wants to add a few lines to "Clerk & Lindsell on Torts", but we would end up with a rather large chapter if the new clause were accepted because the courts would have to interpret a raft of new words.

Lawrie Quinn: I do not wish to make a point about rafts, but to return to canoes. With regard to subsection (3), which my hon. Friend was trying to address, when I was in Alaska last summer—presumably, this relates to the north American model of law—I had to sign a waiver before I went in a canoe to dispel any risk. Does he envisage that subsection (3) would involve a piece of paper to show a variation in the contract between the user and the provider of the volunteer activity? Would a waiver document be required to fulfil that part of the contract?

Mr. Dismore: My hon. Friend makes a very important point, and I shall consider later how someone can be said to have knowingly accepted a risk. My hon. Friend makes a point about exclusion clauses. At present, such clauses are not permitted in English law, primarily because of the Unfair Contract Terms Act 1977 and other legislation. In fact, we shall consider a separate amendment on unfair contract terms, so I will not go into that in detail now, but he refers to United States litigation. Comparisons are often made between this country and the US. I simply say that, pro rata, on a comparison of gross national product, compensation claims overall in this country are only a third of what they are in America. That gives the lie to those who say that we are going down the American route.

I was talking about the canoeing accident, which is a clear example of how inherent risk may be interpreted differently as a result of the new clause. We also have a problem with the word "harm" in subsection (3). What does the word "harm" mean in these circumstances? No definition is provided. Are we talking about serious physical injury, minor physical injury, psychological injury or psychiatric injury? Are we talking about little Johnny simply being upset? Are we talking about property damage? All those issues could come within the word "harm".

It is rather peculiar that the hon. Member for Canterbury proposes to use the word "harm" without thinking through how it could be interpreted in these circumstances. I can envisage arguments developing about what that word means. I can illustrate that with a recent case on the interpretation of the Warsaw convention, which is the law that makes provision for compensation in relation to air accidents and contains not dissimilar wording. It states that, in those circumstances, the word "harm" is limited only to physical injury and excludes psychological and psychiatric injury. I suspect that that would not be the intention now if the Warsaw convention were updated, but the definition has had a rather perverse effect. In leaving it in such a vague and woolly form, the hon. Gentleman would open the door not only to legal arguments but to extending the law beyond where it is now without referring to, for example, a recognised medical condition.

If one wants to recover compensation for psychiatric injury, the law, at present, looks not in terms of general upset but to the fact that one can show that one has a recognised psychiatric injury. The proposed definition of "harm" might open the floodgates that the courts have been trying hard to close in terms of psychological and psychiatric injury. I am concerned that, far from reducing the number of claims, the hon. Gentleman might extend them by his failure to define "harm".

I am very concerned about the issue of parents signing for their children. In the Bill as it stands—there are amendments to this effect—we have had arguments about the age at which children should assume responsibility for their own safety. However, there is now no such argument in the new clause. A minor in this context would mean somebody under the age of 18. That flies in the face of previous discussions. Are we suggesting that the parent should sign away the rights of a 17-year-old or are we simply talking about small children? The Bill is silent on that.

Lawrie Quinn: Does that not also suggest that under 18-year-olds would probably need consent from their parents before they could take part in such activities? In some cases, parents might not receive advance notice of the activity taking place.

Mr. Dismore: My hon. Friend makes an important point. We heard earlier about the risk of bureaucracy, and I suspect that there would be an increase in that. If a 17-year-old wanted to engage in exciting activities, the net result would be that we should have to go through the whole parental consent process when, at present, we may not have to do so. There was previously provision for that in, I think, clause 2, which would be deleted by this group of amendments and new clauses, and it is bizarre that we should remove any debate about the age at which someone should assume responsibility for their own safety. I am concerned that the new clauses and amendments would make no provision for that at all. Far from trying to deal with a risk-averse society, we may be creating one.

The intervention of my hon. Friend the Member for Scarborough and Whitby (Lawrie Quinn) presaged the point about knowingly accepting a risk. I see great fun in the arguments about what we mean by "knowingly accepted", never mind "risk", which we shall come to

shortly. How are we supposed to know that a risk has been "knowingly accepted"? I suspect that the only way to do that would be through some form of written undertaking. Again, that would create bureaucracy. The docket that the hon. Gentleman wished to introduce would come in through the back door. Instead of the safeguards that were originally in clause 2, we would have a free-for-all, again involving lawyers who would, again, make vast fees drafting how the "knowingly accepted" dockets would apply to particular activities. Again, that flies in the face of what the hon. Gentleman is trying to achieve.

We must ask what "knowingly accepted" means. The existing law on this is very clear and, in this context, relates to agreeing to waive a claim. It is summed up by the Latin maxim "volenti non fit injuria", which is set out in "Clerk & Lindsell on Torts". Three things must presently apply if volenti is to be used as a defence—and it is an absolute defence. First, the claimant has to agree to waive the claim against the defendant. Secondly, the agreement must be voluntary and not the result of compulsion by the defendant or external circumstances. Thirdly, the claimant should have full knowledge of the nature and extent of the risk.

12 noon

Mr. Paterson: Two and a half more hours.

Mr. Dismore: I do not think that I have spoken for that long so far.

The question of knowledge in those circumstances—the hon. Member for North Shropshire was probably talking about it before he made his sedentary intervention—is significant. The fact remains that such a defence rarely succeeds and has become overcome or overtaken in law by the concept of contributory negligence, which is a far fairer and better way of trying to apportion the risks.

We discussed earlier some of the assumptions about risks in football games and so on, so I shall not repeat those points. As the law presently stands, agreeing to waive a claim is an important doctrine. It was best set out by Lord Denning:

"Knowledge of the risk of injury is not enough. Nor is a willingness to take the risk of injury. Nothing will suffice short of an agreement to waive any claim for negligence. The plaintiff must agree, expressly or impliedly, to waive any claim for any injury that may befall him due to the lack of reasonable care"

by the defendant under the relevant Act.

Mr. Dobson: Will my hon. Friend do us the favour of reading out again the passage to do with reasonable care, which appears to be in the law already?

Mr. Dismore: I am not highlighting reasonable care, but referring to agreement to take the risk. Of course, I am happy to read out the passage again to my right hon. Friend:

"Knowledge of the risk of injury is not enough. Nor is a willingness to take the risk of injury. Nothing will suffice short of an agreement to waive any claim for negligence. The plaintiff must agree, expressly or impliedly, to waive any claim for any injury that may befall him due to the lack of reasonable care"

by the defendant.

Mr. Dobson: What we are proposing would not excuse people in respect of a lack of reasonable care. The provisions specify that those involved in the activities should take reasonable care and exercise reasonable skill.

Mr. Dismore: Of course, but not in the context that I am talking about. What we are talking about is knowledge of the danger. The real issue is not the reasonable care aspect. There is a series of hurdles to be overcome in legal claims, whether one is defending or promoting. What I am arguing about is the words "knowingly accepted". Lord Denning stated that acceptance must be very clear. I shall come to the point about knowing in a moment.

Nothing in the new clause says how acceptance by the individual must be demonstrated. If there is no specification, one has to fall back on existing case law. The implication is that we will end up with a paper chase of written acceptances every time an event is organised, and a complete deterrence of the sort that the Bill is trying to avoid.

Lawrie Quinn: I am listening closely to my hon. Friend. Unlike him, I am not a lawyer; I tend to be a practical, down-to-earth person. Is it his interpretation that in planning a weekend scout camp, a scout master would have to lay out a detailed assessment before parents or guardians saying which activities would be dangerous or carried a risk? That could mean the scout master having to carry out risk assessments in respect of the whole weekend—the journey to the camp, songs around the campfire, pot-holing activity or whatever else. Does that not support my hon. Friend's statement that there would be a paper chase?

Mr. Dismore: My hon. Friend is absolutely right. The original Bill—we see amendments before us that seek to take it to pieces—talked about statements of inherent risk. The hon. Member for Canterbury proposes that the House should remove such statements from the Bill, presumably to get rid of the paper chase that has previously been criticised. He is creating a paper chase with knobs on by the back door—at least a statement of inherent risk has a checklist of things that should be in it.

No one will know what the system means before a few cases come to court. Lawyers would draft documents for people to sign, and volunteers would be even more confused than they are now, because of the need for a clear acceptance of risk. The hon. Member for Canterbury has shot himself in the foot by proposing to take out the statement of inherent risk.

Lawrie Quinn: He should have done a risk assessment of his Bill.

Mr. Dismore: The hon. Member for Canterbury has created another problem because the current legal definition of volenti will inevitably be transported into paragraph (3). He could have introduced a clause stating, "acceptance can be signified orally", although I suspect that most organisations would still want the belt and braces approach if they were to rely on that particular defence.

We have dealt with the issue of "acceptance", so we come to the question of "knowing". "Clerk & Lindsell on Torts" says that if it is alleged that the claimant was

[Mr. Dismore]

responsible for his own injuries, it must be shown that he was fully aware of the relevant danger and consequent risk. I will not read out the whole passage, because that would be out of order, but paragraph 383 states:

"Knowledge must be full and complete. The defendant must demonstrate that the claimant had full knowledge of the nature and extent of the risk which he is alleged to have assumed."

It is not enough to show that danger was apparent or that in a general sense the claimant was aware of the risk.

There is the argument whether that knowledge is objective or subjective, which brings us to people with disabilities. For example, people with learning disabilities may or may not be able to assume knowing acceptance of risk. Without a definition of "knowing", we are thrown back on to the law, which requires an extremely full explanation of the risks.

One problem identified by my group of amendments is that clauses 2 and 3 refer to risk in only a roundabout way. The problem is that there is no requirement to explain all risks. Returning to the canoeing accident, if one goes on a canoeing expedition, there is a risk that one may drown, which is what happened in that case. Are we saying that the people involved in that case should be excluded because they knowingly accepted the risk of drowning?

There are real problems of causation in law. Does the Bill refer to all the risks involved or just some of the risks? If some of the risks must be explained, why does the Bill not say so? If only some of the risks must be explained, a threshold should be included to cover the most important risks or the risks that can be readily identified. Again, I return to my point that the provision is a lawyer's field day, because we will have those arguments in court time and time again.

Lawrie Quinn: I am grateful to my hon. Friend for being so generous. In the case that he mentioned, four children drowned and there was a problem with a lack of early understanding of a weather forecast about flash floods. To what extent does new clause 6, which refers to expert evidence, help the hon. Member for Canterbury (Mr. Brazier)? A scout master cannot be expected to be a meteorologist or, for example, to understand the consequences of topography and geology in a limestone landscape.

Mr. Dismore: My hon. Friend has foresight, because I was about to come on to that in the context of new clause 29. At this point, we get into the argument about what is actually meant by

"taking reasonable care or exercising reasonable skill."

Does the new clause try to reinterpret existing law or to create new law? The existing law is very clear: it says that a certain type of professional is expected to exercise the level of skill that would go with being such a professional. As a lawyer, I am expected to know the limitation period for a personal injury claim, as is a trade union official. However, the average man in the street is not expected to know that. If someone hobbles into the pub on sticks after a football accident, sits down at the bar and says, "I've had this accident.", and his mate says, "Don't worry about that—you can sue for years afterwards.", there would be no problem. However, if I said the same thing and offered to take the case, I could be sued because I had not exercised the reasonable skill of my profession.

Similarly, outward bound instructors would be expected to exercise the reasonable skill that goes with that profession. Would the new clause exempt them from exercising that level of skill and apply the test of the apocryphal man on the Clapham omnibus by saying yes or no, because that is the general test of reasonableness in personal injury law? Would volunteers who assume responsibility—for example, lifeboat men or cave rescuers—be exempted from having to exercise their professional skills and have only to exercise the skills of a bumbling idiot to avoid liability under clause 1?

Mr. Joyce: I am sure that what my hon. Friend says makes sense to him, as a lawyer, but it does not make much sense to me, although I think that I understand what the words "reasonable" and "no" mean.

What does my hon. Friend think is reasonable behaviour for someone who is not particularly well qualified? I recently saw an example in the papers. A teacher who was utterly unqualified took a school party out in the hills, with the children wearing normal shoes suitable for walking in the high street. Clearly, that was preposterous. One might say that she did not have training and therefore could not know what was reasonable behaviour for an expert. However, as an intelligent human being, she should have realised that she was behaving unreasonably and getting way out of her depth in a situation that she could not handle. From that point of view—

Madam Deputy Speaker: Order. This is a little long for an intervention.

Mr. Dismore: I am not sure that I got my hon. Friend's drift. I understand his point, but he is not necessarily using the best example. Perhaps I could extrapolate to make it a little clearer. Let us suppose that an experienced leader takes out such a party, although his experience of analysing weather forecasts suggests that there will be bad weather. Under existing law, he would be expected not to do that because he would reasonably exercise his experience, knowledge, skill, training, and professional qualifications. If, in spite of his professional skill, experience and knowledge, he took out a party and the worst happened, he would be sued under existing law. If the average man in the street looked up at the sky and said, "Oh it doesn't look too bad. We'll go out with all the right kit", and got caught, he could also be sued under existing law. Do we want to apply the same test to the skilled and the less skilled person? Will we expect the skilled person to fulfil only the lesser standard of the unskilled person?

12.15 pm

Let us put the matter in another context. A person who needed a complex heart operation and went into hospital would expect a competent heart surgeon to carry it out. Are we saying that, if the GP down the road conducted it, the heart surgeon would have to meet only the standard of the GP or a lesser standard? That is the

problem with the provision's current phrasing. It does not say, "recognising reasonable skill in any way qualified." It does not provide that any professional experience or qualifications should be exercised. That is one of my concerns about reasonableness and the reason for my contention that we would end up with a new chapter in "Clerk & Lindsell" to interpret the new clause.

Mr. Dobson: Why would a new chapter be necessary? The concepts of reasonable care and exercising reasonable skill already exist in law.

Mr. Dismore: Because we are considering a new measure, which attempts to modify the common law. New legislation must inevitably be interpreted. The courts might well interpret it in accordance with existing law, but I can envisage defence solicitors and barristers attempting to raise a defence, based on clause 1, that the defendant should not be liable because the provision imposes a lesser duty than existing law. If clause 1 said, "And this restates the existing law on reasonableness", that would be fine, but it does not. If clause 1 required those who profess expert skills to exercise them, that would also be fine but again it does not. I am worried that, because it does not make any such provision, we would end up with a lawyers' field day.

Mr. Dobson: Which statute expresses the words that my hon. Friend used?

Mr. Dismore: It is common law. The law on negligence has been developed overwhelmingly through common law. It has been occasionally modified by statute, for example, through occupiers' liability legislation, but statute always takes priority over common law, which interprets statute, and we are considering statute. I am worried about whether we are restating existing law; the Bill does not say that. We may be introducing new law but, again, the Bill does not state that. The measure is open to interpretation and that means a lawyers' field day and a new chapter in "Clerk & Lindsell".

I am worried that such consequences will ensue because the Bill is not well drafted. I believe that my right hon. Friend the Member for Holborn and St. Pancras said from a sedentary position earlier that a judge may have drafted the Bill. Perhaps the judge is trying to drum up a bit of extra business in interpreting some of the more difficult aspects.

Lawrie Quinn: I am listening carefully to my hon. Friend's comments about reasonableness. I am sorry to revert to an earlier point, but I asked him about the measure's impact in the context of the Health and Safety at Work etc. Act 1974. He knows that legislation well; it is based on what is practicable. I think that my right hon. Friend the Member for Holborn and St. Pancras might have had it in mind. How does new clause 29 undercut the central and important principle of the 1974 legislation?

Mr. Dismore: That is an interesting question. My hon. Friend knows that there is argument, especially over the word "reasonable", which is incorporated in sections 1 to 6, about whether the 1974 Act complies with our legal duties to Europe. Subsequent pieces of legislation could well apply in these circumstances through Europe—through the six pack directives, and so forth—which argue that reasonableness should not be included in the provisions because it is open to such wide interpretation.

The Health and Safety at Work, etc. Act 1974 does not create or deal with civil liability, so in that respect it does not specifically impinge on the new clause. However, a lot of the subordinate legislation does create civil liability. We could have a hybrid position in which people at work would be covered by the health and safety legislation—nothing in the new clause deals with a breach of statutory duty, so far as I can see—while other people who had been injured in the same circumstances would not be covered. One person might have a claim—effectively an employer's liability claim—while another might not. A professional guide doing an outward bound course on the moors, for example, might have a volunteer with them. If both were injured through the fault of another, one could end up being able to sue, but not the other. That raises significant questions under the Human Rights Act 1998. If there is a distinction made between two people in the same circumstances, that would constitute a clear breach of that Act in terms of the right to a fair trial.

Mr. Dobson: My understanding is that my hon. Friend is arguing that our proposed new subsection (1) would introduce new complications into the law. He said that the common law distinguishes between the duties of care of an expert and of the man or woman on the Clapham omnibus. He has also confirmed that, in interpreting subsection (1), the common law distinctions would apply. If that is the case, we are not changing the law at all. We have never claimed that we were changing the law, particularly in relation to subsection (1).

Mr. Dismore: I am afraid that my right hon. Friend is not right. We are going back to an old argument here, but I shall go through it again for his benefit. The common law sets out the law of reasonableness; it does so here in relation to provisions for experts. There is no argument about that. We then superimpose on that a new statute, which has to be interpreted by reference to the common law. I am not saying that this provision does or does not change the law. All I am saying is that there will be arguments about whether it does so by defence insurers trying to avoid liability for claims brought by people who have been injured.

Mr. Dobson: But that is the case now. What I am saying is that, if the courts' interpretation of the common law concept of reasonableness or of exercising reasonable skill presently distinguishes between a greater obligation on the expert than on the ignorant lay person, it will continue to do so.

Mr. Dismore: My right hon. Friend misses the point. My concern is that because the new clause does not set that out, we could end up imposing a lesser standard on the expert than the law does at present. People who are presently held liable for negligence might then be able to escape a finding of negligence because there would be a lesser test imposed on that individual as a result of the new clause.

Mr. Dobson: From where would the judges import that lesser obligation? As I understand it, they could

[Mr. Dobson]

import it only through the application of the existing common law or, failing that, through an interpretation of the intention of Parliament. Nobody here intends to reduce the obligations on the expert.

Mr. Dismore: My right hon. Friend is, I think, referring to Pepper *v.* Hart, which offers such an interpretation. That really only comes into play in the higher appeal courts. I return to my right hon. Friend's earlier point about the problem of having a lot of litigation. This provision will create litigation, because there will be arguments about what it actually means in this context. I am constructing an argument on the issue—which might not be right; I accept that it could be wrong—but if I can put this argument forward, a defence lawyer can also do so to try to defeat a claim. If that were to happen, the case would have to be decided by a judge, and it could go all the way up through the appeal courts to the House of Lords and all the way back down again. What we have here is a whole new law that would have to be interpreted by someone, and because the provision is badly worded, the net result will be a lawyers' charter—a lawyers' field day.

Now, if may make a little progress, I will consider subsection (5) of the new clause. The Bill contains clauses, which later amendments would remove, that contain a definition of volunteering and voluntary organisations. I will come to that when I address my own amendments in a little more detail. Here, we see all that swept away. It has become too difficult to define what a volunteering organisation is, so the hon. Member for Canterbury and his colleagues are saying, "Leave it to the Secretary of State—dump the whole thing on him." That is a cop-out.

The Bill contains detailed definitions of what should or should not be a volunteering organisation—I will come back to that—but we have none of that in the new clause. Does that mean that the hon. Gentleman has resiled from the original intentions? One can only assume so, because he and his colleagues propose to delete those clauses. If they have resiled, why? Is it because, for example, they have found that many charities are not charities and should not be protected? My right hon. Friend the Member for Holborn and St. Pancras mentioned the example of Eton college being a charity. He made an important point.

The fact remains that other organisations—London zoo, for example—are charities. Let us suppose that London zoo effectively becomes a voluntary organisation. I am sure that my right hon. Friend knows the monologue about Albert and the lion, which refers to Blackpool zoo, but the same principles apply. Albert put his

"stick with an 'orse's 'ead 'andle"

through the bars of the lion's cage, and the lion put out his paw, grabbed Albert and ate him.

Mr. Dobson: And his mother were right vexed!

Mr. Dismore: She were. She were also very badly legally advised, because she went to the wrong court. The magistrate said that

"no one was really to blame",

but if she had taken the case to the High Court I think somebody would have been found to blame.

That is the point I am coming to. The issue is at large. Under the existing wording, London zoo could be seen as a voluntary organisation and, if someone were to be injured by a lion at the zoo, they could potentially be unable to bring a claim, especially if the incident happened on a school trip. That may sound a little fanciful, but I read in a newspaper the other day that a gorilla escaped at Berlin zoo. It was recaptured without any injury being caused, but suppose a gorilla—or perhaps a chimpanzee, which would be rather more dangerous—escaped and mangled a child. Due to the way the Bill is phrased, there may be opportunity to avoid liability. I suspect that most people, in such circumstances, would think that a bizarre outcome.

As the Bill is presently phrased, London zoo is a charity and therefore a voluntary organisation. If people were to write on the back of the ticket, "I agree not to sue the zoo"—

Mr. Dobson: Except they do not.

Mr. Dismore: They do not at the moment, but if the Bill is passed I suspect that we will quickly find on the back of the ticket the words, "I undertake not to sue the zoo if I get attacked by a lion or mangled by a gorilla." In such circumstances, although people might think that they would be able to bring a claim, they could not. That is the problem with the existing wording. The hon. Member for Canterbury is right to draw attention to its deficiencies by proposing to delete certain proposals, but he is not putting anything back. He is simply putting the burden on my hon. Friend the Minister, who would have to decide whether London zoo should be covered.

Mr. Joyce: I thank my hon. Friend, who is being extremely generous in giving way. I want to understand the gist of what he is saying. He seems to object to this subsection on the basis that it would make work for the Department, but that is an administrative issue for the Department, not a legal problem. It is not a reason to object to the subsection.

Mr. Dismore: I think my hon. Friend misunderstands what we are about. We are trying to pass good law, not bad. My concern is that the original proposals contain a list of voluntary organisations or volunteering bodies—I have tabled a series of amendments on what should or should not be included in it—but here the issue has been left at large. The Minister could go away, fiddle about with it and perhaps come back with proposals that, in the end, would be dealt with under the annulment procedure rather than the affirmative procedure. They could be slipped in and most people probably would not even notice that we had done it.

My point is that that should have been included in the Bill. It should not be a matter for regulation—it is too important for that. The hon. Member for Canterbury has effectively copped out. He, and his High Court judge or whoever has been drafting the Bill behind the scenes, have suddenly realised that they cannot come up with a definition. If a High Court judge and all the other people whose services he has engaged on the Bill cannot come

up with a definition, how can my poor old hon. Friend the Minister be expected to do so to the satisfaction of Parliament and the public at large? That is a real cop-out, and it is unfair to the House and my hon. Friend. Having done that, saying that it should be slipped through via the annulment procedure rather than the affirmative procedure is a travesty of democracy. If the hon. Gentleman finds it so difficult, which means that my hon. Friend the Minister would no doubt also be taxed, and if it is to be slipped through without further parliamentary scrutiny unless some eagle-eyed person spots it on the list, that would be ludicrous.

12.30 pm

Lawrie Quinn: I am listening carefully to my hon. Friend's references to subsection (5). Is there not also a problem with the reference to the "Secretary of State"? There is no reference to the devolved Administrations, and I presume that the way in which it is worded would remove its consequences for Scotland and Wales. Would that be a correct interpretation?

Mr. Dismore: I will need to check what the Bill says, and I think that my hon. Friend is right. Now I see that under clause 3 of the existing Bill, the Act would extend only to England and Wales. I know that that issue comes up, so at the moment there is no need to consult the devolved bodies. The problem is that we shall end up with a position in which different law applies in different places.

Let me give my hon. Friend a good example of what the complications might be. Let us suppose that a school party from London decides to go on an outward bound course in Wales, in Snowdonia, or in the highlands, and the bus crashes on the border, or—

Mr. Dobson: Straddling the border.

Mr. Dismore: Or if, as my right hon. Friend comments—helpfully, for once—it straddles the border, does this law apply or not? We do not know.

Mr. Dobson: It would depend exclusively on where the alleged negligent act took place. Unless the body of the person concerned was itself straddling the border, there would be no complication.

Mr. Dismore: That is an interesting legal question, and I could go into a long argument about where the tort was committed, and when it was complete. But that would be going too far down the highways and byways of the roads between here and Wales, Madam Deputy Speaker. The fact that the Bill does not extend beyond England and Wales, however, creates additional complications.

That, I hope, has done for new clause 29. I now want to turn to my amendments—I am afraid that there are a lot to get through. Let us start with new clause 3, and in that context we can also consider new clauses 25, 12 and 17 and Government new clause 30. All effectively address similar issues. New clause 3 seeks to exclude the operation of the Bill from cases involving fatal accidents. New clause 12 seeks to exclude cases of maximum severity. New clause 25 has similar provisions. New clause 17 produces an alternative whereby the Bill would apply only to cases that were effectively in the fast track.

If people thought that the seriousness of the consequences of an accident occurring were such that they could not bring a claim—which goes back to the point about the counter-intuitive nature of the Bill—and that were little Johnny to go on an outward bound course and die there would be no legal redress, they would be horrified. They would not let little Johnny go. In fact, the legal redress in such circumstances is minimal: there is a bereavement payment of about £7,500, and funeral expenses are paid. It has always been, and remains, cheaper to kill than to maim.

Let us suppose that little Johnny went to a children's rugby match that was not properly supervised by the referee, and it got out of hand. Let us suppose that little Johnny was left paralysed as a consequence of a collapsed scrum that should have been dealt with by the referee. Again, people would be horrified if that paralysed boy were left with no compensation and no one to look after him except his family. That, however, would be one of the consequences of the Bill as it stands.

We can of course argue about small-scale cases. I offered the hon. Member for Canterbury an olive branch in the form of new clause 17, under which the Bill would apply only to cases in the fast track in the civil courts. At present compensation is limited to £1,500, although there are arguments—misplaced, in my view—to raise it slightly. The new clause would exclude all the silly little cases that the hon. Gentleman talked about, but would still allow claims to be made by people who were seriously injured and the families of people who were killed.

I am sorry that, rather than embracing new clause 17, the hon. Gentleman seeks to resist it. It would be a travesty if the House passed a law removing the right of parents to make claims when their children are killed, and the right of children who are severely injured or paralysed to claim compensation so that they can look after themselves. The net result, I think, is that far fewer children will be allowed by their parents to go on expeditions of this kind. The hon. Gentleman says that the Bill will create more volunteers, but it will mean far fewer people for volunteers to look after. As for small claims, I have suggested an alternative, but the hon. Gentleman does not want to adopt it.

New clause 6 is relevant to a point made earlier by my hon. Friend the Member for Scarborough and Whitby. The argument here is not quite the same as the one that I applied to new clause 29(1), which deals with the test to be established. New clause 6 deals with the question of evidence, which the Bill leaves open.

Lawrie Quinn: I understand that if new clause 6 is not accepted, the Bill will allow a higher test of liability when providers have used a statement of inherent risk. The hon. Member for Canterbury (Mr. Brazier) has tabled amendments consequent on new clause 29. If new clause 29 were accepted, would not new clause 6 be unnecessary?

Mr. Dismore: The difficulty lies in new clause 29(1). If it had made the specification that I mentioned earlier, new clause 6 might not have been required, but we need to consider the test being applied, and we need to provide an opportunity to overcome the defence that might be advanced under new clause 29 by

[Mr. Dismore]

demonstrating, with the help of expert evidence, that what is being said is not correct. Expert evidence can be very helpful in cases of sporting or outward-bound injuries. When I was practising, I dealt with cases in which such evidence had to be used—one involved horses, another motocross—to explain what was right and what was wrong, and what constituted a test.

If new clause 29 is passed new clause 6 will of course become otiose, as clause 2(6) of the Bill will be deleted if the hon. Member for Canterbury gets his way with his new clause and one of his amendments. But the argument remains valid, even if new clause 6 has to fall because new clause 29 goes through. As has been said, these matters should be argued through in Committee, given the many faults that have come to light.

Lawrie Quinn: Assuming that I have understood my hon. Friend's argument correctly, if there were a failure to maintain, or to use in accordance with the manufacturer's instructions, equipment used in the activity in question, the need for an expert review of the consequences of that failure would be paramount.

Mr. Dismore: My hon. Friend is right, and he has identified the issue in a nutshell. We need to consider the technicalities of what is or is not suitable for the purpose in question; indeed, I have some amendments that deal with that issue in a little more detail. So there are problems that could be addressed by new clause 6, but I assume that the hon. Member for Canterbury will resist it.

New clause 7 is extremely important. The normal presumption and basic legal maxim is that people are expected to know the law, and that if they fall foul of it that is their problem. However, potentially the Bill will strip people of their rights, and notwithstanding the question of clause 2(3), the principle still holds: it is extremely important to ensure that if people's legal rights are being removed, they are aware of that fact before engaging in activities in respect of which such rights are being excluded.

We cannot rely on the organisations themselves in that regard; if we do, there will be the paper chase to which I referred earlier. If the provision goes through in the existing or a similar form and new clause 7 is not accepted, the Secretary of State will have to ensure that the terms of it are widely known. I am afraid that, as a consequence, the Bill might have the counter-intuitive effect of discouraging people from engaging in such activities. But if we are to take away these important legal rights, action will inevitably have to be taken to ensure that the public know what is happening.

I turn to new clause 11. Under the Bill as it stands—that is what we must consider, because no amendment to it has so far been approved—it is effectively a defence to claim for personal injury if a statement of inherent risk is issued. If so, the mirror image ought also to apply: if there is no such statement, a court ought to be able to take that fact into account. Doing so would demonstrate that the organisation concerned had not applied its mind to the risk involved in the activity in question, and that its approach had been somewhat cavalier.

It is important that risk assessments be conducted, and minimising risk is clearly the right thing to do. Of course, we cannot eliminate risk entirely, but we can do a lot to reduce it. Such a reduction in risk could in part be demonstrated by someone's having thought about the issue, and having produced a statement of inherent risk.

Lawrie Quinn: I intervene again in an attempt to understand the true purpose of new clause 11. My hon. Friend seems to be suggesting that a preliminary visit and test of the volunteer activities in question would be necessary, which would probably involve the volunteer leader's replicating the activity in advance. Would not such reconnaissance involve an inherent risk to the volunteer leader?

12.45 pm

Mr. Dismore: My hon. Friend makes an interesting point, but I suspect that such people would still be covered by employer's liability provisions under the Health and Safety at Work, etc. Act 1974, depending on whether they are employed. The real issue is the need to conduct proper assessments. If a proper assessment is done, there is no problem with producing a statement of inherent risk, subject to some suggestions that I shall make later about what should be in it. If there is no statement, the inference has to be that a proper assessment has not been done. In defeating a claim, a court should be able to take into account the existence or otherwise of a statement. If in the civil courts a risk assessment is required—for example, under health and safety management regulations—and one has not been conducted, the absence of such a statement is in itself evidence that can be used in supporting a claim. What I am suggesting in new clause 11 is the mirror image and it is intended to level the playing field, to use the sporting analogies again.

I dealt with new clause 12 when I spoke about exclusions and the size of claims, so I want to move on to new clause 16. It takes us back to some of the points that my right hon. Friend the Member for Holborn and St. Pancras made earlier. In particular, there is the blurring of distinctions between organisations that people generally consider to be voluntary—the scouts and guides, for example—and those that are effectively big business masquerading as voluntary organisations.

I mentioned earlier that there are about 4,500 charities with a turnover of more than £1 million. I do not believe that they can, by any stretch of the imagination, be seen as proper voluntary organisations in respect of what the Bill is trying to achieve. If there is a contract to provide services or a course and someone pays money in return for which a course is signed up to—a bit like a package holiday, I suppose—I think that we are looking at a proper commercial transaction, which should be backed by insurance and proper legal rights for the people who attend the course. After all, someone is making money out of it. Reducing the insurance premium, as the hon. Member for Canterbury wants, is allowing someone to make even more money out of it by reducing the rights of the people involved. It becomes a recipe for cutting corners and allowing people or children to be injured. That cannot be right.

First and foremost, if we go back to the basic principles of what the Bill is trying to address, we should look into the informal arrangements that would apply and not look at cases where money changes hands in accordance with usual commercial transactions.

Lawrie Quinn: In another attempt to appreciate the thought processes behind new clause 16, may I take my hon. Friend back to his home town of Bridlington, where the Royal Society for the Protection of Birds, a charity, runs cruises that allow people to watch the birds off Bampton cliffs? Does my hon. Friend believe that, under the proposals, people involved in that activity would be waiving their right to any compensation if there were a mishap—hopefully there never would be—during the course of the voyage?

Mr. Dismore: My hon. Friend could well be right because there is a contractual arrangement in place. On the other hand, I have occasionally gone to watch the birds at Bampton cliffs and paid a donation to see them. That is different, because there is no contractual arrangement in that case. If I were to trip up and fall in that context, that would be hard luck, but where there is a commercial arrangement in place, that is a very different kettle of fish and we are effectively talking about business. I believe that new clause 16 deals effectively with that point and I am sorry that the hon. Member for Canterbury feels unable to accept it.

New clause 18 deals with the question of occupiers' liability. New clause 26 is also relevant. There are two pieces of legislation that apply—the Occupiers' Liability Act 1957 and the Occupiers' Liability Act 1984. The 1957 Act obviously came first and it imposes a series of duties on a landowner. What I am concerned about is that one cannot really say that a landowner or farmer is a volunteer in this context. The law imposes certain duties, particularly in relation to children and also to trespassers. An occupier is expected to guard against risks on the land. If occupiers' liability legislation were not applicable, a landowner could have the most dangerous pieces of equipment lying around on his land and people could be injured by it, but the landowner could not be sued. In certain circumstances, that might be appropriate, but a blanket exclusion—which is what the Bill in its present form would provide—cannot be right. The law contains safeguards. For instance, the case of Tomlinson *v.* Congleton, in which someone dived in a lake, addressed the issue of trespassers. It had a robust outcome in the House of Lords, where the trespassers lost. However, children can be mischievous, and if the Bill were to remove liability under the Occupiers Liability Act 1984—new clause 18 would ensure that it remained—an important safeguard would be lost.

New clause 19 may seem otiose, but I shall explain the thinking behind it. It deals with vicarious liability, including for psychological injury, as a consequence of criminal conduct. I had in mind child abuse cases. Everybody accepts that child abuse is criminal. At present, a charity that employed someone—a worker in a children's home or, rarely, a youth or scout leader—who was engaged in child abuse could be sued, through the vicarious liability provisions. However, as the Bill is presently phrased, such cases could not be brought against the organisation employing or organising the volunteer to look after the children. The Bill does not deal with the question of vicarious liability for criminal conduct, and that is a glaring omission.

New clause 20 proposes that local authorities should not be able to rely on the defence in the Bill, either as it stands or as amended by new clause 29. The argument is similar to that for businesses. The relationship between a voluntary body and a service user is different to that between a council and a service user. A council has a much higher standard to meet. It should set a good example and should not be able to rely on an artificial defence to avoid its liability.

Lawrie Quinn: Would my hon. Friend's definition of local authority be extendable to national parks? Many volunteer activities take place in national parks, and I am concerned that under the Bill they, too, would escape liability.

Mr. Dismore: My hon. Friend has spotted a flaw in my new clause and he makes an important point. If the Bill makes progress, perhaps it could be picked up in the other place. National parks are big business, and they probably would not be covered by new clause 19 or a later amendment on contractual relationships. I have tried to address the issue of scale in my amendments.

Lawrie Quinn: In England and Wales, some 8 to 9 per cent. of the land mass area is covered by national parks, so that is a large hole in the Bill's provisions.

Mr. Dismore: My hon. Friend makes an important point. As I recall, we have just announced another national park, extending the area still further. National parks might be caught by the provisions relating to land owners in new clause 18 on occupiers' liability, but the Bill goes beyond that. If the Bill were to progress, we would certainly have to look a little closer at that issue.

New clause 24 is about insurance, which we referred to earlier, although not in this context. The hon. Member for Canterbury suggests that if there is a proper system—whether a statement of inherent risk or the provisions of his new clause—insurance premiums would fall. I very much doubt that; insurance companies are out to make money, and if they are not making enough money from an organisation they will ratchet up the premium until it goes away.

The important thing is that insurance companies should not be allowed to pick and choose, which answers the point made by my right hon. Friend the Member for Holborn and St. Pancras. If insurance companies can pick and choose according to whether organisations have a statement of inherent risk, there will be a two-tier system. One might argue that that would drive up standards, but on the other hand it could create a huge paper chase. Who knows? However, we can be absolutely sure that if the Bill goes through, in its original or its amended form, insurers will start to take notice and ratchet up their premiums accordingly—unless they are prevented from doing so. New clause 24 would make the Bill insurers-neutral, so that they have no excuse to charge voluntary bodies more if they decide not to take the route currently outlined in the Bill.

We dealt with new clause 25 when we discussed excluding serious injuries. It would cover cases of, for example, paraplegia or severe brain damage. New clause 26 parallels new clause 18, with particular reference to occupiers' liability.

[Mr. Dismore]

There is quite a bit of meat in new clause 28, which is rather long. However, as subsection (3) of new clause 29 refers to risk and the net consequence of that is that a risk assessment should be conducted, I am amazed that there is no reference to conducting risk assessments in new clause 29 or the Bill as a whole. There is reference to the statement of inherent risk, but that could be written on the back of an envelope. As the Bill stands, no one has to undertake a proper process to check what the risks are.

New clause 28 sets out the basic strategy for conducting a risk assessment. First, it requires that such an assessment should actually be made, which is the starting point. It states that the assessment should try to identify possible harm to individuals and in subsection (1)(c) that it should comply

"with any rules, advice or guidance of any body governing the activity".

As we have heard, there are many organisations looking after the interests of sport and dangerous activities and, as my hon. Friend the Member for Scarborough and Whitby said, they issue guidance and offer proper qualification arrangements and so forth. It is incumbent on people who organise or undertake such activities to ensure that they comply with that guidance, if they are to rely on a defence under the Bill.

Lawrie Quinn: New clause 28 is most important. In a previous life, I was very involved in putting together risk assessments for engineering. In general, they require a clear audit trail and a checking process, so is not my hon. Friend somewhat concerned about the fact that his new clause does not specify those necessary and important aspects, which would ensure that the risk assessment was verified and checked by a more experienced person?

Mr. Dismore: My hon. Friend makes an important point. Paragraph (d) in fact requires documentation of the risk assessment, so there would be a written record, and I would expect that a sensible professional body, such as is referred to in paragraph (c), would set out how an audit trail should be followed.

My hon. Friend will also note that I have tabled amendments that deal with setting up a proper audit trail, by keeping proper records and so on. No doubt, we will come to that amendment later.

1 pm

It is also important to ensure that those who carry out the risk assessment know what they are doing. One of the general problems with health and safety is that people will sometimes do back-of-the-envelope risk assessments without thinking through how such assessments should be done. Again, that relates to the point made by my hon. Friend about the need for properly trained, qualified and experience people to be engaged in those activities. We do not want people bumbling along; they must do things properly. The important point is found in new clause 28(3), which says that the defence provided by new clause 29, if it is accepted, or the existing arrangements should apply if a risk assessment is not conducted properly.

New clauses 30 and 31 were tabled by the Under-Secretary of State for the Home Department, my hon. Friend the Member for Slough (Fiona Mactaggart). I dealt with new clause 30 in my earlier remarks about excluded serious cases. New clause 31 is very important—I touched on the issue earlier—as it refers to people who have a legal disability. My hon. Friend does not use the formal definition of the term "legal disability", which may have been a better construction, but it is clear what she is getting at in referring to people who have "a learning difficulty" or "a mental disability".

So how can anyone in those circumstances be said to have knowingly accepted a risk, which is the requirement of new clause 29? If people have a mental incapacity under the legal definition or new clause 31, which sets out such things in more detail, the present law would say that they could not knowingly accept a risk. New clause 29(3) refers to

"parents of minors suffering harm",

but it does not deal with those who have a legal disability who are not minors—for example, carers, or whatever. My hon. Friend the Minister has identified an important lacuna in the Bill.

Under amendment No. 139, the Bill's promoter proposes to delete clause 1, which is the definitions clause. If clause 1 were substituted by new clause 29, the Bill would become a lawyers' field day because all those definitions would be at large. In amendments Nos. 104, 105 and 106, I suggest various definitions for the word "activity", on which the Bill, without the deletion of clauses 1 and 2, focuses. That word also features in new clause 29(2), in which the phrase "the activity concerned" is used, but nowhere do we see what the word "activity" means—other than in a generic recreational way, under the "for example" wording, which relates to the European point.

It would be far better if we said what we meant by the word "activity". I am not particularly hung up on any of the three definitions given. I offer three alternatives to the House. I should be happy if the hon. Member for Canterbury accepted any of them, but to leave the question at large, without offering any definition, represents woeful negligence on the part of the hon. Gentleman.

Lawrie Quinn: I thank my hon. Friend for giving way once again, but may I chide him for the drafting of amendment No. 106? In an earlier part of the proceedings, he went to some length to try to protect the Secretary of State from extra work. It seems somewhat illogical that, under that amendment, he is trying to give the Secretary of State some additional work. Regrettably, I will not be able to support that amendment if it goes to the vote.

Mr. Dismore: My hon. Friend throws my argument back at me. I am not particularly fazed by that, as I am offering an alternative. I think that we need a definition of "activity" and I have come up with a couple. I do not have access to my hon. Friend the Minister's legal team nor do I have access to the High Court judge to help me with my drafting that my right hon. Friend the Member for Holborn and St. Pancras and the hon. Member for Canterbury mentioned. I have done my inadequate best

as a personal injury lawyer to try to come up with a definition. Someone may well come up with a better definition, and that is why I have left the option open—as an olive branch to the hon. Gentleman—to allow the Secretary of State to come up with one.

Mr. Brazier: I am most grateful to the hon. Gentleman for giving way in the brief time that he has available for his remarks. Before he moves on from his rather hasty reply to the hon. Member for Scarborough and Whitby (Lawrie Quinn), I hope that he will pay full tribute to his hon. Friend for assisting him in this exercise in filibustering the Bill.

Mr. Dismore: I am absolutely shocked that the hon. Gentleman should suggest that I am filibustering. If I were filibustering, you, Mr. Deputy Speaker, or earlier Madam Deputy Speaker, would have called me to order long ago. I am trying to show the woeful inadequacies in the Bill and, as I understand it, I am perfectly in order to do so. If I were not in order and were filibustering, you, Mr. Deputy Speaker, would have said so and would have stopped me.

Amendment No. 106—my hon. Friend the Member for Scarborough and Whitby missed this point—is important because it does not define activities at large. It returns to the fundamental principle of the Bill by referring to amateur pursuits, as do amendments Nos. 104 and 105. I hope that that is what the hon. Gentleman is talking about.

As I said earlier, a real distinction can be drawn between the amateur pursuits and amateur volunteers that we want to encourage and the big businesses that masquerade as voluntary organisations and charities. They should be placed on the same terms as any other professional or commercial organisation, because that is what they really are. Amendment No. 104 refers to

"amateur sport, adventure training, and any other . . . vigorous physical activity".

If my hon. Friend is concerned about this issue, I draw his attention to the fact that amendment No. 105 would give the House an opportunity to have a say on this issue at a later date through regulations. Amendment No. 106 offers the hon. Member for Canterbury an olive branch to get on with things by leaving the matter to the Secretary of State.

Amendment No. 30 also relates to my concern about the masquerade—the volunteer who is not: the professional pretending to be a volunteer. I am trying to draw a distinction between genuine volunteers and those who have a contractual arrangement with the organisation concerned. They may have a contract for services and, if not a full employee, they may be hired on an occasional basis. They should therefore be treated somewhat differently. Amendment No. 31 contains similar terms.

Amendment No. 16 deals with the similar problem of the position of directors and office holders. Amendment No. 7 deals with the issue of setting out proper arrangements contractually for the number of hours worked per week to ensure that there is no fiddle around the edges in terms of overtime.

Amendment No. 8 deals with the position of genuine volunteers by limiting the defence—or extending it; it depends on how one wants to look at it—to those who work as volunteers and genuinely outside what they are paid to do rather than to those who are promoting a fiddle. Amendment No. 11 also deals with that, because we are all aware of the tactic of giving people "expenses" when one is really paying them to do additional work. It would put a cap on people receiving expenses to do additional voluntary work. There must be a limit. Otherwise, where would we be with the Inland Revenue and national insurance? The Bill's present wording might offer a way round that.

Amendment No. 13 seeks to ensure that the charities covered are properly registered. The word "institution" is very vague, and the amendment is an attempt to make a little more sense of it. Amendments Nos. 10, 15 and 14 try to deal with people who are paid employees. They seek to clarify whether somebody is an employee and whether, if they are, they are entitled to rely on the defences in the Bill as it stands, or as it would be amended if the new clause were accepted.

Amendment No. 107 makes the point that, if something is a business, we should say so and not allow it to rely on a defence that is designed for the Scouts, Girl Guides and other voluntary bodies. Business is business, and people should not be allowed to make a profit out of the defence set out in the Bill. As I mentioned, 4,417 registered charities have turnovers of more than £1 million. I do not know how many have turnovers approaching £1 million or how many other such organisations have similar turnovers.

Amendment Nos. 128 and 1 would exclude schools, youth clubs and youth organisations. We heard earlier about problems with regard to schoolteachers who do not want to carry out activities. That is nonsense, as they are protected by insurance. A very different relationship arises with regard to a school and its pupils—I am not sure whether it is contractual, but it is certainly quasi-contractual—from the relationship that arises with regard to the wider organisations that we have talked about. The exclusion set out in amendments Nos. 128 and 1 would at the very least protect children from inability to bring a claim if they are injured. Of course, such provision would not apply to adults, as they would not participate in activities organised by schools, youth clubs or educational establishments.

I am not myself entirely convinced by amendments Nos. 2 and 1. Amendment No. 2 deals with churches and religious establishments. The problem was drafting an appropriate definition. Some churches are big business, while others are not, but the House should address the issue. I do not have the same concern about housing associations, which have changed dramatically over the years. About 25 years ago, I was on the board of Soho Housing Association, a small organisation that was true to the original arrangements for such bodies, under which they were small organisations designed to address particular housing needs for particular communities. Subsequently, they have grown into big business. Only this weekend, a housing association in my constituency was organising a huge event. As most such organisations are still charities, there could be a defence under new clause 29 in respect of anyone who was injured at such an event.

Amendment No. 4 deals with the question of organisations established by central Government and local authorities—or quangos, whether local or national. A different relationship comes into play in

[Mr. Dismore]

respect of a quango set up by central Government. Some quangos are very big indeed, but may technically be charities or voluntary organisations within the definition in new clause 29. Again, it would be wrong if they could rely on the defence set out in the new clause.

Mr. Joyce: It is not entirely clear what my hon. Friend means by "quangos". Is there a distinction between quangos and non-governmental organisations?

1.15 pm

Mr. Dismore: There is not a distinction, but there is a question of scale, which amendment No. 5 addresses. It relates to organisations with a turnover in excess of £100,000, which is a reasonable cut-off figure between business organisations and genuine small charities. Together, amendments Nos. 4 and 5 answer my hon. Friend's concern.

Amendment No. 6 is important. It excludes from the defence in the Bill organisations involved in training with firearms and other weapons. We should not license people to a lesser standard when they deal with firearms, which is a point that also relates to later amendments on cadet forces. There are strong and serious arguments that firearms organisations should not be allowed to use that defence, because firearms are so dangerous.

Amendment No. 26 relates to the definition of "volunteer". It specifies that we are trying to protect the individual rather than the organisation. If we are talking about the promotion of volunteering, we must consider the natural person rather than the inchoate organisation.

Amendment No. 32 is another way of trying to deal with potential fiddles. If a big business says, "Okay, we will give this organisation x pounds", or, "We will sponsor this particular event", knowing at the back of its mind that it will return to pick up a fat contract, it is effectively trying to obtain commercial benefit from a volunteering operation, which is wrong.

Amendment No. 33 deals with expenses—I dealt with that argument in a different context, so I shall not enlarge on it now—and provides the alternative of a fixed figure.

Amendment No. 20 deals with farmers and landowners, and it provides an important safeguard that ought to be used—it probably is used. If farmers and landowners cannot rely on the Bill, the voluntary organisation concerned should at least have entered into an agreement with the farmer as to what should or should not happen on the farmer's land. It also provides a clear distinction between the farmer and the voluntary body if an accident occurs.

Amendment No. 21 says that organisations should be able to rely on the defence provided in the Bill only if they are doing something that they are competent to do. We could end up in a position in which organisations engage in activities that are beyond their competence. Because of the new defence in law to claim for compensation, one can imagine organisations stretching beyond what they normally do with impunity, which would put people at risk.

Amendment No. 19 deals with education, which I have covered.

Amendment No. 22 is worth spending a little time on because it removes the protection afforded by clause 1 to cadet forces. It would be wrong to exclude professional bodies such as cadet forces, air training corps, armed forces organisations and the police, because that would be to expect them to rely on a defence that is of a far lesser standard than at present, which would encourage shoddy behaviour and lower standards.

Amendment No. 23 would protect genuine organisations along the lines that I have discussed, as would amendment No. 24, while excluding big business. Taken together, amendments Nos. 24, 25, 148, 35 and 34 deal with the whole area of education and business.

Amendment No. 130 harks back to my amendment on the definition of activities. At line 22, the word "services" appears. It is not defined or mentioned anywhere else—it suddenly creeps in out of nowhere. As it would be far better to have consistent language throughout the Bill, I suggest that the word "services" should be replaced with "activities", which already appears in new clause 29 and would appear elsewhere were the new clause not accepted.

Amendments Nos. 36, 37 and 38 also have an educational element but cover different aspects. Amendment No. 36 would leave out schools and colleges, while amendment No. 37 would leave in further education and higher education. I suppose that I might be arguing against myself here, because further and higher education is more likely to involve adults than children, yet my school-related amendments are designed primarily to protect children. Amendment No. 38 deals with the question of out-of-hours activities, drawing a distinction between those activities and activities within the school day.

Lawrie Quinn: Earlier, my hon. Friend defined "minor" as covering those up to the age of 18. Does his amendment imply that he is more comfortable with defining it as those up to the age of 14, since further education can generally start from around that age?

Mr. Dismore: I have a later set of amendments dealing with the question of age and at what stage a defence may be used to defeat a claim by a minor, so we could return to the matter at that stage. Perhaps I am adopting a belt-and-braces approach. My hon. Friend raises an important point about the age of responsibility and the age at which a minor becomes aware and can accept and understand risk. I accept that I might be arguing against myself in relation to further education and higher education activities. I offer that olive branch to the hon. Member for Canterbury.

Amendment No. 140, which stands in the promoter's name, would delete clause 2. I find that surprising, given that it is the essence of the Bill, but that is his choice.

Amendment No. 41 tries to redefine, or to specify more effectively, what a volunteer is. It would mean that this part of the Bill would apply only to real people, not to organisations in the more general sense.

Amendment No. 121 deals with the qualifications of the individual volunteer who may be responsible for issuing a statement of inherent risk. That goes back to a point that my hon. Friend the Member for Scarborough and Whitby made earlier: we have to be sure that, if a defence is to be reliable, the people who conduct the

activity know what they are doing. It is important to ensure that they have undergone the appropriate training and have the relevant qualifications. That could simply mean a certificate that the Scout Association issues for different levels of activity or a more important qualification. However, it is important that, in each case, the person is properly insured.

Amendment No. 39 deals with the person to whom the statement of inherent risk should be issued. The Bill contains a lacuna because it provides for the statement to be issued to the person concerned and does not draw a distinction between an adult and a minor. Little Johnny, aged 12 or 13, may be given a statement, but we all know what happens to letters on the way home from school; and he could fail to deliver it to his parent. If little Johnny is given a letter by the scout master or guide leader, it is important to overcome the problem of his not taking it home. In the case of a minor, the statement should be issued to the parent or guardian. That is basic common sense, and I hope that the hon. Member for Canterbury will accept that.

Amendment No. 40 is a clarification. We currently have the broad phraseology, "under the control", which the amendment would replace with

"administered or managed by or".

That is a little tighter. Amendment No. 42 again covers a real volunteer rather an inchoate volunteer in the form of an organisation.

Amendments Nos. 122, 43, 125 and 138 deal with risk. The Bill provides for the statement of inherent risk to identify only

"the types of risk likely to be encountered".

That is very general. I am worried that it is far too general. If we consider the Lyme bay tragedy, there was a general risk of drowning but the activity involved a series of other risks, which might not have been appreciated under the Bill. Instead of simply discussing the principal risks, it is important that a proper risk assessment is conducted to identify all the risks. That is proper health and safety. If the risks have all been identified, there is no reason why the statement of inherent risk should not set them out. It is therefore wrong to allow the relevant organisation to pick and choose the risks that it specifies; it should set them all out after conducting a proper risk assessment.

The definition of "inherent" is wrong and we should consider the risks that are associated with an operation. In the Lyme bay tragedy, they would have included the fact that the instructors were not properly qualified.

Amendment No. 44 again fills a lacuna in the measure, which refers to "personal" in the context of personal injury but does not deal with psychological injury. It should also be included for reasons that I advanced when I talked about the Warsaw convention earlier.

Amendment No. 124 deals with the measure's wording about risks that are "likely to be encountered". That constitutes a subjective assessment. The amendment would replace those words with, "which may" be encountered. That is an objective assessment. "Likely to be" encountered means that someone has a think about the matter and says, "Well, maybe we will, maybe we won't." However, "may be" encountered is a more objective test, which would be subject to the "man on the Clapham omnibus" approach. In other words, it is a broader approach, and I believe that the phrasing is far better.

I have already dealt with amendments Nos. 125 and 138 and I do not want to repeat myself.

1.30 pm

Amendment No. 46 deals with the suggestion that civil liability ought to be excluded from the provisions. Line 41 on page 2 of the Bill deals with the exclusion of criminal liability, and I have already touched on that matter in the context of vicarious liability in regard to child abuse. Here, however, we must ask ourselves what we are trying to do. Are we trying to take away people's rights or to make people more aware of the risks that they are expected to undergo? I would be a lot happier if the Bill were effectively saying to people, "Okay, these are the risks that you are going to undergo. Think about what you are going to do and conduct the activity more safely, but this is not going to affect your legal rights in the end." That would be a far fairer and more appropriate way of approaching this issue.

If, as a result of having to prepare a statement of inherent risk, the organisers of these activities are thinking about the risks in a much more focused way, and if that statement is issued to the person who is going to undergo the activity—or their parents, which is not provided for in the Bill as it is currently phrased—there would be a coming together of an analysis and an acceptance of those risks. That would make the activities more suitable and more understandable, and in the end, people would know where they stood when they undertook them. The dangers would have been explained to them and, ultimately, that would make the whole operation safer. That would be a far better way of dealing with this issue than taking people's rights away.

Amendment No. 126 deals with compulsory activities. The Bill is over-prescriptive in this regard. I cannot see anything wrong with a statement of inherent risk being issued for activities that are compulsory, if we accept the basic premise that I have just outlined. We are trying to get people to be more aware of the hazards and risks, and just because an activity is compulsory, it does not mean that it is less risky. However, if an individual does not receive a statement, because they do not have to, or because they are prevented from doing so, they might not appreciate the risks involved. We could end up with the inverse argument that, because an activity is compulsory, the defences do not apply and there is no need to issue a statement of inherent risk. That seems rather back to front. Statements should still be issued, even if no defence is created, because it would make things a lot safer.

Lawrie Quinn: It is often mandatory for people to undergo certain activities to gain sufficient experience to progress to a higher level in voluntary organisations—the level of leader, for example. How does that fit in with this definition of "compulsory"?

Mr. Dismore: My hon. Friend's question refers to some of the points that I made earlier. The Bill currently provides a defence in relation to voluntary activities. However, volunteers might also be engaged in

[Mr. Dismore]

promoting compulsory activities. I think that I am right in saying that school sports are compulsory, for example, and a volunteer could come in to help the school with compulsory games. As the Bill stands now, if the games were voluntary—out-of-hours games, for example, such as extra rugby or football training—a statement of inherent risk would have to be issued. If exactly the same games were compulsory, however, no such statement would be needed. That is a bit back to front, because we should be concerned with the nature of the activity rather than the question of compulsion. We are talking as much about protecting the person engaged in the activity from being hurt as about protecting the volunteer from being sued. The hon. Member for Canterbury has missed a trick in terms of the way in which the Bill deals with compulsion.

A similar argument might be made in relation to amendment No. 127, so I shall not repeat myself. Amendment No. 119 seeks to address the fact that the Bill overlooks the question of peer group pressure among young people to engage in activities. Leaving out the word "obliged"—with its suggestion of compulsion—and substituting "invited" would address that problem.

Amendment No. 120 is very important. I think I am right in saying that a third of the accidents in which people are injured while undertaking those voluntary activities are road accidents involving vehicles carrying someone on the public highway. A third of them involve skiing and similar accidents and the remaining third are a mixed bag. Those are the latest figures I have seen.

For the life of me, I cannot think why it is appropriate to exclude road accidents by providing this additional defence. Cars, vans and other vehicles have to be insured—that is the law—in case of accidents that cause personal injury. Indeed, if they are not, there are fall-back arrangements with the Motor Insurers Bureau. I cannot understand, therefore, why there should be under the Bill a defence for somebody who causes a road crash and injures someone.

Often, injuries caused by road accidents are far more serious than those caused in other accidents that occur at, for example, scout camp. The most dangerous part of the voluntary activity might be getting to and from the venue rather than participating in it. For those reasons, I cannot for the life of me understand why we cannot have an exclusion from this defence for road accidents.

The amendment also refers to the Unfair Contract Terms Act 1977. I will not detain the House with an analysis of that Act, although I have tabled an amendment that relates to it. If there is time and we reach it, I shall develop my arguments at length as to why the defence should not apply to cases in respect of that Act. Essentially, they are those where money changes hands, but written exclusions may also be involved. We will return to that.

Amendment No. 114 is also a tidying-up exercise. The word "indicate" appears in the Bill. How are we to "indicate"? With smoke signals? That might be how it is done at scout camp. I think that we need a much clearer definition, and the word "state" is much more understandable.

Amendment No. 115 comes down to the question of supervisory skills. Again, we return to the question of ensuring that the individual concerned has the formal qualifications and training. As things stand, somebody who may be engaged in supervising what may be inherently dangerous activities may be a beginner. There is nothing here to suggest that the volunteer should be supervised or have the appropriate qualifications for the activities concerned.

That brings me to amendment No. 48, which suggests that if one is to be in charge of dangerous activities, it follows that the individuals concerned should have the appropriate qualifications issued by the

"professional, sporting or other umbrella organisations with recognised experience in the field"

with which the organisation in question is involved. Of course, one could be too prescriptive here, but it is extremely important that people have the right qualifications if they are to be put in charge of children.

Amendment No. 49 deals with the question of a risk assessment. I have already mentioned the importance of risk assessments, but not what should happen when they are done. It is a lacuna in the statement of inherent risk that there is no reference to the fact that a risk assessment has been done—or not, as the case may be. If my amendment were accepted, the absence of a risk assessment would highlight for parents the fact that they should ask, "Hello, what's going on here?" A risk assessment ought to be done.

Furthermore, we should know not only that a risk assessment has been done, but who did it and when. Parents, if they are to sign away their children's rights, which is what the Bill asks them to do, are entitled to know when the hazards were last inspected and whether the person who did the check knew what he was doing. That is the essence of amendment No. 49.

Amendment No. 50 is a little more specific in this context, and it deals with the question of safety inspections for outdoor activities. Most of what we have been talking about relates to those. Outdoor activities may involve very different hazards. If a safety inspection is done on premises or land outside, it is important that the risk assessment and the statement of inherent risk should specify when it was carried out. For example, if one were to assess a ramble across the moors, whether that assessment was done at night or in daylight would make a big difference, as would whether it was done in midwinter or summer.

When I was in the sea scouts many years ago, I went on what is known as the Lyke Wake walk, which I am sure that my hon. Friend the Member for Scarborough and Whitby will know. It is 42 miles across the north York moors. I am not sure that there was a risk assessment in those days, but I emerged unscathed but rather tired—

Lawrie Quinn: With a coffin badge.

Mr. Dismore: And with a coffin badge. During that walk, we experienced virtually every form of weather, from snow to blinding fog, from bright sunlight to rain. We started at night and finished in daylight. Very different risks and hazards arose along the way. Members have drawn from their experiences of such activities, and there is no reason why the Lyke Wake

walk should not be conducted safely. If a risk assessment is done, however, the weather in which it was done needs to be made clear. When we went on the walk, we debated whether the weather was suitable, because others in the party had done the walk during fine weather in midsummer, and we were doing it in the autumn in rather different conditions. That is an important consideration for outdoor activities, because what may be a perfectly safe activity in one circumstance may not be in another. If parents are being asked to sign away their rights to bring an action, they are entitled to know that.

Amendment No. 51 deals with the question of equipment. The question of safety helmets was mentioned earlier in relation to a case that succeeded because a safety helmet did not fit properly. There was an argument about whose job it was to make sure that it fitted properly. It is not just a question of whether it fits, however, but of whether it works. There must be a proper system of risk assessment, involving testing equipment from time to time to make sure that it still works. That assessment must include whether the rope is frayed, which can happen inside as well as outside, and who did the testing.

In the context of the tin hat, we can consider amendment No. 52, which provides for two different eventualities. The first part deals with the position in which the equipment is provided by the organisation concerned, and the second part deals with the position in which individuals are expected to provide their own equipment. It goes without saying that if a voluntary organisation takes it on itself to issue personal protective equipment, whether a tin hat, thermal underwear or ropes for abseiling, it needs to be clear that the equipment has been properly tested, and that when it was tested, in the case of a tin hat, it fitted properly. If that had been done in the case mentioned earlier, the organisation may not have been sued.

Of course, the equipment must also be fit for purpose. A helmet that is suitable for cycling may not be suitable for mountaineering, and, I suppose, the contrary is also true. In relation to individuals providing their own equipment, it is important in those circumstances that the voluntary organisation tells them what sort of equipment they should have for the activity. The best way of doing that is by reference to British standards specifications, which provide clear guidelines—the kite mark on the box is the best guide as to whether a helmet for mountaineering is fit for purpose. One must also make sure that it fits and that it is the right equipment for the exercise. Risks occur when that is not done.

My hon. Friend the Member for Falkirk, West (Mr. Joyce) mentioned earlier the example of people going hiking in Wales who were at risk of hypothermia because they were improperly equipped. Why were they improperly equipped? Was it because they had not been told? Was it because they had been told but only in general terms? I am sure that my hon. Friend would agree, however, that if one is undertaking a dangerous activity in potentially bad weather, one must be properly equipped. The best way to ensure that is to set out in advance a proper list of what people should have and the standard of equipment that should be provided. Amendment No. 52 addresses that point, which is currently woefully lacking from the Bill.

1.45 pm

Amendment No. 72 deals with insurance. Nothing in the Bill makes insurance compulsory. It is not currently compulsory, although it is advisable for voluntary organisations to take it out in the circumstances that we are discussing. The only insurance that is compulsory covers motor accidents in relation to the vehicle, and employers' liability insurance in relation to employees—not volunteers. There is no requirement in law for public liability insurance to cover any activities engaged in by voluntary organisations, and I am sure that some organisations will take a chance and not obtain any.

If individuals are asked to accept a statement of inherent risk, they are surely entitled to know that the insurance has been properly organised, and to know who the insurers are, the policy number, the extent of the cover and how they can look at the policy, if they wish, to establish how they can make a claim easily if someone is hurt in circumstances in which an action may still apply, despite the reduction in their rights for which the Bill provides. I know from my experience of legal practice that one can have the devil's own job tracking down the insurers, and that the organisation against which the claim is being brought may not be as helpful as it should be in providing the necessary details. Amendment No. 72 makes a vital improvement to the Bill.

I spoke earlier of the importance of the Secretary of State making it generally known to people that the Bill would take away their legal rights, but there is nothing like reminding them at the time as well. I return to Lord Denning's definition of "volenti". People who are being asked to waive their legal rights must be clear about what they are letting themselves in for. Amendments Nos. 102 and 103 deal with that. At present, the Bill does nothing to ensure that children, parents or any other adults are aware that they will have less protection from the law if they are injured, because it does not require organisations to tell them. I think that that is absolutely wrong.

Amendment No. 116 deals with instructions. The Bill currently provides

"that the person undertaking the activity shall obey the instructions given by the person . . . providing the activities",

but it does not say what will happen if the instructions are not obeyed. Nor, for that matter, does it say what the instructions are. "Put your hand in the fire" is an instruction—not a reasonable instruction, not a lawful instruction, but an instruction. What happens when little Johnny is sitting in front of the camp fire? Amendment No. 116 says that if the instructions are to be obeyed, they must be reasonable and lawful. My hon. Friend the Minister suggests inserting the word "reasonable" in her amendment No. 153, so she is obviously on the same track as me. I suppose it could be said that the word "lawful" in this context is tautological, but I think it important to have belt and braces. It is possible, after all, that a reasonable instruction might not be lawful.

Amendment No. 53 deals with the question of what happens if people do not follow the instructions. Are they told off? Are they fined? Are they sent home with their tails between their legs? That is not made clear in the Bill. When safety is involved, it must be driven home to people that if they do not do what they are told, they

[Mr. Dismore]

will be sent home, or left behind, or something. At present, the Bill just says that they must do what they are told.

The Bill refers to "the instructions given", but does not say how they are to be given. Safety instructions can be given in a number of ways. When we board an aeroplane, we are given instructions. The stewardess goes through her little pantomime. She shows us how to put on the oxygen mask and life-jacket, and where the exit doors are. In addition, each passenger seat has in front of it a chart, to which one can refer. So instructions are given in two different ways—indeed, aviation law lays down that such instructions be given verbally and by demonstration, and on the chart. However, the Bill refers simply to "instructions". How they should be given or carried out is not specified; nor does it say whether they should be given in writing or demonstrated. As it stands, one could simply say, "Oh by the way, be careful and don't fall down the hole."

Lawrie Quinn: The amendment to which my hon. Friend is referring implies even more red tape, an audit trail, an inspection, and a licence to perform such services, which presumably could be taken away if such standards were not maintained. How would enforcement work in practice?

Mr. Dismore: Regrettably, the enforcement is what will happen if there is an accident. In the end, it will be for a civil court to test whether the defence provided by the Bill can be relied on by the defendant, which is the voluntary organisation concerned. A court would then have to determine whether the correct steps had been taken, and whether the statement of inherent risk, or the risk assessment, had been properly drafted.

The hon. Member for Canterbury is trying to taking away people's rights, but in doing so we have to make it absolutely clear which rights are being taken away, and ensure that people fully understand the position they are being put in. On the other hand, one can see such statements of inherent risk as a positive thing, because they remind people that what they are being asked to do is dangerous. They make people think about the situation and comply with the instructions given. Of course, if the proposed statement of inherent risk works, there will be far fewer accidents because people will be behaving safely, and they will understand the risks much more clearly because they are set out in writing. They will understand that if they undertake such activities they will be unable to sue, and that if they disobey orders they will be sent home or left behind. All such provisions, which are vital, are currently missing from the Bill. We should not try simply to remove people's rights; we should be trying to prevent accidents.

I am a little concerned about the provision that amendment No. 57 would delete. It effectively imposes third-party duties on somebody who is not party to the arrangements. Imposing third-party duties on a parent is a serious issue, and in that regard the amendment speaks for itself.

I turn now to the first of a series of amendments that deal with age limits, an issue to which my hon. Friend the Member for Scarborough and Whitby referred in an intervention. At what stage should someone be able to sign away their own rights, and at what stage should a parent be able to sign away the rights of their children? In taking away people's rights, one should err on the side of caution. In terms of the complete removal of rights, I have suggested the age threshold of 18.

Mr. Joyce: Does my hon. Friend not think that the age of majority—16—is a perfectly reasonable point at which to draw that line?

Mr. Dismore: It depends on the activity in question. The problem is that the Bill as drafted applies different age limits for different things, and children are expected to appreciate different risks at different ages. I am happy to accept the legal age of majority—in fact, it is 18—for all things, but in practice one could have the sliding scale of appreciation of risk proposed by the hon. Member for Canterbury, which begins at age 11 and ratchets up to 16. I would prefer a scale running from 14 to 18, because one should err on the side of caution when asking for an appreciation of risk and taking away people's rights.

We then come to amendment No. 117, which takes us back to the duties of a parent. We heard earlier about the townie who does not understand country ways and a caving accident. The problem is that, although an adult who is experienced in the ways of the country may understand the risks, townies may not; and giving a risk assessment to the parent is not necessarily good enough. I believe that the voluntary organisation must ensure that parents themselves understand what is involved in the activities so that the parent can then explain it to the child. We are imposing an obligation on the parent to make sure that the child understands what is going on, but if the parent does not understand it in the first place, how on earth can it be explained properly to the child? There is a double duty on the organisation to ensure that parents fully understand as well as the children. That is another matter left out of the Bill.

Lawrie Quinn: Does it not also pose the question of the potential age of the leader of the activity? In many voluntary young people's groups—scouts and guides, for example—part of the challenge for the young person is to advance by taking on more responsibility. We could end up with a contradiction if the young person leading a group activity does not have enough competency in the Bill's terms.

Mr. Dismore: My hon. Friend has hit on a very important point. I recall being in the sea scouts and I was often engaged in leading activities about which I knew far more than the parents. I recall one occasion when I was about 17 and I cancelled a sailing expedition that I was leading because the weather was so bad. A parent came up and played hell with me because I had cancelled the activity. He simply could not understand why I had cancelled it. I told him that there was a force 9 gale blowing and he said, "What's that got to do with it?" That is a clear example of what my hon. Friend is illustrating: sometimes people do not think things through because they do not understand the risks. Sometimes someone under 18 might have to explain things to people who are over 18. I have not tabled an amendment to cover that point, which is unfortunate,

because my hon. Friend has made a very important point. If the Bill progresses further, I hope that it might be dealt with in the other place.

I was dealing with amendment No. 117. Amendment No. 118 is an alternative to amendment No. 60, which deals with imposing duties on a child. I am extremely concerned about the extent to which we may be doing that.

Amendment No. 61 effectively deals with the risk of a creeping defence. I am trying to specify that a defence could apply only to risks that have been exclusively identified in the statement—not to unidentified risks that go beyond that. If we are to take away legal rights, exclusivity—not open season—should be the nature of the game. The Bill currently allows open season to extend beyond the risks that people have undertaken to risks that they might not be aware of because they have not been specified in the risk assessment.

Amendments Nos. 64, 62 and 65 deal with the question of exceptional risks, not regular ones, if I may put it in those terms.

2 pm

Amendments Nos. 112 and 67 deal with an important aspect of the Bill. The question is when the statement of inherent risk should be presented to the person undergoing the activity. As things stand, it would only have to be done once and then people would not be reminded about it again. That is a major concern. As I said earlier, we all yawn when the air hostess does her little pantomime, but it is done every time we get on a plane—and for a reason. We may know the warnings back to front, but we are reminded of the safety issues involved and what we should do in an emergency. The circumstances are similar for dangerous activities. If someone undertakes a dangerous activity—perhaps every six months or so—they should be reminded on each and every occasion of the safety precautions and the assessments that have been made. I am very concerned that the Bill contains no such obligations.

Amendment No. 113 requires the statement to be updated in advance of every activity, because risks change. In the hiking analogy, the risk assessment done in the summer would clearly not apply to hiking in the winter. Therefore, it would be appropriate for a risk assessment to be prepared in advance of every activity. It is also peculiar that people would not be required to date the forms at the time that they signed them. That is a self-evident requirement, but it does not appear in the Bill as it stands.

Amendment No. 108 is important. At present, the statement does not have to be presented to the parent or the individual undergoing the activity by the person who is supervising it; it can be presented on their behalf. So someone could spend a lot of time and effort drafting the statement, but hand it on to somebody else to hand on to somebody else, in a form of Chinese whispers. By the time it reached the intended recipient, the person presenting the statement might know nothing about it. It is important that the statement should be presented by the person who prepared it and who is supervising the activity. Then if there are any questions about what the statement means or intends, the person can answer those questions and the activity can proceed safely in the circumstances. Not to do that would be regrettable.

Amendments Nos. 109, 70, 162, 71 and 110 deal with the age issue, and I shall not rehearse those arguments again. I draw hon. Members' attention to amendment No. 111, and my argument is that the statement should be strictly construed. If one takes away people's rights, one has to ensure that safeguards are in place, and that is what amendment No. 111 would achieve. I mentioned earlier the argument about activities that happen occasionally but are repeated. There is a counter-argument that a statement would not be needed every time, but if activities are repeated, it would pay for them to be revisited. Amendment No. 113 would provide that for continuous or repeated activities the statement would be checked at least once a year.

Amendments Nos. 75 and 76 deal with the exclusion of civil liability. From new clause 79, it appears that the hon. Member for Canterbury has accepted at least amendment No. 76, because breaches of statutory duty would not be excluded as a cause of action. There is no reference to breach of statutory duty in new clause 29. The hon. Gentleman can tell us later, if there is time, whether that was a drafting error by his pet High Court judge. I hope that it is because the hon. Gentleman agrees with me for once.

Amendments Nos. 79, 78 and 77 deal with one of the meaty issues in the Bill: promoting volunteers. I am holding out an olive branch to the hon. Member for Canterbury, because the amendments would enable the volunteer to avoid personal liability, while maintaining liability on the part of the organisation. The amendments would deal with the problem that an individual might fear they could be sued as first defendant in an action for negligence; the way that I have phrased the provisions ensures that the individual could not be sued, but that the organisation would still be held liable. That is the best of all possible worlds. The victim could still recover compensation without loss of their rights, save against the volunteer—which is of course a legal fiction at present—because the action would be transferred to the organisation concerned through the legal principle of vicarious liability.

I want to turn to some of the other amendments. Amendment No. 84 deals with an irrelevancy in the Bill, as the courts already take such action.

I realise that I have been going on for some time, but although I need another hour properly to do justice to the Bill, I am being prevailed on to allow other hon. Members to speak, so in deference to my hon. Friend the Member for Falkirk, West, who has been patiently waiting to speak, and to other hon. Members, I shall draw my remarks to a close. [HON. MEMBERS: "More, more."] That is not to concede that I have no arguments on my other amendments—I do.

I have tried to explain to the House why the Bill is bad and why it takes away people's rights; it is an unlimited charter to injure, kill and maim young children and it should be defeated.

Mr. Joyce: I want to direct my brief comments to new clause 29. I came to the debate instinctively supportive of the new clause, and even after listening to the magnificent lawyerly exposition of my hon. Friend the Member for Hendon (Mr. Dismore), who made some interesting and, perhaps, valid points, I am not sure that he has changed my mind. He has certainly not changed my view of the dangers of a compensation culture.

[Mr. Joyce]

Before the debate, I took the precaution of asking a few people about that issue. I spoke to members of the Camelon Labour club in my constituency, which organises activities and outings for children in the local area during the summer months. They tell me that there is no question but that people are more reluctant to volunteer nowadays, due to the perception that there is a greater risk of the law prevailing on them.

I spoke to a couple of people who run judo clubs. I know the sport fairly well; it has a lower risk of injury than many others. Those people had exactly the same opinion about the compensation culture. I spoke to people who run outdoor activities for schools; they held the same view. It seems pretty widespread. I also spoke to people at a marvellous organisation in my constituency—Westfield community centre, which, rather like the Camelon Labour club, runs summer activities for children. Mrs. Betty Cook, who runs that organisation extremely effectively, held the same opinion, so although I recognise the expertise of my hon. Friend the Member for Hendon, I find it a little odd that he describes the compensation culture as an urban myth, because that claim is neither scientific nor proven. I think that Members on both sides of the House would agree that there is some foundation for the idea that there is a compensation culture.

A number of hon. Members received quite a lot of correspondence before the debate. I looked through some of the arguments—clearly, they were offered independently and individually—and they had a certain interesting pattern. Different arguments were offered for disagreeing with the Bill, particularly the new clause, which represents its essence, and I shall share with the House a couple of those arguments, which were, frankly, rather shallow.

One of those arguments came from the Association of British Insurers, which said that the courts would interpret the Bill's provisions in such a way that people could not delineate voluntary activity from professional activity. We have heard a great deal lawyerly language today, but common sense can apply in these circumstances. Not every word that goes through someone's mind when reading a Bill needs to appear in the Bill. It is entirely possible to make that delineation.

Volunteering England does not support the Bill, but strangely—although this is not entirely contradictory—it agrees that there is an increasingly litigious culture. That is important. I do not think that the new clause was particularly badly drafted. I am not a lawyer, but it seems to have been drafted by someone who knew their business. However, I am not professionally qualified to make that point.

Another organisation, called Playlink, is sympathetic to the concerns that have been expressed, but it says that it does not support the Bill because the issues involved are very complex. There is a grave danger if we just give up. All issues can be complex, particularly where lawyers are concerned. I have enormous respect for lawyers, especially when I occasionally avail myself of one, although they are clearly very expensive. Nevertheless, we should be careful about accepting the argument that we should shy away because things are terribly complex. That is not a particularly good argument for not supporting the Bill.

Another excellent organisation, Youth Action Network, was against the new clause and the Bill in general because it thought that the provisions would not be clear to the voluntary organisations that used them. Again, that relates to the argument about complexity. It is like saying, "Well, it's all a bit too complicated. Not everyone is a lawyer." My view is that common sense can solve much of that problem.

The British Trust for Conservation Volunteers thought that, instead of the Bill, more insurance should be taken out, and the Association of British Insurers might agree. Frankly, I have my doubts about that suggestion and I wonder whether other agendas might lie behind it.

My hon. Friend the Member for Inverness, East, Nairn and Lochaber (Mr. Stewart) referred to the Samaritans. Although the Samaritans do not engage in what we would normally consider as dangerous or risky activities, I suppose that risk might be involved in the advice that someone is given down the phone. I have not seen the correspondence, but the Samaritans did not like the Bill either. They thought that the Bill would make it more difficult to recruit and retain volunteers. I could not follow the logic of that argument. The Bill is about exposing risk, making it public and reducing the risk to volunteers, thus making it easier to recruit and retain people.

Another organisation broached an important issue, perhaps unintentionally. Student Volunteering England argued that

"volunteering is becoming increasingly professionalised",

so we should not separate professional staff from volunteers. My right hon. Friend the Member for Holborn and St. Pancras (Mr. Dobson) made it clear that a distinction must be made between a volunteer and a professional member of staff. We all understand that that distinction is important, irrespective of whether it is based on training, competence or whatever. If we say that volunteers must have professional expertise, it would be a sure fire way to get rid of any possibility of people volunteering. Of course, volunteers are not paid, but if they achieve the same standards of training and competence as professionals, they would reasonably expect to be paid.

Finally, although I could mention many more organisations, Volunteers in Action argued—this is my understanding of its argument—that we should not make the risks more transparent as a greater awareness of the risks would make it less likely that people would want to volunteer. Again that seems to be a back-to-front way of approaching the matter. We want to expose the risk so that people understand it and can ask themselves whether they want to help in the activities. We then want the courts, if necessary, to use their common sense to recognise that there was an element of risk.

2.15 pm

Mr. Brazier: The hon. Gentleman is making an extremely punchy speech that goes to the heart of the issue of informed consent and to the intentions of everyone supporting the Bill. He is absolutely right.

Mr. Joyce: I agree with the hon. Gentleman's argument. Although I am prepared to accept expert legal advice and recognise that it is difficult to draft

legislation—whether one does or does not support a Bill may depend on specific legal advice—the issue comes down to a straightforward common-sense distinction. My hon. Friend the Member for Hendon expounded at length on lawyerly principles, but he over-complicated the matter. One can hardly understand a single word if every word is taken apart. One cannot legislate in the House if every word is deconstructed in that fashion.

The issue comes down to a common-sense judgment. By and large, the new clause makes sense to me as a non-lawyer. I understand that there may be legal difficulties, but my feeling is that most right-thinking people would look at the new clause and say, "Yes, this makes sense. It will help to encourage more volunteers."

Lawrie Quinn: When my hon. Friend spoke to volunteer organisations in his constituency, did they, like the ones in my constituency, express the view that they faced large administrative burdens and red tape in undertaking their fund raising and other activities? Does he think that the Bill will add to those burdens rather than reduce them?

Mr. Joyce: No, I do not. It is fairly straightforward. A certificate would be signed off and the questions of who would sign it and the ages at which children would have to be signed off could be understood quite clearly. The Department could stipulate such matters. It is relatively straightforward to ask for a certificate to be signed off, and that could encourage more people to join and help organisations.

Essentially, this is an issue of common sense. We should be careful about over-complicating matters, using too much legal jargon and deconstructing concepts too much. We all understand what is going on. We expect people to take reasonable care and exercise skill, and I understand exactly what that means. Above all, we should expose risk to enable people to judge whether they wish to take part in an activity that involves risk. Providing that those involved in voluntary activities understand the risks, things should go well. We should always bear in mind the increasing difficulties that organisations, such as those in my constituency, have in recruiting and retaining volunteers. That is the essence of the Bill.

The Parliamentary Under-Secretary of State for the Home Department (Fiona Mactaggart): I enjoyed the contribution of my hon. Friend the Member for Falkirk, West (Mr. Joyce). Those of us who have been on the journey of this Bill know that this is an example of the road to hell being paved with very good intentions. Although the hon. Member for Canterbury (Mr. Brazier) has not been as generous to me as he has been on other occasions, he will know that I have worked hard and energetically to try to meet the Bill's intentions and the concerns of those who support it. I have tried to ensure that people are not deterred by the perceived threat of litigation from the fantastic experience of volunteering and providing youngsters, in particular, and others with the wonderful opportunities offered by participation in adventurous activities.

I still have the notebook in which I wrote at an early meeting with the hon. Gentleman the reasons that he gave for introducing the Bill. I tried to see whether it was possible to do what my hon. Friend the Member for Falkirk, West said was easy. It turns out to be rather harder than one thinks. At the meeting, we agreed on the concerns that the hon. Gentleman's Bill sought to address. I noted that it sought to change the behaviour of providers and participants, reduce the threat of litigation, have an impact on the cost of insurance and provide more adventurous activities for young people. It was at that point that I coined my concurrence with the latter point and said that I did not want a vanilla world. I sometimes feel a bit cross with him when he uses my criticism of a vanilla world as if it were invented by him and as if all those who have criticisms of the way in which his Bill is constructed want vanilla experiences for our young people.

Mr. Brazier: I am very happy to pay tribute once again to the hon. Lady for the considerable time and effort that she has put into negotiations about the Bill. She must realise that the reason why we find ourselves in profoundly different positions is the use of the word "perceived". We have given many examples to show that there is an actual threat from a series of unsatisfactory judgments, rather than merely a perceived threat of litigation.

Fiona Mactaggart: I shall deal specifically with volunteering, but I want first to respond to that point. Regrettably, I fear that the perception with regard to litigation has been substantially increased by the behaviour of the hon. Gentleman. For example, I refer to the article in *The Times* of 13 July entitled "Let's vote for the sixth form to go skiing and the Guides to fry sausages again." He has been guilty of alleging on many occasions that guides cannot cook without fear of litigation. I have searched the statute books for litigation about guides and cooking, and I have found it. The case of Leonard *v.* the Girl Guides Association of 1995 is the only guides and cooking case that has ever got to court as opposed to being settled out of court.

Mr. Brazier *rose*

Fiona Mactaggart: Let me finish this point, and then the hon. Gentleman can make his point.

The judge in that case found that the guide involved had received instruction. That is what we would expect from the Guide Association, which is a very well-run institution. As to supervision, the court considered age, previous experience and extent of training instruction. The judge commented that the guide camp should be an enjoyable experience for all, but was also to teach and inform the young and encourage a level of responsibility in the young. The court accepted that there had been good supervision and that stifling supervision would have discouraged initiative, as a result of which the guide's case failed. That is the only case on the issue that has got to court.

One of the difficulties is that the hon. Gentleman frequently prays in aid cases that do not get to court. When one looks at the court judgments that have been made, one sees that they are different from the picture that he portrays. It is right that, on some occasions, insurers encourage organisations to settle out of court,

[Fiona Mactaggart]

sometimes even when they might have obtained satisfaction. On other occasions, organisations that understandably do not want to have run-ins with participants choose not to litigate cases. I completely understand that.

A note has just been passed to me saying that the specific case that I mentioned is the only case that has been reported but that it might not be the only one that has been litigated. I do not want to mislead the House, but I have searched the reports and I am confident that any substantial cases would be likely to have been reported.

It is true that some organisations choose not to litigate and that they often do so for good reasons, and not merely because of a feeling that the matter will be easier or cheaper to settle. One of the things that we need to do is deal with the consequences of a perception that people can go straight to court. First, we should ensure that people are aware of what the court says and their likelihood of failure. In a number of recent cases, very senior judges have clearly said that people must take responsibility for their actions. Lord Steyn says the courts must not contribute to the creation of a society bent on litigation.

We must deal with the view taken by, among others, insurance companies as a consequence of the courts myth, which is often eagerly received by our newspapers. The insurance sector's understanding of how voluntary organisations work is inadequate. The insurance sector thinks that "voluntary" means amateur and badly prepared, but that view is wrong in the overwhelming number of cases.

Mr. Brazier: The Minister is being generous in giving way. I wish that she had attended Tuesday's breakfast meeting organised by Kennedys, the legal advisers to the Scout Association, which is one of the largest voluntary organisations. The meeting was attended by legal and insurance experts from across the industry, who said that the choice is between putting a volunteer in court—they cited a string of cases, some of which I shared with the House, that they have lost—or paying up out of court, which happened in the case of the guides cooking sausages.

Fiona Mactaggart: The evidence and statements by the Association of British Insurers suggest that the difficulty is not the number of claims or the number of judgments, but the public's impression. Award inflation, which currently runs at 15 per cent. a year, is also a problem, as are lawyers' costs and arrangements. Insurance companies must also carry the cost of long-term occupational disease cases and so on.

There are ways in which we can deal with the insurance problem, which is something that the Home Office seeks to do. Some voluntary organisations initially felt that the Bill might be the answer, but they have concluded for all sorts of reasons, some of which were referred to by hon. Members, that it will not fix the problem. A better route would be intelligently to work with insurance companies to improve insurance companies' understanding of the voluntary sector, which is what organisations such as the Central Council of Physical Recreation have done.

Mr. Burnett: Will the Minister give way?

Fiona Mactaggart: No, I will not give way.

Mr. Bacon: On a point of order, Britain's farmers have been waiting for the Food Labelling Bill for three years. Although the extremely long speech by the hon. Member for Hendon (Mr. Dismore) was within the rules, it possibly falls within the terms of

"Obstruction of the business of the House otherwise than by disorderly conduct or persistence in irrelevance or tedious repetition."

Will you, Mr. Deputy Speaker, consider reporting this morning's events to the Procedure Committee?

Mr. Deputy Speaker (Sir Alan Haselhurst): Order. The hon. Gentleman makes a serious accusation against the Chair if he suggests that there has been, unnoticed, deliberate obstruction or any other irregularity. That is what he implied. Nothing out of order has taken place this morning. It is just one of those unfortunate things that if business does not proceed fast enough on an earlier measure on the Order Paper, other business is not reached. That is a simple fact of parliamentary life.

Fiona Mactaggart: Hon. Members have rightly praised the contributions made by volunteers and voluntary organisations in their constituencies. I want to correct a misapprehension that the House might be under about the number of people who volunteer.

Mr. Oliver Heald (North-East Hertfordshire) (Con): On a point of order, Mr. Deputy Speaker. I seek your guidance. The speech by the hon. Member for Hendon (Mr. Dismore) was clearly in order, and I think that speaking for three hours is a record for this Parliament. Even so, that speech stopped important private Members' business, such as the Food Labelling Bill. Can you give any guidance on whether hon. Members should show the slightest courtesy to other hon. Members or the slightest consideration of the importance of other Bills in their speeches?

Mr. Deputy Speaker: Order. I have to say to the hon. Gentleman that there are devices open to hon. Members to speed up business on a particular measure; no such question was put to the Chair.

Mr. Bacon: Further to that point of order, Mr. Deputy Speaker. May I clarify, for your benefit, that I was not suggesting earlier that the speech by the hon. Member for Hendon (Mr. Dismore) was in any sense out of order?

Mr. Deputy Speaker: Order. The record will make clear what appeared to be in the hon. Gentleman's point of order and the reply that I gave at the time.

It being half-past Two o'clock, MR. DEPUTY SPEAKER *adjourned the debate without Question put, pursuant to Standing Order.*

Debate to be resumed on Friday 15 October.

Remaining Private Member's Bills

FOOD LABELLING BILL

Order for Second Reading read.

Hon. Members: Object.

To be read a Second time on Friday 15 October.

RESTRICTED BYWAYS BILL

Order for Second Reading read.

Hon. Members: Object.

To be read a Second time on Friday 15 October.

HARBOURS BILL *[LORDS]*

Order for Second Reading read.

Hon. Members: Object.

To be read a Second time on Friday 15 October.

PERFORMANCE OF COMPANIES AND GOVERNMENT DEPARTMENTS (REPORTING) BILL

Order read for resuming adjourned debate on Second Reading [26 March], That the Bill be now read a Second time.

Hon. Members: Object.

Debate to be resumed on Friday 15 October.

HEALTH AND SAFETY AT WORK (OFFENCES) BILL

Order read for resuming adjourned debate on Second Reading [14 May], That the Bill be now read a Second time.

Mr. Deputy Speaker: Not moved.

CIVIL SERVICE BILL

Order for Second Reading read.

Hon. Members: Object.

To be read a Second time on Friday 15 October.

RIGHTS OF WAY (AMENDMENT) BILL

Order read for resuming adjourned debate on Second Reading [21 May], That the Bill be now read a Second time.

Hon. Members: Object.

Debate to be resumed on Friday 15 October.

TELECOMMUNICATIONS (PERMITTED DEVELOPMENT RIGHTS) (AMENDMENT) BILL

Order for Second Reading read.

Hon. Members: Object.

To be read a Second time on Friday 24 December.

REGULATION OF HORMONE DISRUPTING CHEMICALS BILL

Order for Second Reading read.

Mr. Deputy Speaker: Not moved.

CONSTITUTION FOR THE EUROPEAN UNION (REFERENDUM) BILL

Order read for resuming adjourned debate on Second Reading [23 April], That the Bill be now read a Second time.

Mr. Deputy Speaker: Not moved.

HUMAN RIGHTS ACT 1998 (MAKING OF REMEDIAL ORDERS) AMENDMENT BILL *[LORDS]*

Order for Second Reading read.

Hon. Members: Object.

To be read a Second time on Friday 15 October.

TELECOMMUNICATIONS MASTS (NEED AND SAFETY TESTS) BILL

Order for Second Reading read.

Hon. Members: Object.

To be read a Second time on Friday 15 October.

CRIMINAL JUSTICE (JUSTIFIABLE CONDUCT) BILL

Order for Second Reading read.

Hon. Members: Object.

To be read a Second time on Friday 15 October.

TOWN AND COUNTRY PLANNING (TELECOMMUNICATIONS MASTS) BILL

Order read for resuming adjourned debate on Second Reading [14 May], That the Bill be now read a Second time.

Mr. Deputy Speaker: Not moved.

FOOD IN SCHOOLS BILL

Order for Second Reading read.

Mr. Deputy Speaker: Not moved.

Mr. Owen Paterson (North Shropshire) (Con): On a point of order, Mr. Deputy Speaker. I note from the Order Paper that the first Bill to be discussed on Friday 15 October is the Crown Employment (Nationality) Bill, which is promoted by the hon. Member for Hendon (Mr. Dismore). As he has had more than his fair crack of the whip today, do you have any discretion to allow the Bill that my hon. Friend the Member for South

[Mr. Owen Paterson]

Norfolk (Mr. Bacon) is promoting and which has enormous support in the countryside, to take first place on Friday 15 October?

Mr. Deputy Speaker: The order of business is determined under Standing Orders and, at this point, it is not certain that there will be no variation. I suggest to the hon. Gentleman that he consult the right hon. Member for Bromley and Chislehurst (Mr. Forth).

Neighbourhood Renewal (Leyton)

Motion made, and Question proposed, That this House do now adjourn.—*[Vernon Coaker.]*

2.34 pm

Harry Cohen (Leyton and Wanstead) (Lab): I thank Mr. Speaker for granting me an Adjournment debate on Leyton's neighbourhood renewal. Leyton appears to be on the up—that is what local people say. The local people are great but Leyton overall is a relatively poor area, which was included in the recently published index of multiple deprivation, in which its position was unfavourably high for housing, income, education, skills and training, and general deprivation. Many residents rely on benefits and suffer debt. A large number receive incapacity benefit, which suggests a high level of chronic ill health. Crime has been high, with bad street crime and vehicle theft.

Leyton is located in a traditionally poor belt of the east end of London, which includes neighbouring Newham, Hackney and Tower Hamlets. However, whereas those three areas are easily recognised as needing action to tackle their deep-seated urban problems, Leyton's inclusion in Waltham Forest borough, which runs south to north, means that middle-class Chingford raises the overall income figures, resulting in Leyton's regularly missing out on special grant support to help it.

I shall not give a partisan, party political account of the impact of national policies on the area, so I take as my starting point the Housing Action Trust, which the Conservative Government set up. It succeeded in replacing several poor-quality, 1960s-style tower blocks with low-rise family housing in a better, albeit high-density, environment. The history of the HAT is interesting. The Labour council had well worked-out plans for housing redevelopment but no money or Government approval to proceed with them. Prince Charles visited one of the local tower blocks and apparently sent one of his famous letters, urging the Government to improve people's living conditions.

The Government wanted to promote their HAT policy, which many councils had utterly rejected because it came with an automatic sell-off condition at the end of any improvement. The councillors, with my support, shrewdly said that they would go for a HAT but not on those terms. They specified that there would have to be tenants on the board and involved in decision making. Tenants' votes would be the ones that mattered, and the Government's proposal for dead and absent tenants to count as votes in favour of a sell-off had to go. That happened, and the HAT excellently built the new, low-rise homes.

The Conservatives therefore helped to create the new homes but still failed overall to regenerate Leyton. Other inadequate housing, including the Beaumont, another big estate, which was not part of the HAT, was left to deteriorate as the Conservative Government told the borough that it had already had more than its share for the HAT. They made no attempt to co-ordinate the range of services and provision, most of which was public, to make a positive impact on the deprived neighbourhood and low-income families. Indeed, the cuts in public spending and an increase in unemployment had the opposite effect.

Enter the Deputy Prime Minister as Labour's environment supremo. He chose Leytonstone to announce neighbourhood renewal proposals and allocated Leyton £5 million as its share. However, that was only the start of an array of funding sources that allocated money to upgrade the area and improved the quality of life of its inhabitants. When I asked the Minister for Housing and Planning earlier in the year whether he or the Government office for London could collate all the sources and amounts that went to Leyton, he said it was not possible, but suggested a global figure of £700 million on investment. I suspect that that is based on a broad definition that covers some existing allocations. However, a lot of money is going to Leyton.

It is worth explaining that several different groups promote regeneration, not simply the local authority, as would have happened in the past. The council's role appears to be to advise, provide expertise and facilitate rather than be the main doer. Although many senior council officers are on the boards of the new regeneration bodies, there is almost certainly less accountability to elected councillors. However, local residents are more involved, to a limited extent.

The health administration is another big player. Waltham Forest primary care trust has been active in providing improved GP provision and public health programmes, and it has linked well with the other teams to try to incorporate an effective health role in the plans. The main local hospital is Whipps Cross in Leytonstone, which has a high turnover of patients. A lot of money has been invested in new wards—for children, for example—better accident and emergency provision with shorter waiting times, and greatly improved treatment for conditions such as kidney disease and cardiac illness.

The incidence of heart disease is high in Leyton, with ethnic minority residents of Asian origin among the most vulnerable. The Coronary Artery Disease in South Asian Prevention—CADISAP—project aims to improve their prospects, and the rapid access chest pain clinic, with its associated exercise programmes in the community, can provide a swift life-saving response at the first signs of that potentially fatal ailment. Whipps Cross is an old Victorian hospital with very long corridors and an unsatisfactory layout, and a rebuild is planned. The £303 million project approved by the Government is the second biggest in the country, and its impact on local people's health will be enormous.

At present, however, the shortage of GPs and consultants in London is an obstacle to health improvement. Due to a backlog of retirements, which the Government tried to stem with "golden stay-ons", there has been no improvement in the number of these crucial medics. The Government have, however, pumped a lot of money into doctor training. Many more are now studying and, in time, the situation will improve. Mental health services are being reorganised and, although targets have been set, significant improvement remains a way off. The council's social services department is also emerging from a low position.

Sport has been a big contributor to Leyton's regeneration. The SCORE project has received £8 million, with the principal contribution coming from Sport England. The project is bringing new sport and community facilities directly into Leyton. It is a great project, and the highest accolades must go to those who manage it, but lessons need to be learned for future urban regeneration projects. Co-ordination is complex but vital, and the withdrawal of a donor or a missed deadline for financing could have brought the whole plan down like a pack of cards. Even with success now virtually assured, the neighbouring waste disposal business, Bywaters, has obtained planning approval for expansion. The council, with inadequate money to require relocation, obviously felt that it had no alternative. We hope that these planning restraints and decisions will not spoil the sports facilities, but it is clear that they could. I suppose that that is the price of engaging in such activity in a high-density urban area, but it would not be tolerated in other locations.

Across the road from SCORE is Leyton Orient, and the privately owned football club is undertaking its own investment. Stands have recently been improved with grant help from the excellent Football Foundation, which promotes grass-roots soccer. There remains a strong case for the football authorities to redistribute some of the vast income at the top to the lower leagues. Leyton Orient's plans include housing at the four corners of the ground, one of which will have housing at affordable rents. The new stand will accommodate business uses and a health centre, and the outside of the ground will look much better. Importantly, the development will place the club on a sustainable financial basis.

The housing association, London and Quadrant, via its local subsidiary, Forest Homes, has taken over a large chunk of the council's housing stock and has well-advanced improvement plans, including for the run-down Beaumont estate which missed out under HAT. It is to spend £41 million on 2,600 homes, which will take seven years to upgrade. Another £10.5 million is to be spent on the Leyton Grange estate, refurbishing 259 homes and building 44 new ones. That will take 18 months to complete. Forest Homes' representatives play a leading role in what is now called Team Leyton and in progressing the Pathfinder project, for which the neighbourhood has won £2.5 million over the next seven years to tailor services closer to the needs of local residents.

The management of the remaining former council housing, via the arms-length company, Ascham Homes, has been disappointing, its important grant bid to upgrade its homes having been unsuccessful. In those circumstances, the wholesale transfer of housing from the council has not worked. It would be better if the councils and tenants, rather than being forced down that route and then being unsuccessful, could be enabled by the Government to manage an income stream of their own for investment. That would help to meet the Government's decent homes target.

There is much more. The new town centre has been developed and is up and running. Community linkage to it from the older parts of Leyton will, over time, improve. Sure Start is boosting child care provision enormously in an area where it has been needed but largely absent. Government policy will result in children's centres in Leyton and in other wards in my constituency, and 10 new street wardens, along with their police colleagues, are impacting on crime and disorder—down 20 per cent. at the last count.

[Harry Cohen]

Financial allocations to local schools, along with the excellence in cities initiative, have achieved a truly massive increase in spend per local schoolchild, and the recently approved allocation for building schools for the future will enhance that. Leyton sixth form college is improving its provision of education. Money is being invested in learning and skills centres and a much upgraded Jobcentre Plus, which, although not directly located in Leyton as I would have liked, will help more people to find jobs. Unemployment throughout my constituency is down 46 per cent. overall since 1997, with youth unemployment down even more.

On top of that, £10 million could well be invested in the velodrome and BMX facility for the Olympics. Eurostar investment in the railway lands and a possible rail line to Stratford could also be in the offing, so things have been and are happening for Leyton. I am proud that they are happening on my watch and that of the Labour Government that I support.

There remain some deep-seated problems, however, and some so far unsuccessful elements. Perhaps the most important is the inadequacy of accountability and transparency. I recently tabled a parliamentary question asking how an individual can obtain the detail of what is going on and how he can influence it. That needs to be improved. If not corrected, it could harm the whole project.

There are other gaps. The council's housing benefit system must be upgraded. We could do with more teachers in our schools. The regeneration is not covering all Leyton, and neighbouring Leytonstone must not be left to decline. The system needs to ensure that the desired outcomes are achieved and value for money obtained, but a lot of money is coming in. It is being used to address needs and important things are happening for the area and its people. They would not be happening under a politically different Government with different priorities and less commitment to public services and regeneration.

Leyton is on the up, and I pay tribute to the Government and the Office of the Deputy Prime Minister for that.

2.48 pm

Paul Clark (Gillingham) (Lab): I begin by congratulating my hon. Friend the Member for Leyton and Wanstead (Harry Cohen) on securing this debate on what obviously is an important issue for all those who live in Leyton and in the wider borough of Waltham Forest. Before the debate, and bearing in mind my Whip's post, I took the opportunity to speak to ministerial colleagues, and I am well aware that my hon. Friend takes an active interest in this area and that he has served his constituents well by raising the profile of neighbourhood renewal in today's debate.

In January 2001, the Government launched a national strategy action plan for neighbourhood renewal, which set out the Government's vision to narrow exactly the gap to which my hon. Friend referred—that between the poorest neighbourhoods and the rest, so that within a time scale of some 10 to 20 years no one should be seriously disadvantaged by the area where they live.

The key aim is to deliver economic prosperity, safe communities, high-quality schools, decent housing, a decent physical environment, and better health in the poorest parts of the country. I note that my hon. Friend referred to the levels of crime, particularly in his area of Leyton, and the need to tackle issues such as the number of people on benefits and the level of heart disease. Through that holistic approach in relation to neighbourhood renewal, we hope to address exactly those issues in our worst areas.

Leyton ward is one of the five most deprived wards in the borough of Waltham Forest, identified under the indices of multiple deprivation 2000. As such, it is a priority for Government and the local strategic partnership. My hon. Friend will be aware that the local strategic partnership brings together key stakeholders in the borough including, importantly, community and voluntary groups. That body sets the strategic priorities for the borough and considers ways of changing the delivery of mainstream services to ensure that no one is disadvantaged by the area in which they live. What we hope and believe is that that approach places the communities at the heart of the decision-making agenda.

Eighty-eight local strategic partnerships—those with the highest level of multiple deprivation—receive funding through a number of streams, but principally through the neighbourhood renewal fund, to pump-prime those new ways of working and delivering services. As I am sure that my hon. Friend would agree, we are delighted to note that, following the recent comprehensive spending review, my right hon. Friend the Chancellor has announced that that valuable fund will be extended.

Specifically, as my hon. Friend has said, the London borough of Waltham Forest has been awarded a total of some £10.85 million from the neighbourhood renewal fund over a period of five years to March 2006. Almost £6 million has been allocated up to March this year. As my hon. Friend points out, it is impossible to define precisely how much of that neighbourhood renewal fund has been spent in Leyton. A number of the cross-cutting interventions that have been commissioned apply across ward boundaries and will benefit residents not only in Leyton but throughout the borough. I know that he tabled a written question last month to the Under-Secretary of State, Office of the Deputy Prime Minister, my hon. Friend the Member for Pontefract and Castleford (Yvette Cooper).

Last year £200,000 was allocated specifically to Leyton to be distributed by agreement through the neighbourhood forum. I assure the House that Leyton has an active neighbourhood forum, set up last year, and through that forum, which closely involves residents of Leyton, local priorities are identified and money allocated to tackle those local issues. The forum has further set those priorities against ward statistics, and used that to produce a locally focused action plan identifying interventions that are specifically tailored to tackle those local problems. While the local strategic partnership has agreed to spend the majority of future funds from the neighbourhood renewal fund on a

cross-cutting agenda focusing specifically on 14 to 19-year-olds, I am pleased to say that it has agreed to provide extra support in the sum of £400,000 to each of the five priority areas, of which Leyton is one.

All Members of Parliament, and particularly those who represent constituencies that face the issues faced by my hon. Friend, will know that many people living in those areas are too often passed from one organisation to another because it is unclear who has responsibility for a particular problem. Those issues were investigated by the Government's policy action team on neighbourhood management. Following that, a neighbourhood management programme was set up to test out new ways of delivering services and of trying to join up the range of agencies, including housing agencies, working in hard-pressed neighbourhoods.

Neighbourhood managers offer a single point of contact for residents and businesses and will have the ability to negotiate with service providers about how services are delivered. I am delighted to say that, in December last year, the Office of the Deputy Prime Minister extended the neighbourhood management pathfinder programme and awarded a second round pathfinder to Waltham Forest based in Leyton.

My hon. Friend has raised the issue of housing. One of the key underlying thrusts of the whole neighbourhood renewal project is about decent housing and decent homes. He will be well aware that we have a decent homes standard.

We know that housing organisations are often the largest stakeholders in deprived neighbourhoods in terms of their assets, local management arrangements and consultation structures with local communities. Leyton's neighbourhood management structure will be developed in the context of a secured £41 million housing improvement programme in Leyton, and will be delivered to the London and Quadrant Housing Trust, with the local authority acting as an enabler rather than a driver. The aim is to maximise service provision for local people. The Government are making up to £350,000 per annum available for the pathfinder over the next seven years.

I note what my hon. Friend said about Ascham Homes, and I am aware of the disappointment that will have been caused. I think my hon. Friend would agree, though, that it would be wrong to rush ahead with a programme that may not meet the aspirations of local people. It is important to get it right at the outset, so that we do not offer what we cannot deliver. It is better to have a sound basis on which to proceed in the long term. The shadow board wants to recruit a neighbourhood manager and is consulting on the production of the delivery plan to ensure that this pathfinder brings real change for the people of Leyton.

Neighbourhood wardens are becoming an effective part of the community, uniting residents and communities and having a visible effect on crime and the environment. The wardens in Leyton are no exception to that success, and I am delighted to say that the ODPM has just awarded them the quality standard for their scheme. The objectives that they have set themselves for the next 12 months are demanding. They include reducing the fear of crime by 10 per cent. in Leyton, reducing reported street crime by 15 per cent., and reducing the number of people saying that antisocial behaviour is a big problem by 20 per cent. Those are stretching objectives, but according to early indications there has been a marked effect on crime and antisocial behaviour in Leyton. That effect is likely to increase when the neighbourhood management programme starts in earnest.

It is right for us to address housing, employability and job prospects, so in addition the ODPM has provided an £150,000 area growth fund to help the London borough of Waltham Forest pilot the area action plan in five of its main regeneration areas, of which Leyton is one. The plans explore options for increasing residential density in the delivery of housing targets, while at the same time exploring options for intensification and mixed use of industrial land with employment growth. That holistic approach to planning—my hon. Friend said that in the past such an approach had not been taken—will benefit Leyton when it considers issues of sustainable communities and liveability. My hon. Friend will be well aware that sustainable communities are at the heart of all the work and policies of the ODPM.

My hon. Friend rightly mentioned the work being done by Leyton Orient football club. That is extremely welcome. Work done in areas of deprivation throughout the country has made us aware of the impact that sport and recreation can have on communities, and their importance to communities. There is a £14.5 million plan to redevelop the football club, which has embraced the need for community sports programmes. As my hon. Friend said, that needs to be financed through the creation and leasing of residential blocks sited on each corner of the ground.The proposed redeveloped stadium will include both community and business facilities. The club aims to attract tenants who will be beneficial to the local neighbourhood, such as doctors and dentists. My hon. Friend referred to the lack of doctors. Given that we have trained more doctors nationally, this initiative will, hopefully, help to attract them into my hon. Friend's constituency.

The Leyton Orient community sports programme—the club's social inclusion initiative—will be housed within the proposed new stadium facility. It aims to access and engage with young people living across north-east London who are traditionally excluded from mainstream sporting, leisure and educational opportunities. The programme runs a range of innovative and creative sports and educational projects in Waltham Forest and the neighbouring boroughs. This involves a partnership with a broad range of agencies, local authority funders, regeneration agencies, youth offending teams, schools and the Home Office—another example of bringing key stakeholders and good partnership working to the table.

My hon. Friend referred to the SCORE project, which is a beacon for us all. We need to consider how it can be taken forward and the lessons that undoubtedly can be learned from it. It is at last bringing to life the social exclusion unit's policy action team report, which examined how sports and arts can contribute to a range of cross-cutting issues, such as crime reduction, health awareness, educational attainment and employability. We look forward to seeing how the project progresses.

[Paul Clark]

Neighbourhood renewal is at the heart of this Government's intention to create sustainable communities in some of the most deprived areas of the country, and Leyton is no exception. This commitment is channelled through the council and its partners and—importantly—through the local residents and communities. For these initiatives to work there must be sufficiently strong local leadership, and I genuinely believe that Leyton has that. I am advised that there is a "can do" mentality in the area. That, together with Government support, will drive through the necessary measures to ensure lasting change that narrows the gap for the people of Leyton.

My hon. Friend began this debate by saying that Leyton is on the up, and I have no doubt that that is true. Such change is possible only if there is genuine partnership working. The delivery of lasting change relies not just on the participation of national and local government, but of all the partners whom he and we in the Department have met. In securing this important debate, he has hopefully enabled us to highlight some of the forward-thinking approaches that are being taken in Leyton. For that, I am extremely grateful to him.

Question put and agreed to.

Adjourned accordingly at three minutes past Three o'clock.

Westminster Hall

Tuesday 29 June 2004

[SIR NICHOLAS WINTERTON *in the Chair*]

Premium Telephone Numbers

Motion made, and Question proposed, That the sitting be now adjourned.—*[Derek Twigg.]*

9.30 am

Sir George Young (North-West Hampshire) (Con): I welcome this opportunity for a debate on premium rate numbers and the growing problems of abuse to which my constituents are falling prey. I note that several other hon. Members share my concern. It is good to see the Minister in his place. If I may say so, he is an effective political firewall for his Department, neutralising and repelling hostile attacks.

This is a topical subject. Last Thursday's edition of *The Times* featured a story by Helen Nugent—"BT chases phantom sex caller as bills soar"—and the day before I read "Pop-up scam hits internet phone lines" by Liz Philips in the *Money Mail*. *The Sunday Times* two days ago included the story "Premium rate robbery" by David Hewson, and I have a large number of headlines from press cuttings that were helpfully provided by the Library: "New mobile phone scam promises prizes but could cost a small fortune", "BT urged to act over internet scam", "Couple dispute £750 phone bill", "BT customers may sue over internet rogue-dialling scam" and, last but not least, "Phantom of the phone sex lines strikes again in Middle England".

I shall describe the premium rate number industry, set out the abuses that are now rife, analyse the regulatory response, which I believe to be wholly inadequate, and suggest some possible remedies. Basically, the premium rate number market revolves around the use of the 090 telephone number range, for which charges to the caller are up to £1.50 per minute. Most of the premium rate market, which is worth £1 billion per annum, does not involve any abuse. It embraces the voting lines for "Big Brother", lines for weather reports, technical help desks, chat lines, horoscopes, TV games, charities, music downloads, Government Departments and what is politely called adult entertainment. The world would continue to rotate without premium rate numbers. Indeed, many countries have banned them. People in those countries who want to pay for premium services over the phone pay by credit card. I shall return to that nuclear option later.

The structure of the industry is not straightforward. Let us start with the network operator—BT, NTL or Telewest. They are the folk to whom we pay our phone bills. A premium rate call goes from our phone line through two separate organisations. First, it goes through the terminating network operator, of which there are several dozen. They are the owners of the 090 numbers, which are allocated by Ofcom. They in turn lease the numbers to service providers, which provide some 30,000 services. They are at the end of the chain and may or may not be located in the UK.

It is important to understand not only the structure of the industry, but the revenue-sharing arrangements. All the money that ends up in the hands of the fraudsters starts off in the hands of reputable telephone companies. As BT is typically paid quarterly in arrears for calls by its customers, it may be paid up to four months after a premium rate number has been called. However, it pays out to the terminating network as early as 14 days after a call has been made. BT keeps between 6p and 7p per minute and hands the rest to the terminating network, which, as the 090 host, keeps its percentage of the revenue and pays out the remainder to the service provider, which typically gets 80 per cent., although in some cases it may be less. The secondary settlements can take place weekly. If there is an abuse, it may not be noticed for some time; typically, it will be noticed when the subscriber gets a phone bill. In the meantime, the fraudsters receive their money—in some cases, they do so as soon as seven days after the call—leaving BT or NTL exposed and an argument about whether the bill should be paid.

BT is, in effect, acting as a credit card for the sale of services via the telephone line, but without some of the essential features of the credit card market. For example, a credit card company can be held jointly liable if the goods supplied by one of its merchants are faulty. In the cases we are debating this morning, however, BT has no control over the "merchant", because an intermediary in the process licenses the merchant and BT and other carriers are obliged to carry the traffic that presents itself. Again, I will return to the revenue-sharing arrangements at the end of my speech. That is the industry in a nutshell: the majority of carriers are responsible and law-abiding, but a minority are not so.

Abuse can take place over a telephone line, involving either the telephone or computer attached to it. Starting with the telephone, last year a spate of misleading and unsolicited text messages conned people into calling premium rate numbers to win non-existent prizes. Typically, a text message would appear on the screen of a mobile, saying, "Congratulations, you have won £2,000. Ring this number to collect your prize." It would not be made clear that the number was a premium rate number; that those who rang it would have to listen to a long pre-recorded message at £1.50 per minute; and that the prize would often be elusive or valueless. Children with mobiles got those messages, and in comparison with adults, they had less chance of knowing that they were a scam.

The Independent Committee for the Supervision of Standards of Telephone Information Services—ICSTIS—is the regulatory body, and it notes:

> "During the second half of 2003 we had to deal with over 7,000 of these complaints. In most cases it became evident that there was both spam marketing taking place and that 'services' associated with the text promotions were at best misleading and at times apparently fraudulent."

Clearly, there was substantial abuse in that part of the market.

Scams targeting computers have generated most publicity recently. There are some legitimate services that can be accessed by dialling an 090 number via one's computer. When that happens, the computer will disengage from the normal service provider, dial a premium rate number and the user's phone bill will be charged accordingly. The principal type of abuse takes

[Sir George Young]

place when, unbeknownst to the owner, the computer initiates the dialling of the premium rate number. That can happen when a rogue dialler is installed, often through an unsolicited pop-up box that looks like an advertisement. It may ask the user if they want to download some software, and even if they click "no" or close the box, the software is downloaded. It replaces the number that the computer normally dials to get on line, which is typically 08, with a premium rate number—09. The rogue dialler is sophisticated enough to turn off the modem dialler, so that the user does not hear it dialling away at their expense. Some diallers call the 090 number once, some call programmatically—for example, in the early hours of the morning if the computer is left switched on—and some change the default dialler.

There are cases in which a member of a household dials one of those services, but denies having done so when the bill arrives. That obviously causes problems in the household and for BT. However, there are enough cases of clear fraud to cause concern, and they have been well documented in the press. Other hon. Members may also have their own examples.

Mr. and Mrs. Higdon of Maidenhead faced a £744 bill, run up in six weeks by calls to premium rate numbers linked to websites owned by a company in west Africa of which they knew nothing. BT has not so far waived the charges. A constituent e-mailed me last week after being charged for an internet call that he did not make. When he reported it, he found that it was already under investigation by ICSTIS, but BT has told him that its policy is not to refund.

Malcolm Bruce (Gordon) (LD): The right hon. Gentleman makes an important point. Does he not agree that even if people have knowingly accessed a premium rate number, they should also be given information about the charging rate? The fact that they may be embarrassed to admit that they made the connection should not be an excuse for people to rip them off.

Sir George Young: The hon. Gentleman is right. The ICSTIS code makes it clear what information must be given to the consumer about the rate that is being charged, but, sadly, some rogue diallers do not provide consumers with those details.

Money Mail tells us of Raquel from Kensington who ran up a £300 bill, probably through a rogue dialler. She has been cut off by NTL, which will not reconnect her until she pays. Susan Westnedge was mentioned in *Money Mail* on 23 June. Her BT bill suddenly trebled from £50 to £150 in April. Nine calls had inexplicably been made to São Tomé in west Africa. She said:

"When I rang, I was told nothing had been done to prevent this continuing. I was told BT was inundated with similar complaints about fraudulent calls."

Some 19,000 BT customers are currently having calls to premium rate numbers investigated. At £102 per sum disputed—an ICSTIS figure—that is some £2 million of potential fraud, and those are just the cases that have been reported to BT.

The high-tech crime unit of the police is now involved and has stated publicly that it suspects collusion and/or conspiracy to defraud within what is called the value chain. However, with much of the fraud committed by companies based overseas, it may never bring the culprits to book.

What has been the regulatory response to the abuse? The role of ICSTIS is to prevent consumer harm by requiring clear and accurate pricing information; honest advertising and operation of services—that relates to the point made by the hon. Member for Gordon (Malcolm Bruce)—and appropriate and targeted promotions. It is funded by the industry, with a budget of some £2.8 million in 2004. It enforces its decisions through an Ofcom-approved code of conduct. It sets and reviews standards of content and promotion for premium rate services, and it licenses services, ensures compliance, investigates complaints, adjudicates and applies sanctions, such as fines. That is the theory.

In its October 2003 newsletter, ICSTIS said of text messages, the first scam I that mentioned:

"Wherever necessary, we have acted to bar access to numbers and impose heavy fines."

However, when I took up a constituency case in that very month, the response was wholly unsatisfactory. I e-mailed ICSTIS on 18 October last year, after a constituent got a message that said:

"Urgent; your mobile number was awarded a £2000 bonus."

To collect the prize she had to telephone a premium rate number, with a long pre-recorded message, which cost about £8. I got no reply to my e-mail to ICSTIS and wrote again on 7 January. I also wrote to the company responsible—Prize Line, PO Box 80, 571 Finchley lane—and never got an answer. I eventually got a reply from ICSTIS on 10 March, four and a half months later:

"I am responding to your email of October 18th and your subsequent letters of 11 and 27 February. I am sorry you have had to chase for a response in this way."

If that is the service given to MPs, what sort of service do our constituents get when they contact ICSTIS directly? In its consumer guide, ICSTIS says that it aims

"to resolve all complaints quickly, effectively and consistently".

That was not my experience in this case.

The letter went on to reveal the failure of the regulatory system. To take action against the service provider at the end of the chain, ICSTIS needs to get its identity from the terminating network—the guys in the middle. The letter stated:

"While we have been active in closing down services, the co-operation of the terminating network is required in every case. In some cases, we have problems with network operators failing to provide the necessary information promptly or otherwise failing to assist us with the investigation of cases. This information is essential if we are to act to close apparently rogue services in order to stop harm. In your case the network responsible for the 090 number is One World Interactive and the service provider contracting for its use was Smile Telecom Ltd . . . The identity of the service provider was not however known to us for a period of 10 weeks as a result of delays at the network level."

In other words, when an alleged scam was reported, ICSTIS could not close it down because the host would not reveal the name of the service provider. And so the scam continued, with money going to Smile Telecom, until eventually One World Interactive told ICSTIS who had the number.

On the current scam involving rogue diallers, the regulatory system seems to be in meltdown. Many have tried to complain to ICSTIS, but the line has been

constantly engaged. The helpdesk is in meltdown because of a record volume of complaints. On 16 June, the ICSTIS director, George Kidd, said that it had never before had to respond to so many complaints from the public. Daily, 2,000 calls are being reported to ICSTIS—and those are the ones that get through. With such a high volume, it takes up to 26 weeks for ICSTIS to conclude investigations.

I note from ICSTIS's June newsletter that the Minister said:

"ICSTIS does an excellent job, and is a good model of effective self-regulation without, until now, any legislative support".

In light of the current circumstances, I wonder whether he stands by that statement.

ICSTIS has the ability to fine, but 70 per cent. of fines do not appear to be paid, presumably because the offending company is based overseas or is in liquidation. ICSTIS tells me that, in 2003, it fined the highest sum in its history. That was a reaction to the batch of wilful spam and scam mobile promotions that swept the UK, which I have mentioned. The basic figures for 2003 show that 209 companies were fined a total of £1.26 million, of which less than £500,000 was paid. Some fine income received in 2003 relates to fines set in 2002. Equally, it is likely that fines issued in the last month of 2003 will not be settled or written off until early 2004.

So there is abuse and regulatory failure. That leads me to remedies. A first option would be a total ban on premium rate numbers. That has happened in other countries. It would mean that legitimate enterprises—"Big Brother" and the like—would be unable to collect revenue via a premium rate service. I suspect that that would affect the viability of some popular television programmes. The alternative revenue stream could come from credit cards, but that is logistically more difficult for the companies and less convenient for users of genuine premium rate services. I personally would not favour that solution at this stage, but if I were the Minister or ICSTIS, I would use the threat of closure in the near future as an incentive for the industry to get its act together.

Mr. Mark Lazarowicz (Edinburgh, North and Leith) (Lab/Co-op): I am grateful to the right hon. Gentleman for bringing the issue to the attention of the House. I am sure that there is not a single Member of the House or of the population who has not been affected in some way by someone trying to sell premium rate numbers to them.

Will the right hon. Gentleman expand on why he has rejected the idea of a total ban on premium rate numbers? With so many abuses, is there not a case for that simple resolution of the problem? To use his example of television reality shows, I am sure that the makers or the companies would find some way of allowing the public to vote for them. It seems hard to suggest that the world would be a worse place if we did not have premium rate telephone numbers.

Sir George Young: The hon. Gentleman makes a strong case for abolishing premium rate numbers. As I said, I do not rule that option out. My initial view is that, as the majority of the industry is responsible, it would be sad if the activities of a minority wiped out an industry. I hope that we can improve the regulatory system in the way that I am suggesting, which would mean that the fraud was wiped out, but would enable the legitimate industry to survive. I do not rule out abolition in the long term, but I think that it would be a bit defeatist to go for that option at this stage.

The second thing that we could, and I think should, do is make the terminating networks responsible for the fines imposed by ICSTIS on the service providers if they are not paid. That would encourage the owners of 090 numbers to be far more careful about the folk to whom they lease the numbers. Of course, unlike ICSTIS, those owners can access revenue flow to ensure that the fines are paid. At the moment, the terminating networks are not at risk, although the fraud can take place only with their compliance. Moving responsibility for collecting fines to the terminating networks would significantly reduce the administrative burden on ICSTIS, which is seriously stretched.

Thirdly, the terminating networks could be asked to put up bonds before they can issue numbers. The bonds could be drawn on either if the fines remain unpaid or for the resourcing and funding of a proper compensation scheme, of which I shall say more in a moment. Fourthly, the TNOs should be stripped more readily of their licence to issue numbers. I mentioned earlier the delay in providing ICSTIS with the details of Smile. ICSTIS told me:

"The real problem however was the subsequent reluctance and in effect refusal by One World Interactive to provide us with the service provider information for the number range in question."

Why in heaven's name is Ofcom or ICSTIS allowing One World Interactive to go on issuing 090 numbers if it refuses to co-operate? Service providers get away with the scam only because of shoddy work by a few TNOs, but ICSTIS seemed reluctant to act. On 10 June, it told me that

"we are involved in three enforcement actions against terminating networks who have failed to provide us with information or who have failed to prevent access to services when so instructed or who have failed to withhold payments when told to do so."

Those are the companies that issue the numbers; they should be thrown out.

Fifthly, we should change the arrangements for the flow of revenue. The rapid outpayments that I mentioned earlier reduce the likelihood that funds can be frozen at the network level, even when an emergency procedure is invoked. Weekly payments to service providers should stop at once. I was surprised to learn that modest reforms to the payment regime may require legislative change. When I queried the current regime with ICSTIS, I was told:

"You should note that there are legal constraints on our right to require that monies be withheld at the TNO level pending completion of an investigation. If the Committee agree there is the risk of serious harm, they can approve an Emergency Procedure action of the kind previously described. This involves an instruction to withhold revenue to the TNOs involved. If the case does not merit pre-emptive action we are advised that it would be prejudicial to withhold payments, other than provision for administrative costs, pending an eight to twelve week process and adjudication."

BT is also quoted as saying that it could be sued if it does not pay the premium line holder monthly. Perhaps the Minister will comment on whether there are legal constraints that prevent slowing down the revenue flow—particularly when there are allegations of fraud—which I regard as an important part of the solution.

[Sir George Young]

Sixthly, one could ask the service provider to put up a deposit, which it would lose should it be found by ICSTIS to be abusing the system. Service providers should also register details with ICSTIS of what they plan to do and get prior permission—something that used to happen but which has now stopped.

Seventhly, ICSTIS needs more resources simply to cope. It needs more people on the helpdesk, quicker investigations and a more proactive approach to prevent abuse. The levy on the industry should be put up to fund this; I am certainly not advocating any taxpayer support. I welcome much of the work that ICSTIS has done. It provided advice recently to MPs on how to help our constituents, and it recently participated in a seminar chaired by the hon. Member for Sheffield, Hallam (Mr. Allan), which was very helpful. However, it is drowning under the wave of complaints.

Eighthly, we need more publicity for free premium rate service barring, free software downloads and better customer education. I welcome what BT is doing by contacting every BT customer over the next few months to alert them of that and it has already e-mailed its 1.8 million retail internet customers. Perhaps it should be bolder about cutting service providers off when fraudulent activity is taking place.

Ninthly, we need a faster uptake of broadband so that the problem of rogue diallers cannot arise. I know that the Minister is committed to roll-out, but the issue at the moment is low take-up where it is available.

To bring the score up to 10, and to conclude, what is needed is an effective, comprehensive and properly resourced regulatory regime with meaningful sanctions promptly enforced and an efficient compensation scheme for telephone subscribers who are ripped off by fraud. We are some way from that goal, and I have identified some milestones along the route. If we do not start moving along it, we should look again at the nuclear option mentioned by the hon. Member for Edinburgh, North and Leith (Mr. Lazarowicz) of removing premium rate numbers entirely. I hope that the Minister will be able to respond to this debate by outlining a strategy for recovery.

9.54 am

Mr. Derek Wyatt (Sittingbourne and Sheppey) (Lab): I congratulate the right hon. Member for North-West Hampshire (Sir George Young) on securing the debate and thank him for his long and detailed speech, which will make the speeches of others much shorter. I also apologise to the Minister because I am supposed to be in two other places at once; a Select Committee meeting and a meeting with the Under-Secretary of State for the Home Department, my hon. Friend the Member for Don Valley (Caroline Flint) where we shall deal with some of the issues raised today. Please forgive me if I am not here at the end of the debate.

Previously, Government debates have been concerned with the Independent Broadcasting Authority, the Independent Television Commission, and the problems of floating a licence for ITV or putting it into the public domain. In 1998 there was a bidding document on 3G phones. Neither system was right, but we are beginning to tease out something on which, as the right hon. Member for North-West Hampshire said, there should be a bond. If we cannot solve the problem, I suspect that we may have to return to saying that the cost will be x up front, which is one way of solving some of our problems. There is a second, nuclear option.

Two of my constituents have e-mailed me. The first stated:

"I don't really know the technical side of it. As I understand it, I must've visited a website which then sneakily changed my dial-up phone number. I believe that I made all the calls that were on my phone bill—but that the dial-up number was changed to a premium rate number . . . I am careful not to open up pop-up windows when visiting most websites, but some open automatically.

I was told by someone at work that her husband phoned BT and asked them about it and they said that your computer would only be affected like mine if you visited 'adult' websites. I don't know how much truth is in that".

The cost to my constituent was phenomenal. She spent 47 minutes on the internet through a premium-rate dial-up without knowing it and it cost her £60.45. Her usual phone bill is around £65.73, so there was an enormous increase in her bill.

The second constituent stated that if someone had access to websites without going through a recognised service provider such as BT or AOL, sites were often prone to add-on programmes that illicitly and illegally changed the dial-up telephone number without notification. There were innocuous questions at some point and if the x in the top right hand corner was not clicked, agreement was effectively given. My constituent thinks that that is very underhand and that it is wrong that it is allowed to continue.

Mr. Richard Allan (Sheffield, Hallam) (LD): It is important to dispel a myth about visiting websites. Every day, my inbox contains e-mails carrying diallers, which are effectively viruses. If I click on or do anything with those e-mails, the dialler will be installed on my system. It is important that users understand that the problem exists on e-mails daily and that the suggestion that someone must have visited an adult website is not true.

Mr. Wyatt: I agree with the hon. Gentleman.

We have heard about the scale of the problem from BT, which said that 19,000 of its customers are having calls to premium rate numbers investigated. It went on to say that that figure is not considerable for BT, but I simply do not know how long it will be before those calls are investigated and I doubt whether BT has the resources to do so. Our constituents are very concerned, especially older people who do not really understand. Younger people are web-savvy and mobile-savvy and get the gist that something is going on, but an elderly woman may not realise until she receives a bill for £700 or £800 and BT, NTL or Telewest tells her that she must pay it. The whole telecoms servicing section should be looked at. I cannot understand how BT can deal with 19,000 customers.

There are several cases in my constituency and it seems that BT is saying that it will take them off the account, park them in a lay-by and have a debate, but that is not good enough because so many cases are

coming in; 2,000 a week. How on earth can ICSTIS cope with so many? It is bad enough with BT, but ICSTIS is seriously under-resourced.

Perhaps the Minister will comment on whether the role of ICSTIS as a regulator is part of the problem. Should it be in the business of providing advice and information online and through its helpline, or should it be pulling back and limiting itself to an enforcement role? At the moment, it cannot do both. Every week, 25,000 people try to get through but cannot because it is simply impossible to find a free line. ICSTIS reckons that it handles about 25 per cent. of calls. That is not reasonable. Unless there is some way of splitting ICSTIS or making some short-term funding available, I do not see a resolution to the problem before Christmas. All that will happen is that many more thousands of people will be severely embarrassed by their phone bills. We cannot just leave the issue in mid-air and hope for resolution at some stage. We need a short-term fix, and a short-term fix tomorrow would do.

The right hon. Member for North-West Hampshire mentioned the piece by Helen Nugent in *The Times* last week. Let me refer to some of the bits in it that surprised all of us; 18 households in the hamlet of Mew Green near Bardfield Saling in Essex were charged £1.50 a minute without their knowing, and dozens of villagers in Helions Bumpstead near Haverhill were charged, as were 28 of the 65 households in Thurne near Acle, where I was called yesterday by the BBC to do a radio interview. No one can quite understand what is happening. Mystery phone calls are being charged to people.

A cybercrime unit is needed to deal with these rogue forces. One problem is that cybercrime is not taken seriously in this country. In fact, I understand that none of the Home Office figures in the public domain include cybercrime.

Malcolm Bruce: Is not it the case that the boxes in the street are accessible with a T-key? Anyone who knows what they are doing can access them, dial a premium rate number and charge it to a domestic bill. Is not the first priority to have a little more security on the boxes?

Mr. Wyatt: The hon. Gentleman is absolutely correct. That is a problem, and we need greater security.

The Network for Online Commerce, which was set up in 1994 as a not-for-profit trade association, has been in touch with me. In March 2004, it created the dialler action group. It had been talking to ICSTIS and had become worried that ICSTIS was overwhelmed. I have received a letter from its chairman, who says that the NOC is totally supportive of ICSTIS but suspects that, under its current structure, it is difficult to react with sufficient speed and technical appreciation of this sophisticated market. The NOC is working with ICSTIS to assist in assuring effective change to limit any industry problems associated with diallers. ICSTIS is overwhelmed, not just by technical issues but by its day-to-day activities. To constituency MPs, the problems seem similar to those of housing benefit or the Child Support Agency. The system is overwhelmed.

I wonder whether I might put in my three penn'orth. I do not have 10 suggestions, but I have had an interesting e-mail from David Knell of Coulomb Ltd. about the terminating network operators, which are important. He makes three recommendations that are worth considering. First,

"ICSTIS should be able to set and revise the level of the bond required from each TNO".

That is key. That can be done now; in the future, perhaps it will have to be done up front. I recommend that proposal. On his first recommendation, he goes on to state:

"In the event of complaints against one of that operator's service provider being upheld by ICSTIS, they should instruct the TNO to compensate the customer."

Our constituents have nowhere to go. They do not know how to complain and cannot get through, yet they are worried about their bill, which racks up interest. They are very concerned.

Mr. Knell's second recommendation states:

"TNOs who wish to provide dialler services will need to accept that there is a short-term need to provide additional funding to ICSTIS to allow them to cope with the current flood of helpline callers."

I wonder whether any amount of money will resolve that problem, but it is probably what is needed in the short term. Thirdly, he states:

"TNOs who provide numbers to repeat offenders should either have the level of their bond increased or their authorisation to provide numbers removed."

It should be the latter first.

In conclusion, it is interesting that the crime side of police forces so undervalues cybercrime. Police forces require training, and we need a specialist unit to teach and train policemen and women in different constabularies.

Michael Fabricant (Lichfield) (Con): Is the hon. Gentleman aware that in the United States a division has been established under the Department of Homeland Security to deal with that very issue? The US authorities not only recognise that there is a threat from cybercrime—actual cybercrime of the sort we have discussed today—but from cyberterrorism. At the moment the Government are doing nothing to counter that threat.

Mr. Wyatt: The wider issue is that any regulation made in the United Kingdom will lead to crime going offshore, and one can keep going offshore for ever. The G8 and the European Union should be creating a new world internet organisation that deals with cybercrime. One would not expect the UN or the World Trade Organisation—bless them—to deal with it, because they just are not up to it. We need a more nimble, smarter world body. I do not see such an initiative yet, but I hope that the Babbage institute may come.

I conclude by reading something from a note from Rob Johnson, who said:

"I am dismayed that there has been only one upheld complaint against Dialer fraud since February 1 by ICSTIS. I am led to believe that there is underlying 70 per cent. non-collection of levied fines."

If those companies are based offshore, the situation is difficult, but the whole process seems to be tipping over, and we need quick service to ensure that ICSTIS is brought back in line. In the longer term, we may need a new regime.

10.7 am

Mr. Richard Allan (Sheffield, Hallam) (LD): I should like to follow on from the hon. Member for Sittingbourne and Sheppey (Mr. Wyatt) in talking about internet diallers. I offer my apologies to the Chamber because I also have to go to the meeting at the Home Office, at which we shall discuss the Computer Misuse Act 1990.

Mr. Deputy Speaker: Order. If I may, I shall interrupt the hon. Gentleman. Both the hon. Members for Sheffield, Hallam (Mr. Allan) and for Sittingbourne and Sheppey have fully used the courtesies of the House in advising myself, the Minister and the initiator of the debate of their need to be elsewhere at 11 o'clock. We are grateful to them for exercising the proper courtesies. I wish that were done more often.

Mr. Allan: I am grateful to receive such a ringing endorsement from the Chairman of the Procedure Committee who, above all other hon. Members, knows how things should be done.

I am grateful to the right hon. Member for North-West Hampshire (Sir George Young) for raising an issue in which I have been interested for a couple of years since first coming across diallers on my own computer and being horrified at their potential. I raised the issue during the passage of the Communications Act 2003. I come at the matter from three angles. First, there is the question of consumer protection of our individual constituents, about whom we are all concerned. Secondly, we need to tackle criminal activity and not allow spaces to exist within which fraud can be committed easily. At the moment, we have allowed spaces to exist within which fraud is far too easy. The right hon. Member for North-West Hampshire referred to the money flow chain as being critical to that situation.

Thirdly, there is the issue of maintaining public confidence in the internet, which is a concern shared by the right hon. Gentleman and the hon. Members for Lichfield (Michael Fabricant) and for Sittingbourne and Sheppey through our membership of the all-party internet group. We want to ensure that the internet is safe and that people in the UK feel comfortable using it. That objective is important, and rogue diallers are a potential disincentive for people to use the internet because they may have read in the paper about people running up massive phone bills.

ICSTIS has been helpful in briefing us, and it held a helpful meeting on the matter in the House last week. The Telecommunications UK Fraud Forum, to which one of my weblog readers pointed me last week, has also been helpful. It sent me some briefing material, including a helpful article on how to write one's own rogue dialler.

The ICSTIS briefing on the premium rate industry opened my eyes to what is going on. We have effectively developed a micropayment system based on the existing consumer credit arrangements organised by telecommunications companies, or telcos. The system is cheap to operate and permits services to develop that would not otherwise function. If one wanted to take 10p for a voting call through a credit card, many services simply would not be cost-effective.

We have different personal views about the value of the services offered; tarot readings online or over the telephone are not my cup of tea. However many are popular, as we have seen when there is a link with television programmes, and the public clearly demonstrates an appetite for them, spending about £2 billion a year on premium rate calls.

Although we have heard that there are wrinkles in the system now that the volume of services is increasing and SMS scams are taking place, voice services have developed quite constructively on the whole, thanks in part to the ICSTIS regulations and the nature of the activity itself. ICSTIS has tried to apply the same sort of disciplines to premium rate internet diallers and has developed a code of practice detailing that terms and conditions should be available on screen and that users should be fully aware of the costs. Premium rate voice numbers state the call rate at the bottom of the advertisement. ICSTIS has said that there should be an on-screen clock to tell users how much they are racking up, and that access to the site should automatically stop if the total cost of connection reaches £20.

If the code were fully implemented, there would be fewer problems. However, there are important differences between the architecture of voice and data premium rate calls, which make data calls more prone to fraud than voice calls and dodgy operators more likely to operate them. In a voice call, the user has to take active steps to initiate the call and to extend its duration. There may be a long spiel that in itself causes a problem, but the user chooses whether to stay on the line or terminate the call. The user manages the whole thing. With a data call, the computer does the managing, which can be entirely invisible to the user until the bill arrives. That is the critical difference; even for an expert user, there is no way of telling that the activity is taking place.

The ease with which such diallers can be produced is demonstrated in a helpful article by the Telecommunications UK Fraud Forum. We are told that production takes about 60 lines of code in a fantastic and very neat language called Perl. I will not read out those lines, suffice to say that it is shorter than most speeches that take place here and that in fewer lines I could produce something that would collect £1.50, £5, £30 off thousands of people throughout the country. It is that simple. The article tells us how to ensure that the user cannot see that the dialler is dialling, how it can turn off the modem so that it does not make a noise.

The points made by the right hon. Member for North-West Hampshire to set the issue in context were helpful. The question is about the existence of the industry at all. We must be clear that it would be unacceptable for us to say to constituents who have been ripped off by fraudsters, "There is nothing that can be done, mate." They will not accept that. The likelihood is that their number will increase; internet crime and fraud comes in waves and the wave of dodgy diallers is only just beginning. We can expect far more to arrive. The industry must act or the ultimate solution will be to pull the plug on premium rate calls. That much is at stake.

I would be interested in the industry's response to credit limits on land-line phone accounts. The average problem bill that is queried has an excess of £100, but that disguises many problems for individuals who have an excess of £500 or £1,000, as highlighted in the debate

already. I see no reason why a phone company should allow someone to run up a £500 or £1,000 bill without any prior consent. I have a credit limit on my mobile phone account. I understand that mobile phone accounts operate with modern systems and that putting credit limits on all accounts would be technically complex and potentially expensive for BT's large system, but it should be on the agenda because unlimited, unbridled and largely unregulated credit is going out to people and that seems entirely unacceptable.

So, I question whether, as a matter of course, we should have credit limits on land-line phone accounts. If someone is a regular premium rate user and wants to extend their credit, they could come to an arrangement, much as they would with their mobile phone, to get a credit limit of £500 or £1,000. That is between the user and the company. I cannot see any reason why anyone should run up £1,000-worth of debt without the person offering that credit intervening at any stage, particularly when, on a normal residential phone line, the typical amount of debt might be £50 or, as a maximum, £100 per month.

In terms of consumer protection, the second point is that we should have a caveat vendor principle, rather than caveat emptor. The sellers ought to be aware that, if they do not provide the services properly, they will not get paid. That would create an incentive throughout the chain for people to make sure that things happen properly. A good starting point would be to say that the consumer should not be liable if they query charges that have been run up with a dialler that does not comply with the ICSTIS guidelines that operate in the UK for premium rate numbers.

If someone is operating a premium rate number and has not complied with all the points—turning it off at £20, having clear information online and so on—there should be no reason for anyone to have to pay that company because the company has failed to comply with the guidelines. That would lead to network operators making sure that they did not offer services to people who do not comply with the guidelines.

It may be that we have to move to a prior approval procedure, particularly in the internet field, where it may be the way forward. I understand why, because of the volume of voice calls and the nature of the voice market, we have moved away from prior approval to a situation where people set up numbers and, if there are problems, we deal with them later. However, because of the smaller volume of internet-related numbers and the architecture of the internet—space being difficult—prior approval may be the best option.

The caveat vendor principle should be applied. Many of those people are complete crooks and I find the idea that we are handing money over and UK reputable business is actively participating in extracting money from our constituents and handing it over to crooks so offensive. We must say that that cannot happen. We must find some way to deal with that.

That may result in an additional difficult problem—diversion to international and satellite numbers. We must recognise that. If we regulated all the 09 numbers there might be diversion to international and satellite numbers, but the fact that that is a difficult area does not mean that we should not act. Where we have things in our jurisdiction—premium rate numbers in UK number space are in our jurisdiction—the fact that we may get diversion to other areas is not an excuse not to act. We should clean up our 09 numbers. There are other issues that we need to resolve in dealing with international and satellite numbers.

My second area of concern is tackling fraud and doing it robustly. We should consider taking up the Computer Misuse Act cases for unauthorised access. Those should be taken up by ICSTIS or by consumer bodies and the Government should participate in that actively.

We understand that the Computer Misuse Act is moving back up the agenda and that the Government want to review it. My reading of the way in which it works is that if somebody plants a programme on to my computer without my explicit consent and that programme does things to alter the nature of my computer and my dial-up settings, that is a prima facie case of unauthorised access according to the terms of the Computer Misuse Act. I think that a criminal prosecution under the CMA would, in many cases, be far more effective as a discouragement for those who operate in the rogue dialler market than any fining that takes place through ICSTIS. So I hope that the Government are robust in making sure that CMA prosecutions take place.

I understand that a review of the fraud legislation is also taking place. There is a range of telecoms and internet-related fraud and we need to make sure that a new fraud Act—which I would welcome—encompasses telecommunications and internet-based fraud. If we are going to use micropayment systems in the future, all those micropayment systems, whether there are for mobile phone or land-line networks, will need to have the backup and support of a tough regulatory environment that deals with fraudsters.

The final issue that I want to consider is confidence in the internet. The most important thing is to stop fraud happening. There is also a strong role for education. Broadband removes the risk, but only if the modem is unplugged. If anyone using broadband finds that their connection becomes slow one day, there is often a good reason for that. Many people leave their modems plugged in as a back-up line. However, using broadband and not having a modem plugged in is a possible solution.

Locking down diallers would also help. It is popular in such debates to knock the relative lack of security of the Microsoft Windows operating system. However, it is also appropriate to do so, because it is a fact that that operating system does not lock things down in the way that other operating systems do. There is a good reason for that. Ease of use and security are always a trade-off. The easier something is to use, usually the less secure it is; the more secure it is, the harder it is to use. As a consumer operating system, Microsoft Windows is easy to use. However, in comparison with other operating systems, it is not very secure.

However, something can be done within that system. Users can be educated to lock down their diallers, so that people would need to have super-user administrative permission to replace one dialler with another. That is technically possible, but it is not done in most consumer environments. Education may encourage people to do that.

Michael Fabricant: I agree with the hon. Gentleman, but when someone knows that they are going to leave their computer unattended and on—incidentally, there is nothing to stop a rogue Trojan virus from switching someone's computer on; the potential is there—surely the ultimate safeguard is not all the software that he has been talking about, but simply unplugging the modem and disconnecting it from the system.

Mr. Allan: That is an option, but for most users in most households, who are still using a dial-up connection, it is quite unsatisfactory. Again, we are back to the trade-off between ease of use and security. I want to turn up, turn my computer on and go; that is ease of use. However, I can make my computer more secure by unplugging everything and checking it all. All that I am saying is that the balance needs to shift a little away from ease of use and towards security, on this and a whole range of other issues. People need to be told that that should be the case, so there is an educational role.

ICSTIS, which has been referred to repeatedly, is the front line. It has an important role; if I have a complaint, I phone ICSTIS up. At the moment, I probably will not get through. The telecoms industry needs to be realistic. If it values this part of its sector, it must put a hell of a lot more money into ICSTIS. It is as simple as that. It is the industry's responsibility to do so. There should be no excuse for the industry funding a regulator that cannot answer calls from our constituents who have queries about the way in which the industry is operating. The industry is very profitable. A lot of money is being made. It is the industry's choice; if it wants the business to survive, it needs to put money back in to ensure that it is clean, safe and works in a way that is publicly acceptable.

Let us think about the scale of the problem. BT is not the only telco that is affected; all telcos are. However, if BT has 19,000 customers with complaints and if each of those customers takes up only one hour of time—I am sure they all take up far more than that—by my rough calculations, we are talking about 10 person years just to deal with that lot. The problem is huge. Perhaps telcos have decisions to make about whether the business is worth conducting, given the potential losses and hassle that it causes them.

Like the right hon. Member for North-West Hampshire, I do not instinctively want to ban the industry. It can be very cost-effective, and can encourage all kinds of business to take place online, whether over the internet or over telephone lines. People want to engage in that. However the clear message is that if the industry wants to offer such services, they must be better regulated and we must ensure that there are no spaces for fraudsters.

Above all, we must ensure that our constituents are not confronted by huge bills that they do not understand and for which no one can give them an adequate explanation. No one can give them the certainty that that burden will be lifted from them because the area is deemed to be too complex. I hope that the Minister will give us some pointers today, although I recognise that a lot of the responsibility lies with the industry. However, the Government can heavily influence the direction that the industry takes from this point.

Mr. Deputy Speaker: We now start the winding-up speeches. May I make a plea to the Liberal Democrat spokesman and to Her Majesty's Opposition spokesman to share some of the extra time, but leave adequate time for the Minister to reply? This is an interesting and technical Adjournment debate and the Minister must be given sufficient time to reply to it.

10.24 am

Malcolm Bruce (Gordon) (LD): Mr Deputy Speaker, I am happy to accept your constriction on time. Many more expert speeches have been made before mine.

The right hon. Member for North-West Hampshire (Sir George Young) should be congratulated on highlighting a serious and current issue that is a growing problem. It needs to be addressed and he has, on behalf of his constituents, informed himself about the nature of the problem and some of the solutions. I do not envy the Minister, because he is under considerable pressure to come up with practical answers before the problem gets out of hand. My hon. Friend the Member for Sheffield, Hallam (Mr. Allan) is a considerable expert on the matter and said that it is totally unacceptable for us and our constituents to have money taken out of our accounts without our knowledge and transferred to people engaged in criminal activity. No Government can stand back and regard that as tolerable.

Instinctively, I think that it would be unfortunate if the industry had to be banned because of the activities of a minority, but if we cannot find solutions, that may be the result, which is all the more reason to try to find solutions. The industry has an obligation to find them because it is in the middle. BT is in the front line because, as the biggest single provider, it generates most hostility from customers about disputed bills. It is in BT's interest to have the matter resolved.

Although many services are legitimate and consumers are prepared to pay a premium for them, it is unacceptable that if people choose to log on to those services, they may find that they are being charged at a rate of which they have no knowledge or which is different from what they were led to believe. If their account can be accessed when they believe they have terminated it and further charges can be run up, that is a total abuse. It is another matter when people have gone nowhere near those services, but still incur charges because of a virus, e-mail or some other mechanism when they have exercised no conscious choice. That criminal activity is fraud and we must find a means of stopping it.

I am led to believe that the problems in Essex and one or two other parts of the country that have been mentioned may have been caused by people going round in the middle of the night, tapping into boxes and dialling a premium number several times, which then appears on a domestic bill in that area. An obvious solution is to make the boxes secure.

Michael Fabricant: The hon. Gentleman may be relieved to know that BT is moving to an internet protocol system for all telephony and it will be far more difficult for people to tap in to those boxes, although I doubt whether that is happening a lot at the moment.

Malcolm Bruce: I am happy to hear that. As my hon. Friend the Member for Sheffield, Hallam said, telecoms and internet fraud unfortunately move ahead faster than the enforcers, so another scam may arise. Another point that was made to me is that it is a dial-up problem and not an internet problem. Consumers do not make that distinction. If someone is surfing the net and closes a pop-up box that opened itself, that is an internet problem for those people. If we do not deal with the problem, people will not use the internet because they will not take the chance of such a thing happening. That would be unfortunate, because this fantastic information exchange service would become devalued if people were nervous of using it. That would be a retrograde development.

In a debate such as this, the Minister would not expect to be given the definitive answer. He has been given a number of suggestions and a number of indications of the scale of the problem. We are all interested to hear what the Government can do to respond.

My hon. Friend the Member for Sheffield, Hallam suggests some kind of micropayment credit system that would effectively limit the costs that people could incur. I wonder whether it is possible to have a system in which premium numbers are blocked. I know that BT offers that service, but to my knowledge, it has at no time communicated to me, a BT subscriber and internet user how I might do that. I hope that it will be more proactive.

There may be another answer. Many people would say that the number should not be blocked all together as that will kill the business, but a way around that is to say, "It is blocked, but you can access it with an override and a password," so that it can be accessed only consciously and overtly, and so that the provider must give a clear indication of cost. I am not a technical expert, but I worry that people will find a way around that. Assuming that something along those lines could be a solution, it would be one way of giving people informed choice. No one would object to that; people object to being charged for a service that they did not choose to use, or to the fact that they exercised one choice and were inveigled into something more substantial than they realised.

My hon. Friend the Member for Sheffield, Hallam mentioned broadband and the caveats about people having to disconnect their dial-ups. That raises a question of which the Minister will be well aware, which has been asked by my party in particular, but not exclusively: how do we achieve universal broadband access? That is an issue in many constituencies; certainly in mine, if not my hon. Friend's. We welcome the fact that the internet is reaching more and more people, and is reaching out into rural areas, but there are still many rural consumers who will not get it for some considerable time, or may never get it. Such people will not be impressed by the Government telling them that the way to avoid internet scams is to get on to a service that they cannot access. BT says that its ambition is that there should be universal access, but it has not told us how it will achieve that.

There is also an issue with disputes and the total overwhelming of the system. It is slightly worrying that ICSTIS's starting point is to say that such problems are between the customer and the provider, although it then acknowledges that it must do more about the situation. That is an unequal contract; one is not really a customer if one has been illegitimately loaded on to something that one did not contract for. There has to be an acknowledgment that if there is an imbalance between customer and provider, any kind of regulator has to step in on behalf of the little guy. It may well be that we need some kind of independent brokerage that can second-guess, because BT and others are likely to say, "Well, we've contracted, we've paid. As far as we're concerned, you have accessed these services, so you must pay." They make things difficult for people who want to dispute what they should pay for.

Conscious as I am of the desirability of giving the Minister time to respond, I will raise one final issue; the broader case for solving the problem. I understand that the BT system almost came to a total halt after the World Trade Centre atrocity on 11 September 2001, because everybody was phoning everybody else. The system was nearly overwhelmed. It has been pointed out to me that it would be possible, with the technology available, for someone to set out to do just that with a virus; to make every number in the country dial every other number so that the system is completely locked out. One might do that for the sheer joy of mayhem. Strange as it may be, that seems to be the inspiration for virus anoraks. They do it not necessarily for gain, but to see the chaos that ensues. However, there are more sinister people who see ways of using that technology to block the whole system before mounting some kind of terrorist attack, so that emergency and other services may be disrupted because the system is in chaos.

Clearly, that would be an appalling scenario and I do not suggest that it is a prime reason for reforms, but considering the injustice to people who are billed for services that they did not access or did not access on the terms for which they are billed, that legitimate telecoms providers are taking money from our constituents and giving it to criminal elements, and the risk of a terrorist or viral attack on our system that could have serious consequences for national security, I hope that the Minister will accept that there is a growing concern about the issue.

I suspect that if the process continues to accelerate, and we debate the issue again in a few months, this Chamber will be full. I accept that technical constraints prevent the Government from solving the problem alone. However, they must, together with the industry, come up with answers; and soon, before it gets out of hand.

10.35 am

Michael Fabricant (Lichfield) (Con): This has been a remarkable debate, first, because it affects so many people and secondly, because there has been such unanimity about the problem and what needs to be done about it. The hon. Member for Gordon (Malcolm Bruce) is right; next time, there will be many more people here. The problem is growing, not decreasing. I very much congratulate my right hon. Friend the Member for North-West Hampshire (Sir George Young) on initiating the debate.

Some 2,000 cases are reported daily, as has been mentioned, and some 19,000 cases are under investigation. Clearly, ICSTIS has a great problem in trying to administer such a large volume of cases.

[Michael Fabricant]

Various hon. Members have suggested that the industry should provide more money for ICSTIS. However, the Government also have a role to play. My right hon. Friend the Member for North-West Hampshire came up with 10 possible remedies. We shall all be interested to hear what the Government can do, as ICSTIS does not have a huge remit to provide a solution. If one consults the ICSTIS website and asks:

"Do you have to pay for the calls to this number?"

the response is:

"Each telephone company has its own processes for dealing with disputed bills, so you must speak to them."

It goes on to say:

"ICSTIS has no authority to stop your telephone company (BT, Telewest, One-Tel etc) making you pay for calls or to postpone payment. On your behalf we have made your telephone company aware that we are investigating the service on the number(s) listed and we will advise them of the outcome in due course."

And what does it say is the solution? It says that people should write to Rik Covell, at an address in the British Virgin Islands. I suspect that Rik Covell, whoever he might be, will not respond. If ICSTIS cannot respond to letters from a Member of Parliament because it is so flooded with complaints, I rather suspect that Mr. Covell will not respond either, but for different reasons.

The issue is serious, for the reasons identified by the hon. Member for Sheffield, Hallam (Mr. Allan). It is not just a matter of voice calls; one could well say of those "caveat emptor", because there is a clear obligation on premium rate number suppliers to make it clear how much calls cost. One might have to control one's household, particularly if it contains young children who make calls. The short-term remedy could be for a householder to have 090 numbers barred. Incidentally, the hon. Member for Gordon asked how one could bar an 090 number. Anybody who wishes to do so should go straight to bt.com; the website gives very clear instructions. However, that is the ultimate sanction. As hon. Members have pointed out, many premium rate operators are legitimate. It is a great shame that their services should be barred simply because of the illegality of others.

I am concerned by the other issue, however, which my right hon. Friend the Member for North-West Hampshire raised and which the hon. Member for Sheffield, Hallam discussed; the issue of the rogue dialler that infects itself on to a computer. I strongly believe that that is a prime example of where the Government should use the Computer Misuse Act 1990 against operators in the UK. I received a list of some of the companies under investigation from ICSTIS. I shall not name them, but I shall say where they are based: Germany, Switzerland, Lichtenstein, Florida, Spain, Moldova, Panama and the British Virgin Islands, which I have already mentioned. However, some British companies are involved too, so the Computer Misuse Act 1990 could apply. Has the Minister spoken to the Director of Public Prosecutions to see whether prosecutions will be initiated under that Act?

Mr. Allan: Just to be clear, the Computer Misuse Act 1990 can be used against people based abroad. Higher order offences, such as gaining unauthorised access in order to commit fraud, carry a sufficient penalty to be extraditable. We have pressed the Government to extradite people. Just as the US would extradite people from the UK who hacked systems there, we should do the same with people in other countries.

Michael Fabricant: The hon. Gentleman raises an interesting point. How seriously does the international community regard such crime? The problem is that, despite the fact that 19,000 cases are under investigation, the Government—I am not condemning them—do not yet regard the issue as serious enough in their order of priority. However, the problem will be serious, as the hon. Member for Gordon said, when in the months to come we debate in the House the hundreds of letters that we receive each week from people whose computers have become infected.

My right hon. Friend the Member for North-West Hampshire has come up with 10 possible remedies. Some of them are extreme, but others are practical. Should the main telephone provider withhold payments? For example, it is extraordinary that BT has to pass on payment to premium rate providers within 14 days and yet does not receive income itself for up to four months. What a negative cash flow!

Withholding money would be an effective sanction. If BT could withhold money to premium rate suppliers following serious misuse, particularly with pop-ups and infections, which I believe would be a prima facie case for withholding such money, there would be a great incentive for those suppliers not to breach the Computer Misuse Act 1990. At the same time, however, we must be careful, because BT and other telephone companies, such as NTL and Telewest, cannot become judge and jury and withhold money unilaterally. There must be clear prima facie evidence of infection. I would be interested to hear what the Minister has to say about that. What guidance will the Department of Trade and Industry give telephone companies regarding that issue?

The difficulty is a manifestation of the much wider problem of internet abuse in general. The problem is similar to the situation that existed not so long ago with the copyright Acts. We all accept that there should be intellectual property rights, yet China was abusing copyright, producing music and software CDs, and so forth, and not paying any copyright fees at all. It took many years to change that. Only recently, when China joined the World Trade Organisation, did it finally accept that it had an international obligation.

Some 50 years ago, the British Government initiated the first world administrative radio conference, which was a recognition that unless countries came together and recognised that they could not abuse radio and television frequencies, there would be mayhem and anarchy. One could be watching the 10 o'clock news on the BBC or ITN, and suddenly there could be an interruption from a rogue broadcaster in France, beaming pornographic programmes across to Britain. Of course, that does not happen because there is international recognition of the methodology by which countries come together to control radio frequencies.

The Government have a duty of care to the worldwide community, not only to people in the United Kingdom, to initiate a similar conference on controlling the internet. I accept that, in theory, the Computer Misuse

Act 1990 might result in extradition. However, until we get worldwide agreement that all nations must co-operate, there will be mayhem on the internet, just as there could have been mayhem on broadcast frequencies.

I want to allow the Minister plenty of time to reply. This is an important problem, and there are some interesting solutions. I shall be very generous and not use the rest of my speech, as the issues have been covered so well by other right hon. and hon. Members. I look forward to hearing what the Minister has to say.

Mr. Deputy Speaker: We are grateful to the hon. Member for Lichfield (Michael Fabricant).

10.46 am

The Minister for Energy, E-Commerce and Postal Services (Mr. Stephen Timms): I am grateful, too. I congratulate the right hon. Member for North-West Hampshire (Sir George Young) on securing this debate. The contributions that he and others made have highlighted the scale of this serious problem. I am not quite sure what he was referring to when he described the firewall with which I am protected, but I am grateful to him for taking the trouble to let me know beforehand the points that he would raise in this debate.

The premium rate services industry has been one of the successes of the communications revolution. We have heard about several services, from interactive voting on "Big Brother" to getting new ring tones on mobile phones—hon. Members may be aware that the UK ring tone market is now larger than the singles market—and new internet-based services. Such services make up a successful market that was worth more than £1 billion last year, making the UK the biggest market in the world for services of that kind.

I agree with the hon. Member for Gordon (Malcolm Bruce) that, if the market is to continue to thrive, it is absolutely essential that consumers are confident that they can use such services without becoming the subject of a scam or a fraud. The calls this morning to pull the plug on the market will only increase if the problems are not swiftly addressed.

My hon. Friend the Member for Sittingbourne and Sheppey (Mr. Wyatt) drew attention to a letter that he had received from the Network for Online Commerce. I also received a letter from it that made some interesting points. I understand that a small number of the companies causing the problems are, in fact, members of that organisation. Any organisation that represents this industry must ensure that its members are innocent of the kind of practices that we have been discussing today, as such practices undoubtedly pose a serious threat to the industry. Everybody in the industry with any sort of responsibility must ensure that participant companies rapidly address the matter.

As we heard, premium rate services are regulated by ICSTIS through a code of practice that is underpinned by Ofcom. The Communications Act 2003 contained provisions to ensure that the ICSTIS system of co-regulation of the advertising and services would continue to be supported. The Act contained for the first time a reference in law to the ICSTIS code of practice. ICSTIS is an independent body, with sanctions ranging from £100,000 fines to the disconnection of service providers that breach its code of practice. ICSTIS frequently uses those powers and it has a good record of using its emergency powers swiftly and decisively to stop abuses linked to premium rate services.

The right hon. Member for North-West Hampshire asked whether I stood by the comment quoted in the ICSTIS newsletter of June 2003. Yes, I do. The model is a good one, but ICSTIS has struggled to cope over the past few months with the volume of complaints that it has received, and it has recently seen a big increase in the number of complaints about internet dialler services. We are taking the problem seriously; the industry, too, needs to take it seriously. Last week, ICSTIS provided a parliamentary briefing that was chaired by the hon. Member for Sheffield, Hallam (Mr. Allan). Others referred to that valuable briefing.

As we have heard, the services link premium rate numbers to diallers. A dialler is a small piece of software that, when downloaded to a PC, temporarily replaces a user's normal internet service provider connection—typically a local rate 0845 number—with a premium rate number.

Michael Fabricant: The Minister is right to highlight the role of ISCTIS. Like him, I agree that self-regulation is better than Government regulation if it is effective. Does he not accept that ICSTIS is completely overwhelmed by the number of complaints? The current situation will not do. If people cannot get through to ICSTIS to complain, the organisation will become impotent.

Mr. Timms: ICSTIS has certainly struggled with the volume of complaints in recent months. I shall say in a moment what might be done to deal with that, but the strongest message that today's debate should send the industry is that it needs to clean up its act. Otherwise, its future is in peril.

When a dialler works well, it enables a content provider to charge a micro-payment for content without the need to resort to credit cards. Charges of up to £1.50 per minute are made to the user's phone bill. As we have heard, the vast majority of those services are not fraudulent. However, there have been cases of internet diallers replacing a user's ISP connection without the user's knowledge and without the user having to take action to download the dialler. As a result, users may not be aware that they are connected to a premium rate number when using the internet.

That sort of scam can result in users realising that they have been ripped off only when they get their next phone bill. As we have heard, given BT's usual billing cycle, that is often not for another three months. Those charges are typically about £100, but they are sometimes much more. Not all those scams involve premium rate numbers, as some operate on international or satellite numbers, but the premise is the same—to run up charges to consumers that are passed on through the telephone billing system.

Some hon. Members have pointed out that, so far, such scams are not a problem on broadband. However, as the hon. Member for Gordon pointed out, that is not much comfort if broadband is not available. None the less, as more than 80 per cent. of households now are within reach of a broadband service, internet users may want to take note of the fact.

[Mr. Timms]

Those scams may be in breach of the Computer Misuse Act 1990. They may even be straightforward fraud. They are certainly in breach of the ICSTIS code of practice, and the organisation has been taking strong action against them. ICSTIS has passed details to the hi-tech crime unit. It has fined several companies a total of some £300,000, and it has many more complaints in the pipeline.

ICSTIS has been inundated with complaints about dialler services, and is receiving thousands of calls a day on the subject. However, it is important to put that into perspective. Most complaints are from people who do not understand how internet diallers work, and who are unaware that that their monthly ISP charges do not cover access to premium rate internet services. Some complainants raised the issue of unauthorised use where someone in the household has used the services without the knowledge of the family member who pays the phone bill. However, there is no doubt that a significant number of consumers have been the subject of scams and faced charges of £100 or more on their phone bill for services that they simply have not used.

Malcolm Bruce: I appreciate what the Minister is saying, and of course the providers will say, "You have used these services and you should pay," but does he not agree that we must get to the bottom of the scams that connect people many times over or do not give any information? How do we deal with people who may have knowingly accessed a premium rate service but are charged many times the amount that they expect?

Mr. Timms: I agree with the hon. Gentleman. Ofcom is working closely with ICSTIS to analyse solutions to the dialler problem and examining the role of the terminating networks that have contracted with the service providers in order to carry the service. Where there is evidence of network non-compliance with ICSTIS rules, Ofcom will investigate and take appropriate enforcement action, including fining providers where necessary.

Ofcom is also writing to the terminating networks that have contracted with premium rate service providers, which the right hon. Member for North-West Hampshire mentioned, to set out its strong concerns at the lack of due diligence demonstrated by certain companies in signing up service providers in the first place. They must check that the providers with which they contract are bona fide service provider organisations. Ofcom will not tolerate that activity, and it is investigating the role of those providers with a view to taking enforcement action.

ICSTIS is building cases that suggest that a small number of terminating networks are not complying with the obligations in its code of practice. It is collecting evidence to support that claim and will shortly pass it to Ofcom to consider what action to take, including prosecutions. I hope that as soon as that information is received, Ofcom will move swiftly.

Ofcom is asking several of the larger telephone service providers to explain their position on making customers pay for disputed bills where fraud is suspected. It will point out that they must act in accordance with the conditions imposed upon them relating to non-payment of bills. The conditions prevent operators cutting off customers where a dispute over a premium rate service bill is being investigated.

We heard from the right hon. Member for North-West Hampshire of a case where one provider had cut off a customer while their case was being investigated. That is a breach of the conditions that Ofcom imposes on the service providers, as I understand them. BT will make an announcement later today about the additional steps that it will take to address that serious problem.

My Department is working with ICSTIS, Ofcom, the industry and the Internet Service Providers Association, UK to raise awareness of what consumers can do to protect themselves from dialler fraud with increased use of firewalls and filtering software on their PCs. We have heard several remedies this morning, and anti-virus software is often available free of charge from internet service providers. Consumers can ask their telcos to block access to all premium numbers if they are worried about falling victim to those scams.

We are working with all those involved to ensure a co-ordinated approach to help consumers. Following last week's briefing, ICSTIS plans to bring together all the key players together next month to co-ordinate the work to tackle the problem. I hope that there will be a great deal of co-operation between everyone in the premium-rate industry, Ofcom, Government and ICSTIS to ensure that consumers are not exposed to that unacceptable face of the communications revolution.

Affordable Housing (South Gloucestershire)

11 am

Mr. Steve Webb (Northavon) (LD): The Minister will have done his homework. He will know that this is not the first time that a debate with this title has taken place in this Chamber. I secured such a debate in November 2001, because after four and a half years as a Member of the House, I found that the lack of affordable housing to rent or buy in my constituency was one of the most significant problems brought to my attention by my constituents, week in, week out. I wish that I were not bringing the same subject back here today, but I make no apology for the fact that I am doing so, because the problem remains very serious for my constituents and not enough progress is being made. If anything, the situation is worse for my constituents than when I first raised the issue.

I want to link two closely related aspects of the lack of affordable housing. We use that term to mean houses that people can afford to rent and houses that people can afford to buy. Different groups of people are affected, but the issues are closely connected, as the Minister knows.

In south Gloucestershire, just over 5,000 households are on the council waiting list and 500 households are accepted as homeless each year, give or take a few. The statistics on trends are difficult to interpret because the council cleared out its housing waiting list numbers, which means that they have been volatile, but even in 2002–03, well over 1,000 households were added to the council's waiting list. The problem is very significant.

As the Minister knows, the council undertakes its own housing needs surveys, the most recent of which was in 2003. To show the scale of the problem, the council has calculated that if every house that is due to be built in the remainder of the local plan period up to 2011 were an affordable house, the waiting list still would not be cleared. That is the scale of the problem; if every house were an affordable house, people would still be waiting for affordable housing. In practice, the number of affordable houses provided will be a fraction of that amount.

There is a massive problem with affordable houses to rent or to buy. The rate of owner occupation in south Gloucestershire is high in comparison with the rate nationally. Not only have average house prices risen substantially in south Gloucestershire—up 74 per cent. from a typical £92,000 in 1999 to a typical £160,000 in 2003—but those at the bottom end of the market have risen even faster. Those are the houses in what is called in the jargon the lower quartile—the starter homes. The price of the properties to which people in search of an affordable home are looking have gone up from a typical £62,000 in 1999 to a typical £115,000 in 2003. That is an increase of 85 per cent.

That situation affects young people in south Gloucestershire who are in work and want to leave home and buy a house. In the relevant period, their wages have risen by roughly a quarter on average, but the price of starter homes has risen by 85 per cent. Those people are desperate to get a foot on to the housing ladder, which has a knock-on effect on the council's waiting list.

The council told me this morning that a third of the households accepted as homeless in south Gloucestershire in the past year were working households. One may entertain a mental picture of the people who are accepted as homeless, who may depend on benefits or have lost their job. Yet a third of the people accepted by the council as statutorily homeless are in work. In other circumstances, they would have been buying their home, but because the housing market has gone crazy, that is not an option for them.

I am sure that the Minister is an expert on housing and that in his constituency, at the other end of the micro-scale, he is as much visited as I am by people with housing problems. I shall not go into too much detail on any case, but I have spoken to expectant mothers housed in first-floor maisonettes who have to lug a young child in a pram up the stairs to the first floor when they are seven months pregnant. It is totally unacceptable that people live in those conditions. I meet adults who sleep night after night, month after month and year after year on the sofa or the floor because their accommodation is overcrowded and there is nowhere else for them to go. I come across marriages that have broken up, mental health problems and disrupted education, all of which are the human face of the statistics that we will discuss today.

It is rare to hold a surgery without seeing someone with a housing problem. Every Friday night after my surgery, I go home and thank God that I do not have such a problem. I know how much I value secure, permanent accommodation for my children and my family, as I am sure the Minister does, yet thousands of people in south Gloucestershire simply do not have such security. They can sometimes get into temporary accommodation, but may then have to wait years before permanent accommodation becomes available in the area in which their children go to school or in which they have family networks. That is a source of misery to thousands of my constituents. The problem is not going away; if anything, it is getting worse.

Clearly, there are things that councils can do. When I raised this issue in November 2001, the then Parliamentary Under-Secretary for Transport, Local Government and the Regions, the hon. Member for Northampton, North (Ms Keeble), said that the council should ensure that more of the houses that are built are affordable. I agree. She failed to appreciate, however, that much of the house building in south Gloucestershire is not infill building, but the building of dirty great estates and thousands and thousands of houses. A problem with that approach is that developments such as Bradley Stoke or Emersons Green require massive amounts of infrastructure. In effect, the council is telling developers, "We'd like a primary school, a road junction and maybe a play area and a community hall. We'd also like subsidised transport. Oh, and we'd like 30 per cent.-plus affordable housing." The developers say, "Well, you can have some of that, but you can't have all of it."

It is true that a local authority that is making marginal increments to housing stock can be really go in hard and demand high levels of affordable housing, but a local authority that is absolutely strapped for cash or near the bottom of the funding league tables—we can argue about the numbers—is in a weak position to demand

[Mr. Steve Webb]

very high levels of affordable housing if it is also trying to secure a large amount of infrastructure. That is an obvious tension.

I am pleased that my Liberal Democrat colleagues on South Gloucestershire council want a target for affordable housing in new developments not of 30 per cent., but of 40 per cent.—a target with which I believe the Labour group is sympathetic. I would like progress to be made along those lines, but that target is massively removed from the reality of what is actually being delivered. A tiny fraction of the new housing is affordable. The 40 per cent. target is almost a fantasy figure. The proportion that is actually being delivered is a tiny fraction of that level.

The council is also considering reducing the scale of development to which the rules would apply, and it is starting to insist on quite small developments as well as the large ones. Some argue that the developers will not be able to make enough profit if the target is 40 per cent. I do not accept that argument. We have to get tough with the developers. Huge amounts are being made from building houses in south Gloucestershire, but not enough of the right sort of houses are being built at the right sort of price for the people who live there.

The council has a responsibility in this matter, and I pay tribute in passing to those in the local authority who work to address people's housing needs. That is not a job that I would want to do; having to tell people year in, year out that the council is continuing under the right-to-buy scheme to sell off far more houses than the housing associations are building. Between 1998–99 and 2002–03, the number of houses in the area under local authority control fell by about 250, while the number of houses under housing association control rose by only 100. Right-to-buy sales are not being replaced by housing association properties on the necessary scale. The supply is falling while the demand grows. Demand is rising because young families cannot afford to leave their parents and buy a first home and because of family breakdown. Demand is rising all the time, yet the supply seems to be shrinking.

What can central Government do? Clearly, central Government determine the amount of the money that the subsidised housing sector in the region receives. I gather that growth in Government support has been slower in the south-west than in other regions, yet the housing situation in the region is arguably one of the worst in the country, as the ratio of house prices to earnings is about 7:1. I gather that that is arguably as bad as the situation in London, and worse than anywhere else. Across the south-west as a whole, wages tend to be relatively low, but house prices have been rather high. I am sure that the Minister will tell us of the millions, hundreds of millions or billions of pounds that are being committed, promised or whatever. I hope that they are being committed, and I hope that they will deliver. All I can say is that on the ground over the past seven years, I have seen the problem getting worse and not better.

I talked to the local authority about what would help it, and it is keen to look at ways of promoting what it calls an intermediate housing market—something between the extremes of pure renting and pure buying. There are already examples of such an approach, including shared equity schemes and so on, but the authority has given me some examples of where someone can be delivered off the waiting list for less subsidy than a traditional council house would require.

It is possible to rent at below the market rent with some subsidy allowing people to save money for a deposit so that they can buy somewhere. That gets people off the housing list, but does not cost the full subsidy of a council house. A shared equity property is another option, where people pay the interest on the mortgage but might not pay any rent to the social landlord. That is cheaper than a subsidised council house, but it gets someone off the waiting list.

My local authority would be keen to promote such schemes and to be innovative. One of the problems is that it is quite resource intensive to offer every individual a whole menu of options involving different combinations of renting, buying, subsidy, equity and so forth. I believe that the local authority is in the process of putting in funding bids to get support to tailor housing solutions to individual need. If authorities can offer something other than pure social renting, pure council housing or pure housing association provision, the subsidy can spread further and deliver more houses for the same amount of public money. I would be grateful for any encouragement from the Minister on that front.

My local authority would welcome greater powers over empty properties. The Minister will know how grievous it is for a homeless family to know that empty properties are sitting empty month after month, year after year, not only in the public sector, but in the private sector. The authority would be interested in the power of compulsory leasing for long-term empty properties.

The council is keen to see private renting encouraged. In south Gloucestershire, the current situation is likely to discourage private renting for two reasons. First, housing benefit processing remains slow. Obviously, the council needs to sort that out, but it is a disincentive to private landlords.

I do not know whether the second problem is a nationwide one, and would be grateful for the Minister's comments. My local authority says to people who are coming to the end of a private sector tenancy, "Do not move out. If you know that your tenancy is up in a month or two months, and your landlord says that they are going to sell up and that they don't want to renew your tenancy, we are not interested until you absolutely have to leave. Do not go when they ask you to, do not go when they tell you to, wait until there is an eviction notice and they have taken you to court to force you out. Then we will treat you as homeless." As there is nowhere to put such people, they are made to stay for as long as they possibly can, well beyond the point where they might reasonably have moved out. Landlords are coming to me saying, "This is a disgrace. We are being encouraged to rent properties to people and then we cannot get them out at the end of the tenancy, because the council is telling them to stay put."

I know why the council is saying such things; there is so little property into which people can be moved that if someone physically has a roof over their head, the council has to accommodate them for one less night. That is a desperate situation. It is unfair on the tenant

and the landlord, and for that matter the council. Is the Minister aware of that situation, is it happening elsewhere and can something be done?

Clearly, there have to be more houses, but in an area such as south Gloucestershire, which has significant green belts and villages that would lose their character if there was urban sprawl, it is all the more important that the houses that are built are those that local people can afford and that meet their needs. As the Minister knows, we need housing development of the right sort. High density housing does not have to be unattractive or undesirable. We can consider the issue of housing density.

We have to consider greater use of brownfield sites, but it is critical to ensure that it is not the developers who win, but local people. We have to bite the bullet. The only way to get enough affordable housing for local people is to ensure that when those new houses are built, a much higher proportion are homes for local people at the prices that they can afford. That is vital.

I have heard the Government say that millions and billions of pounds are being spent on housing, but I have not yet seen any evidence of that. Perhaps the serious money is yet to come through. Judging by what I see week by week in my surgery, however, it seems that the problem is getting worse. I hope that the Minister can reassure me that I will not have to be back here in another two and a half years to raise the same topic.

11.15 am

The Minister for Housing and Planning (Keith Hill): Let me begin, as is conventional, by congratulating the hon. Member for Northavon (Mr. Webb) on securing the debate and bringing the important subject of affordable housing in south Gloucestershire to the attention of the House. I know that it is of concern to you, Mr. Deputy Speaker, as it is, indeed, to us all.

The hon. Gentleman made several interesting proposals, on which I shall reflect; that is, after all, the purpose of such debates. Of course, some of his suggestions are already on the Government's agenda. In particular, we recently tabled amendments to the Housing Bill in support of the compulsory leasing of empty homes.

I know from the many representations that I have received from hon. Members and from the debates to which I have responded how urgent the issue of affordable housing is in the south-west. That is why I was happy to speak at the parliamentary launch on 24 March of the National Housing Federation—South West report on the economic effects of the affordable housing crisis in the south-west. That is also why I visited Cornwall to talk to people first hand about these issues.

The fact is that the south-west has experienced a near doubling of average house prices since 1999, with growth across the region and in south Gloucestershire continuing at 12 per cent. between the end of 2002 and the end of 2003. At more than £176,000, average house prices in the south-west are now the fourth highest in the country. Earnings in the south-west are below the national average, so measures of average house prices have reached more than seven times average earnings—a wider ratio than anywhere else in the country, except London.

Of course, such house price growth increases the wealth of many existing home owners. Nevertheless, we recognise that it can also create severe difficulties for people who are unable to buy or access housing at an affordable price to suit their needs. That can not only have distressing social consequences, such as increases in homelessness and the use of temporary accommodation or overcrowding in households, but create recruitment and retention problems for key public services. That is why the Government have made the provision of more affordable housing, especially for key workers and young families, a key part of our sustainable communities plan.

The hon. Gentleman graphically described the problems experienced by certain constituents in accessing social rented housing and affordable homes, and I have great sympathy for families facing difficulties in securing suitable accommodation. The latest south Gloucestershire housing strategy reports that the number of those on the housing register is expected to rise by about 240 each year. As he noted, 500 to 550 cases of homelessness are already being accepted—up from about 400 in 1999–2000.

Clearly, there has been little, if any, improvement in the imbalance between the supply of and demand for affordable housing in the hon. Gentleman's constituency since he last raised the issue in the House in November 2001. In responding for the Government in that debate, my predecessor, my hon. Friend the Member for Northampton, North (Ms Keeble), pointed to South Gloucestershire council's poor record in providing affordable housing, and the hon. Gentleman alluded to that point. Unfortunately, I have to report that the council's record on providing affordable homes remains disappointing. Although about 1,000 homes a year have been built since 2000–01 and the council is on target to build the number of homes required in the local plan, only a mere 127 of them have been affordable units, which constitute about 12 per cent. of the total new build, whether funded by housing associations or through planning gain. Indeed, only 66 affordable homes were secured through section 106 planning gain agreements in the two years between 2002 and 2004. That is the case despite the council's declared policy of securing 30 per cent. affordable housing on sites with more than 25 units in urban areas and sites with more than 15 units in rural areas.

I am encouraged to learn, however, that South Gloucestershire council is anticipating a substantial increase in the use of section 106 agreements and developer contributions over the coming years to secure the delivery of more affordable housing units and supplement other projected completions on non-allocated or non-windfall sites. If that approach were successful, it would bring the average rate of additional affordable housing provision to around 200 units per year, which would be a 100 per cent. increase, although the level would still, of course, be below the council's own targets. I am also encouraged that south Gloucestershire jointly led the recent housing market assessment for the wider west of England area.

The housing study is the first of its type to be published in the south-west and is an excellent example of partnership working, not only between neighbouring unitary authorities of the west of England—the former Avon area—but with private developers and landlords,

[Keith Hill]

the regional development agency and tenants. The thrust of the study's 24 major recommendations is to increase partnership and proactive working in housing and planning between the unitary authorities in the west of England to drive much-needed improvements in the delivery of housing to accommodate employment and population growth in the area. I am pleased that the west of England partnership is considering how best to rise to that challenge and I look forward to significant progress in the years to come.

The Chancellor will announce decisions on future affordable housing investment in the spending review in the next few days, but I am proud of the Government's record of investment to date in improving the quality of social housing through the decent homes target and by increasing the resources for the Housing Corporation to more than £1.2 billion in 2003–04. That has meant, for example, that 48 key workers in south Gloucestershire were able to take part in the national starter home initiative between 2002 and 2004.

Recognising the level of need in the south-west, the Government have increased the south-west housing board's grant allocation by no less than 30 per cent. over the next two years, which is among the highest increases in allocation. From the recently announced £188 million investment programme, south Gloucestershire is due to receive £6.4 million to provide 229 additional affordable homes. They include 27 units for nurses, health workers and teachers from the £10 million south-west key worker challenge fund. South Gloucestershire council also received £2.1 million for investment in social housing and other capital investment for 2004–05 and 2005–06.

It is important that the south-west owns the agenda and seeks its own solutions. That is why we have set up the regional housing boards, which will give the region a real opportunity to identify its key housing priorities and to create its own response within a coherent national framework.

Affordable housing is the south-west housing body's No. 1 priority. It announced on 24 March how its £188 million will be invested during the next two years to deliver more than 65,000 affordable homes. Some 20 per cent. of that funding will be used to support a range of low-cost home ownership schemes, such as shared equity and Homebuy. Those are the sort of opportunities that the hon. Gentleman identified in his speech.

I am aware that south Gloucestershire includes an extensive rural area, so I am pleased to say that the current regional investment programme exceeded its target of providing 764 homes in villages with a population of less than 3,000 by allocating £33 million to provide 863 homes.

The Chamber should also be aware that we are working with local authorities to stop families being housed in bed and breakfast accommodation, except in emergencies, from March 2004, and to sustain the reduction in rough sleeping so that from 2002 onwards it remains at or below two thirds of the 1998 level. In 2003–04, the south-west received £4.4 million to tackle homelessness and rough sleeping, with south Gloucestershire receiving the sixth highest amount in the region after Bristol, Exeter, Plymouth, Gloucestershire and Bath.

At national level, the Government have strengthened the hand of local authorities in seeking to secure affordable housing through the planning system. We are clear that any development should ensure that communities are sustainable and should enhance the overall environment and protect the countryside. We must ensure that we get a better mix of housing that reflects the needs of everyone, and not just the market for large detached housing. We are therefore consulting on changes to planning policy guidance note 3 on the location and density of housing to widen the range of housing opportunity in terms of size, type and affordability. We are determined that the planning system will enable the provision of new homes in the right place—focusing on brownfields first—and at the right time to meet planned numbers. The purpose of the new Planning and Compulsory Purchase Act 2004 is to make the planning system faster and fairer.

The Government are also committed to responding by the end of 2005 to the recommendations of the Barker report on reform to the planning system, and are due to consult shortly on the proposed integration of regional housing and planning bodies.

Mr. Webb: I will want to show what the Minister and I have said to people who come to me who are desperate for housing and face a multiple-year wait. I am trying to get to the kernel of what he is saying. Is he saying that we should wait and see whether the Chancellor comes up with extra cash? The Minister was gracious enough to admit that not much progress, if any, had been made during the past three years, and the council would say that things have got worse. What have we learned from the past few years? What optimism can I give to people in desperation who come to see me? Should I tell them that I hope that there will be some more money, and that it will filter through eventually? Is there anything more concrete that I can tell them?

Keith Hill: I have already pointed out to the hon. Gentleman that, in the next two years, the regional housing board for the south-west will receive one of the highest increases in allocation of grant for social housing purposes. That is an overall increase in grant of 30 per cent., from which south Gloucestershire will undoubtedly benefit.

The Government recognise the pressures on the housing market in the south-west. The hon. Gentleman is absolutely right that it is a special area. Earnings are generally quite low the region, but it is experiencing enormous growth in the amount of equity put into housing because it is an extremely attractive region to which people want to retire and in which people want to have second homes. The extra investment going into the region from private buyers has a knock-on effect on the availability of affordable housing. We recognise that that is the case, which is why we are increasing grant for social housing in the region and are committed to increasing investment in social housing. We hope to reflect that approach in the spending review announcements.

The hon. Gentleman will be aware that, via our planning reform agenda, we are hoping to remove impediments to housing growth, which some have

argued have been created by the planning system. We are also committed to major new house building in order to stabilise the rise in house prices as far as possible. He can use that evidence plus the specific details that I have given to offer some comfort to constituents who find themselves in a very difficult position. I recognise their difficulties. He used to reside in my constituency and he knows the sorts of pressures that can arise in London. We recognise that the south-west shares many of the pressures of London and the south-east, which is why we seek to respond to them.

It is important that the region should own its solutions, so the Government are providing the tools and resources to enable regional partners in the south-west to deliver the higher quantity and quality of housing that the community needs. My Department's key objective is to create sustainable communities in all regions. Today's debate has been an excellent opportunity to reinforce the Government's commitment to a better future for the south-west, and I commend our policies to the Chamber.

11.29 am

Sitting suspended until Two o'clock.

Transport (Eastern Region)

2 pm

Mr. Patrick Hall (Bedford) (Lab): I am delighted to have the opportunity to raise a number of issues relating to transport in the eastern region. I am also pleased to note the presence of several hon. Members from the region. My hope is that the Under-Secretary of State for Transport, my hon. Friend the Member for Harrow, East (Mr. McNulty), will hear a number of worthwhile contributions that will leave him in no doubt that the eastern region has strong advocates, and that the needs and aspirations of its people should be heard, recognised and acted on by the Government just as much as those of people from other parts of the country.

It has not always been so. I note that the debate on the eastern region that took place in the House on 11 November 1998 was, according to the House of Commons Library, the first debate on economic development issues relating to the east of England to have taken place for at least 20 years—the Library did not look further back. It was followed by another Adjournment debate, on transport in the eastern region, on 20 November 2001, which was secured by my hon. Friend the Member for Luton, North (Mr. Hopkins). I pleased to see that he is present this afternoon. Taking into account today's debate, the eastern region is getting a lot more parliamentary attention than it has received for a very long time indeed.

In addition, the creation of regional development agencies and regional assemblies across the country has focused the minds of business, the Government, organisations, institutions and elected representatives on issues that are best considered and delivered in a regional context. Again, that is something that has not happened with regard to the east of England in the past.

Although the region is new and diverse, recognition of its existence—including, increasingly, by its residents—will help to deliver the necessary clout to ensure that it gets its fair share of the cake, as well as helping it to develop the self-confidence to do things for itself. If anyone has any doubts about the need for that, I ask them to consider the challenges and opportunities in the sustainable communities plan, particularly in the London, Stansted, Cambridge and Peterborough growth area, and, on the western borders of the region, the Luton, Bedford, Milton Keynes and south midlands growth area.

The eastern region has one of the fastest growing populations in the United Kingdom. There are currently about 5.5 million people living in the six counties of Bedfordshire, Cambridgeshire, Essex, Hertfordshire, Norfolk and Suffolk. In land area, it is the second largest English region. Although it is characterised by historic, attractive villages and small and medium-sized market towns in an extensive rural setting, it must not be forgotten that most of the population is urban, particularly in the southern and western parts.

Commentators often refer to the prosperity of the region. It is one of the most prosperous in the United Kingdom, although it is only averagely prosperous in European Union terms. That prosperity is based on gross domestic product per residence, which allows for income brought into the region by commuters to London. However, if we measure prosperity on a

[Mr. Patrick Hall]

workplace basis, the region falls well below the UK, as well as the EU, average. That indicates two key features of the eastern region: first, it relies heavily on London and, secondly, it performs below its economic potential as a region in its own right.

Some may say that that does not matter and the London effect should be welcomed, but that means maintaining and reinforcing the increasingly congested and costly radial transport flows into London. That approach is no longer sustainable, and it is undesirable in terms of quality of life as well as social and economic development. Indeed, although the London effect worked well for many people in the past, it always failed to tackle the fact that there are extensive pockets of relative deprivation, including rural deprivation, and a greater reliance on the car than in other regions because of the weakness of the public transport system and the lack of local employment opportunities. The 20 per cent. or so of households in the region that have no car, and the many people who do not have regular access to the household car, live in a rich region while not particularly benefiting from it. That shows that much needs to be done to reshape established patterns of work, investment and transport.

The potential is there: in tourism there can be no doubt of that, and there is also strong growth in electronics, telecommunications and pharmaceuticals. In my part of the world, Bedfordshire, the importance of Cambridge as an influential focus for growth is recognised through the work being done on the concept of the Oxford to Cambridge arc, which links Oxford to Milton Keynes, Bedford and Cambridge.

That reminds us of one of the issues that featured strongly in the two earlier parliamentary debates that I referred to: the absence of, and the need for, strong east-west transport links. Although we have Stansted, Luton and Norwich international airports, and the major seaports of Felixstowe, Harwich, Ipswich, Tilbury, King's Lynn, Great Yarmouth and Lowestoft, those have tended to reinforce the north-south London hub pattern because it is there.

If those of us in the eastern region are to tackle social exclusion, invest more to meet public expectations on a range of issues of public services and quality of life, and live up to our economic potential, we must raise our game and be more ambitious, building on our strengths and tackling the long-established strategic weaknesses. Transport is fundamental to doing that. I believe that the key to unlocking the potential of the region as a whole is the sustainable communities plan. Achieving the two growth areas in the east requires up-front commitments to infrastructure investment. Transport is an essential element of that.

The Minister knows that, historically, transport investment in the east has been poor. That is partly because, until now, there has not been a coherent regional voice and the necessary strategic output has been absent. There are existing commitments, mainly for road improvement, to address the needs of the existing population. There is also a compelling case for improvement in capacity and level of service on the rail network, again justified entirely on the basis of existing needs. On top of that there is a requirement to boost transport investment to deliver the growth areas.

Ministers will be aware of the regional planning body's infrastructure bid to the comprehensive spending review 2004, mainly but not exclusively for transport investment. I think that the investment is more likely to happen, and that it will be far more cost-effective, if regional bodies and local councils opt for accelerated rather than merely trend growth. The region underperforms, and a step change in planned growth is needed to address that. Especially because it needs to be accelerated, such growth must be balanced and it must be jobs-led. If it is not, we will simply reinforce the congested patterns of social exclusion and relative economic underperformance that characterise the region.

To avoid that, and the decline that would surely follow, I believe that two things are needed. First, local councils and regional bodies must have the courage and imagination to embrace accelerated growth and they must be positive about the opportunities that it represents. Secondly, the Government must be radical and serious about reforming the formulae used for public spending programmes. We all know that those are normally based on past events; they lack a forward-looking component. As a result, they fail to make allowance for planned growth. Areas growing faster than average are perpetually underfunded and playing catch-up.

That exactly describes the situation in Bedfordshire, where, for example, capitation allocations for the NHS have, over the years, remain locked below the investment levels deemed necessary to meet existing needs, never mind planned additional needs. I urge the Minister to take on board this point: sustainable communities will not be sustainable unless the Whitehall machinery is redesigned, and that is his province or that of his colleagues. I look forward to his comments on that.

One golden opportunity reinforced by the growth areas initiative is the east-west rail link. I have long supported that project, which will benefit the region and beyond as well as Bedford and Kempston in my constituency. I understand that following recent positive discussions with the Office of the Deputy Prime Minister, the east-west rail consortium is now hopeful that a clearer way forward will soon be established for the western half of the project; that is, from Bedford to Bletchley, Oxford and Aylesbury. That will mean taking the consortium's existing feasibility study to the next stage. I hope that the opportunity is grasped to ensure that the level of investment committed is sufficient to the task.

My hon. Friend will be aware that parts of the eastern half of the project—east of Cambridge—have already benefited from improved services, with more improvements planned to come into being this autumn. That leaves the missing link between Bedford and Sandy. We cannot have east-west rail without plugging that gap, so action is needed. I hope that my hon. Friend will indicate that the Strategic Rail Authority's regional planning assessment will at last start to operate in harmony with land use and economic development plans. I hope that he will acknowledge the strategic importance of the SRA's taking fully on board the growth area plans and, in that context, use his best offices to encourage the SRA to consider east-west rail

as a whole and plug the gap. I would like to see a programme designed to achieve that sooner rather than later. The delay has gone on far too long.

Delivery of east-west rail will spread the benefit of the growth areas as well as addressing existing problems. It therefore has the potential to reduce the levels, such as they are, of opposition to and uncertainty about housing growth. The same can also be said about another project: the Bedford to Milton Keynes waterway. I admit that the building of a new canal is not exactly geared to solving modern transport problems, but the project is integral to creating an attractive environment, boosting land values and developing leisure opportunities. It will help to put the Marston vale, south-west of Bedford, on the map. The project has strong all-party and public support and will contribute to the regeneration of an area that for far too long has been exploited for brick clay and unsustainable landfill. It is time to put something back into the area. The Government need to give strong support to that project, which is entirely consistent with the growth area initiative in that part of the world.

My hon. Friend will also be aware that I have had detailed discussions with ministerial colleagues about delivery of the Bedford western bypass, which is to be developer funded. I am pleased that in the past few months the Government have decided to make additional funds available up front to kick-start the project in the reasonable hope that it will trigger action by developers and landowners to fund the project as a whole. I hope that that will work. We will need to monitor events on the ground closely to ensure that it does. Lack of action would stifle delivery of part of the Milton Keynes and south midlands growth area, which would be unacceptable to all of us.

Clearly, there is much that I have not attempted to address in introducing this debate. The region is large, with 56 parliamentary constituencies. I look forward to hearing what other hon. Members say this afternoon. I hope that they will agree that the creation of the regional bodies plus the impetus for growth represented by the sustainable communities plan will trigger activities and a programme of social, economic and transport improvements that have the potential to benefit the eastern region as a whole for many years to come.

Mr. Deputy Speaker (Sir Nicholas Winterton): Before I call the next speaker, I indicate my intention to start the winding-up speeches at 3 o'clock. I say to the spokesmen for the Liberal Democrats and for Her Majesty's Opposition that I want the Minister to have adequate time to reply to this wide-ranging debate; I hope that they will bear that in mind.

2.15 pm

Mr. Keith Simpson (Mid-Norfolk) (Con): I begin by congratulating the hon. Member for Bedford (Mr. Hall) on securing this important debate. I was very grateful for one line in his speech in which he emphasised the need for strong east-west links across the region. That is something on which I intend to concentrate. I know that when the Minister saw me his heart sank, as he knew that I would raise the question of the A47. Queen Mary had "Calais" engraved on her heart; I think that the Minister will have "A47" engraved on his over the next year.

The A47 has intermittent stretches of dualling between the A1 in the west and Great Yarmouth in the east—a length of about 170 miles. Stretches of the A47 pass through my constituency on either side of Norwich. I am very glad to see the hon. Member for Great Yarmouth (Mr. Wright) present; he may try to catch your eye, Mr. Deputy Speaker, because he has a constituency interest in the matter.

This is the second time that I have spoken in the Chamber on this subject. On 24 March 1999, I participated in a debate on transport in the eastern region initiated by the hon. Member for Luton, North (Mr. Hopkins), and on 4 June last year I participated in an Adjournment debate on the A47.

The dualling of the A47 is a high priority in Norfolk. Last year, the county council resurrected the old A47 alliance, which is supported by all MPs, all county, district and town councils, business groups, trade unions and many voluntary organisations in Norfolk. There is hardly anyone outside that umbrella organisation. The Minister may also be interested to know that the Norfolk county strategic partnership has undertaken a wide survey, entitled, "Your Norfolk, your day", which has produced some interesting findings about the priorities of the county's population, including a high priority for the dualling of the A47.

It would be fair to say that public opinion in Norfolk is heavily in favour of dualling the A47, and, with local support, the alliance will lobby and campaign to achieve that objective. It could be said that it is Norfolk's own big conversation, and we hope that Ministers will listen. They are aware of the strength of feeling—on 15 October last year, the Under-Secretary of State for Transport, the hon. Member for Plymouth, Devonport (Mr. Jamieson) received a cross-party delegation who briefed him on why we thought that the road should be totally dualled.

I want to press this Minister on one general point and one local point. As I said, the A47 stretches from the A1 in the west to Great Yarmouth, and there is concern in Norfolk and areas to the west that the Government have failed to take a strategic view of the importance of the east-west link. One has only to look at a map of East Anglia to see a broken thread stretching 170 miles. The route is important not only for Norfolk and Cambridgeshire, but for the east midlands. Whatever rail and local transport options we come up with, they will be feeble in comparison with the main one. That key route is unable to cope with the current traffic flow, but the Government will fail to achieve their own targets for reducing social and economic deprivation, encouraging economic development and reducing accidents if they continue with the current policy of remedial dualling in selected areas.

There is also the question of the impact of any development on Yarmouth outer harbour, which all of us in East Anglia hope will go ahead. It will be of great benefit to Great Yarmouth and the region. If the project goes ahead without substantial dualling of the A47, we will have a considerable traffic jam at the Yarmouth end of the Acle straight.

Ministers have avoided taking a strategic view and prefer to devolve responsibility—but not necessarily a lot of resources—to the East of England regional assembly while effectively retaining control. I disagree

[Mr. Keith Simpson]

with the hon. Member for Bedford in that many of us have been sceptical about the ability of the eastern region to get what we want for our area. I persuaded the Under-Secretary of State for Transport, the hon. Member for Plymouth, Devonport to acknowledge that there was a case in principle for the whole of the A47 to be dualled—without committing any money—according to the Government's criteria. That case is still relevant today, and I hope that this Minister will acknowledge that.

I turn now to more local issues. It would be churlish of me or any other Norfolk MP not to acknowledge local commitment and progress on issues in Norfolk relating to the dualling of the A47. I welcome the Government's decision to continue the dualling of a short stretch of the A47 east of Norwich in my constituency from Blofield to North Burlingham. When it is completed, it will reduce the number of accidents on that treacherous stretch of road.

In Norfolk, we are concerned that the important scheme to dual the A47 from Acle to Great Yarmouth may be turned down as a result of the environment assessment undertaken by the Highways Agency, which I understand will be published shortly. Although the agency has assured Norfolk county council that it will keep in touch as the process develops, Norfolk MPs, the council and the A47 alliance are concerned that that does not mean that it will seek the council's views, and it will not necessarily take into account any economic assessment.

The Minister may not be aware that I recently wrote to the Under-Secretary of State for Transport, the hon. Member for Plymouth, Devonport, expressing my concerns on behalf of the A47 alliance about the failure to assess the economic aspects alongside the environmental impact of any dualling of the A47 stretch known as the Acle straight. On 7 June, Mr. John Reynolds, the chairman of the east of England regional planning panel, wrote to the Secretary of State for Transport about the lack of economic assessment and the incomplete information on which the Minister was to base his decision.

Will this Minister examine the Highways Agency proposals and consider whether they have taken into account the economic assessment for the dualling of the A47 Acle straight? The Minister will be aware that that narrow, single-lane road is the only main road connecting Great Yarmouth westwards to the rest of Norfolk and the east midlands. The hon. Member for Great Yarmouth and I know only too well that a bad accident or a lorry losing its load can block the A47 for hours—for one day on one occasion—leaving Yarmouth isolated on one side. That is unacceptable. Please can we see some action, Minister?

2.24 pm

Mr. Kelvin Hopkins (Luton, North) (Lab): I congratulate my hon. Friend the Member for Bedford (Mr. Hall) on securing the debate and thank him for his fine speech, which was thought provoking and, indeed, elegant. My speech may not be so elegant and wide-ranging. I have some specific points for the Minister. Some of them may appear to be parochial and sub-regional, but they have regional implications and are not just about my own constituency.

If the eastern region is to be made a meaningful and coherent region, we must have better east-west links. At the moment, it is much easier to travel from Luton to Leicester than from Dunstable to Dunmow. Indeed, the prospect of driving to Dunmow is something at which I blanch, having done it from time to time and taken many hours to do so. We heard about east-west links before, and I shall return to the point.

I thank the Minister for his support in securing a decision to expand Luton airport. That was a wise decision in the pattern of south-east provision and it will be a boon to the people of Luton in terms of employment and prosperity for the future. More than that, it was a sensible decision for the country as a whole and for the region. Most of us in the area are supportive of the expansion. Sadly, that is not the case for Stansted. I do not know whether other hon. Members want to speak about Stansted, but there is less happiness about the possibility of expanding that airport. I leave that thought with the Minister.

Expanding passenger throughput at Luton airport from 7 million to 30 million a year means heavy investment in local transport infrastructure in our sub-region. We already have Luton Airport Parkway station, which is welcome, but in future we will need a dedicated people-mover from its platforms to the airport concourse if we are to make that station attractive to people travelling by train or, indeed, by car to the Parkway car park. That is vital, and I hope that the Government will support and encourage Luton in developing a dedicated link of that kind.

We also need to promote and encourage the development of Thameslink rail routes. Last week, I hosted a presentation in the House for Network Rail to talk about the future of Thameslink. We understand that the Thameslink work will start in 2007 and finish in 2012. That is 12 years later than some of us hoped, but at least it seems likely to happen in that time. We will have 12-car trains stopping at many stations, which will make a big difference to those travelling from London to use Luton airport. It will also help our local prosperity.

The next problem in our sub-region is M1 widening. I read in the newspapers—although I do not believe everything I read in them—that, in the Chancellor's consideration of future spending plans, the M1 widening expenditure is at risk. If we do not receive all of it, we should get some. Widening the M1 to the south of Luton from junction 10 is vital. It would take the pressure off the M1 further north, which is, I think, where the bottleneck is. The M1 serves the airport and the economic regions to the south of Luton, which are vital to our local economy. I therefore urge the Minister to press the Chancellor to permit M1 widening at least as far as junction 10.

Widening the M1 through my constituency would be much more difficult. It would be expensive and enormously disruptive, and it would involve a lot of blight. It would be possible to avoid widening through Luton provided that it takes place to the south of the town. The alternatives depend on enhancing rail travel with a park-and-ride station to the north of Luton and a north Luton Parkway station, adjacent to the M1 and linked to a north Luton bypass.

We talked about east-west links. At the moment, going across the north of Luton means going through my constituency, using wholly inappropriate residential

roads and causing problems and environmental disadvantages for my constituents. We need a north Luton bypass. It has been talked about and tentatively drawn on maps, but we have not yet had any firm commitment to it. I urge the Minister to take that possibility seriously. Such a bypass would link the A5, the M1, the A6 and eventually the A505. I hope that there will eventually be a bypass on the A505 past Hitchin, Baldock and Letchworth. Then we really would have an east-west link that would make some sense and provide a through route, so that travelling from, say, Dunstable to Dunmow would be considerably easier.

There must be a mesh right across the region. It cannot just be based on spokes from London, with occasional urban blobs drawn on the spokes and no links across. That would not be a region; it would be a series of spokes dependent on London. The north Luton bypass and north Luton Parkway railway station are vital. With them, we can avoid another rat run from east to west through Luton which involves using the M1 as a bypass. People come on to the M1 at junction 11 in my constituency, near the hospital, and use it as a bypass going south and then east. That happens in rush hour in particular. A north Luton bypass that stretched right round from the A5 not just to the A505, but to the airport, would take an enormous amount of traffic off the M1, obviating the need for widening it in my constituency, at least for the foreseeable future. That would save the Government vast sums and would also prevent enormous blight and environmental degradation in the area.

The Minister will be aware that there has been a pretty fierce debate on Translink. There were questions in the House last week. Translink is the scheme to link Dunstable and Luton on an old railway line. Luton borough council favours a guided busway. I go along with that suggestion and have seen it demonstrated as the only feasible option, at least in the short term. In the longer term, I would like to see the line used for longer distances, perhaps as a light rail system. I know that such systems are expensive and that our kind of conurbation might not have the numbers of people to justify that. However, Luton is to be part of a new housing area; between Luton and Milton Keynes, tens of thousands of new houses will be built. Luton will become a bigger conurbation and will get closer to Milton Keynes. We must look carefully at other transport infrastructures in the area. We may reach a critical mass at which we could justify a light rail scheme using the Translink track, as well as guided busways. I have spoken to engineers, and it is quite feasible to have a guided busway and light rail on the same route.

That is looking far into the future. I like to think that our Government will do that, and not just think about short-term fixes that are commercially feasible only in that time frame. I like to think that they will look at what the country and the region need for their long-term future. I have campaigned for a long time for both schemes—the northern ring road and a light rail system that would cover not just Luton, but other conurbations to the east and west. Those are simply my own thoughts at the moment. I shall continue to press matters in the future. I hope that in time, the Minister and his colleagues in the Government will take them seriously.

2.33 pm

Dr. Phyllis Starkey (Milton Keynes, South-West) (Lab): Since my constituency is not actually in the east of England, but is immediately adjacent to it, I am particularly grateful to be able to participate in the debate called by my hon. Friend the Member for Bedford (Mr. Hall). I want to concentrate on one particular aspect that he raised in his speech: east-west rail. I am the chair of a virtual all-party group—it communicates, but does not meet—on the east-west rail link. It links Members from Ipswich and Norwich in the east to Swindon in the west, and all virtual stations in between.

The arguments for an east-west rail link are long standing and have been strengthened by the plans of the Office of the Deputy Prime for sustainable communities growth in the area between Milton Keynes, Northampton, Bedford and Luton. That part of the east-west rail link would both facilitate and support the housing and employment growth that the Government want and for which they are planning.

Some years ago, before the sustainable communities plan, there was an investigation into the likely employment generation of the east-west rail link. At that time, it was estimated that it could create up to 10,000 jobs at 11 locations along the route. If that investigation were updated, I am sure that its employment-generating power would be even higher. It would not simply facilitate and support housing growth; it would provide an alternative route for those living in the new communities to commute to employment in, for example, Milton Keynes and Bedford. It would provide an alternative to using the roads, obviating the need to upgrade the road system, which those in the additional housing would otherwise be using, and it would avoid increased congestion in urban centres in the sustainable communities. That is also important, as my hon. Friend mentioned, in the context of the Oxford to Cambridge arc.

I shall digress into history and remind hon. Members that the war-time code-breaking station that was the precursor of GCHQ was in Bletchley park in my constituency precisely because it was on the then Oxford to Cambridge railway, halfway between Oxford and Cambridge. Most of the original cryptographers were academics from Oxford or Cambridge. That was the ultimate example of early technology spin-off and, as everyone knows, it played a hugely valuable role in this country's survival and eventual victory in the second world war. The model for the Oxford to Cambridge arc is the notion of using the intellectual spin-off from the two cities with the land and labour availability of the middle sections of that arc in Bedford and Milton Keynes to ensure that employment generated by that academic research is captured in the region. The east-west rail link is extremely important to that.

I understand that the Minister is reeling under the repeated demands, not just in this debate but in others, for the upgrading of a transport network that is suffering from the extreme under-investment of the past, and that it is not possible for the Government to meet all those needs immediately or even in the medium term. I know that in the Strategic Rail Authority's forward planning the next part of the east-west rail link has only a medium to long-term priority. However, I draw the Minister's attention to the fact that, with the sustainable

[Dr. Phyllis Starkey]

communities plan, there are now additional sources of income for the east-west rail link that do not exist for other competing rail priorities. They come from the ODPM and sustainable communities funding or from developer match funding, because a significant number of developers are willing to make a contribution to the rail link as part of the planning for the various developments that they wish to put in place along the route. As I say, that funding is not available to other rail links. It would lever in money extra to the investment that the Government would be asked to make, increasing its effectiveness.

I want to make a further point about the importance of the Government maintaining the momentum of the east-west rail link. The local authority consortium has, for more than a decade, kept open the idea of reopening the Oxford to Cambridge link and re-establishing the east-west rail link. It kept it open during a fallow period under the last Conservative Government when it seemed that railways were being shut instead of invested in. It has maintained that momentum even though the pace of development has been much slower than it hoped. Silverlink has invested in the Bedford to Bletchley section of the east-west rail link.

In a matter of days, the Bedford to Bletchley service will stop for a month. That is not something to make one feel unhappy; it is actually a great leap forward, if I may describe it that way. It is necessary because investment is being put into upgrading that section of track. When it reopens, the trains will be faster and more reliable, encouraging more people to use the service, which, outside peak hours, is not an attractive alternative to the road, as it is so slow. The trains run at the speed they did 80 years ago, so at present the line is scarcely at the forefront of rail technology; however, it will be after the upgrade. Silverlink is putting significant private investment into that section of track. It does so in good faith, believing that it will be part of an upgraded east-west rail link.

If the Government are to continue to encourage private investment in our transport network, it is extremely important that private investors continue to believe that the Government are committed to reopening the Oxford to Cambridge link in the medium to long term. I urge the Minister to work with his colleagues in the ODPM to progress the east-west rail link, in particular the western section between Bedford and Oxford through Bletchley and the additional service to Aylesbury, and to move it on to the next stage. I also urge him to ensure that the eventual route for the missing link in the section east of Bedford is protected. Forward movement can then continue and commitment from the private sector can be maintained in the knowledge that the Government will deliver in the end, even if not at quite the speed that we might all wish for.

2.42 pm

Mr. Anthony D. Wright (Great Yarmouth) (Lab): I apologise for being late for this debate. I had made a commitment prior to its being selected. I congratulate my hon. Friend the Member for Bedford (Mr. Hall) on initiating the debate, which is timely. I am pleased that he secured this opportunity to discuss the current state of transport in the eastern region.

The eastern region has the third largest volume of traffic in the UK, but public provision for transport in the region still falls behind because of past policies, funding neglect, rural geography and the economic history of the area as a whole. In total, 53.7 billion vehicle kilometres were recorded on roads in the east of England for 2002—11 per cent. of the total road traffic on England's roads for that year. Indeed, reliance on the car, lack of maintenance and development of the strategic road network, an incomplete rail service, increasing urban congestion and under-utilisation of our economic assets because of public poor transport connectivity leave the region lagging well behind.

England spent £8.1 billion on transport in 2002. That was a dramatic increase on the £5.14 billion that the Government invested in 1999. However, the eastern region received only a small fraction of that amount. Indeed, in Norfolk, £38.5 million was spent in 1999, but the figure dropped to £34.5 million in 2002. The Budget showed an increase in Government resources, but in Norfolk the figure actually dropped significantly.

Great Yarmouth, in particular, lacks integration and infrastructure, resulting in an inconsistent transportation network in the east. Limited resources are focused on central areas at the expense of peripheral areas and economies. The Government's strategy for delivering a modern, safe, reliable transport system is explained in the 10-year plan for transport. It sets out a £180 billion investment programme covering all forms of land transport. Incorporating the Government's goals in the east will be essential in reducing previous comparative disadvantages. It is vital to ensure that proper funding goes to the eastern region, where it is needed and deserved.

The east of England's regional transport strategy, once released, will provide an initial template for a joined-up strategy. Ideally, it will promote the region's efforts to gain increased funding to meet transport delivery targets. It is essential that such a strategy maximises the economic benefits of transport in our region while developing access, reducing reliance on the car, improving and maintaining the existing strategic network and ensuring better access to it for all who live in our region. Such developments must also seek to reduce congestion, address environmental concerns and promote safety at all times. Access to and development of ports and airports will be crucial in increasing the eastern region's prosperity. Future access to ports and airports should therefore be a central component in determining the transport network hierarchy in the region.

The region is home to four major ports and two major airports, as well as several other smaller ports and airports. Its proximity to the sea makes the port and shipping industry particularly attractive to our economy, and the region must put forward a unified voice on the continued growth of all ports within it. In the 10 years from 1990 to 2000, total tonnage moving through UK ports increased from 490 million tonnes to 570 million tonnes, and the industry continues to grow. The Government view the private sector as best placed to develop and furnish new opportunities for ports, but port development is increasingly expensive, which means that there must be public investment at some point.

The need for investment in ports is evident in my constituency. In Great Yarmouth, a new proposal is set to service the growing freight and passenger market. Great Yarmouth port handles ships up to 125 m long, and in 2002–03 it handled 600,000 tonnes of general cargo. It works closely with all authorities in the area, and they believe that development is desperately needed to expand the service.

In February 2000, a £38 million outer harbour, EastPort, was proposed. The project involves building a new terminal, increasing quay space and depth to accommodate larger ships and an option to allow future rail connections. There is much co-operation within the area on that possible development. We have received correspondence and continued support from Norwich city council, East of England Energy Group, tourist attractions, other organisations and most MPs in the area. The area wants the development because it is seen as a step in a positive direction, and the project is recognised as vital for lifting the profile of Great Yarmouth.

The authorities completed an environmental impact assessment covering all aspects of the development and the subsequent operation of the harbour. Potential impact areas include construction noise and disruption, landscape disruption and coastal processes, and those authorities are working on those objections so that construction can commence at the earliest possible date. The process is often complicated and delayed, however. The scheme will be a major contributor to regional economic development and, with more than 500 jobs, will provide significant new employment opportunities.

The proposed design would accommodate vessels up to 200 m in length, allowing more general cargo to move through the port. The port will create lucrative trade and tourism links between the UK and Europe and will be ideal for midlands traffic to northern Europe. It would provide the shortest ferry route available to the Netherlands and create close links to the port of Ijmuiden. Ferry companies have also expressed their interest in establishing a roll-on/roll-off service for people and freight. The route is ideally suited for business, short-break and holiday travel between northern Europe and the UK. It is an opportunity for further economic development in the eastern region.

The outer harbour would also improve links internally, forcing the infrastructure to improve in order to maximise its potential. A rail connection for freight would be created at the river port, which is the best environmental option for freight transportation. The East of England Development Agency's report on the EastPort proposal is in its final stages and heading in the right direction—towards construction. The construction of the outer harbour will bring great things to my constituency, which suffers from high unemployment and deprivation.

Ironically, Virgin Travel announced 180 job losses today. That is nothing to do with the economy, as it is a business case, but it certainly exemplifies the need for increased employment opportunities in Great Yarmouth and the whole eastern region. The construction of a new harbour will energise the community and improve the Great Yarmouth area. The Government's full support for the project is needed, because the region needs and is entitled to those improvements.

The Government have always aspired to a high capacity road network to accommodate the country's obvious transport demands. The demand for a dualled A47 is not new, as its development was first proposed in my constituency in 1971 with consideration of the dualling of the A47 King's Lynn to Great Yarmouth route. The A47 Acle straight is a vital part of the infrastructure needs not only of Great Yarmouth, but of north-west Norfolk as a whole. It links the region to the rest of the UK. In 1971, the Government pledged their full support for the construction. By 1978, the Government's strategic route approach had been watered down and replaced by proposals to build bypasses on key stretches of the road. In 1988, still without adequate room on the A47, Great Yarmouth produced a document called "Acle New Road: the Case for Dualling", accompanied by a supporting petition signed by more than 20,000 people. The previous Government still did nothing for my constituents, even though the 1989 White Paper included a commitment to dual the A47. In 18 years of Tory government, no fewer than 23 Ministers with the roads portfolio said that there was a definite need for dualling, but the Acle straight was withdrawn from the scheme in 1996. It is now 2004 and the road is still the same—insufficient.

The stretch in question is just eight miles long and is a single carriageway that has been the site of many accidents. Journey times have increased and Great Yarmouth continues to lose business to other towns through failure to dual the stretch. Without an appropriate road into Great Yarmouth, it is difficult to attract and retain investment. The people of Great Yarmouth are not asking for a totally new road, but for the dualling of an existing highway, with as little economic impact as possible during construction. Dualling would affect only 30 yards alongside the existing highway. Widening the road is not an attractive solution because it could take up to 18 months to complete, resulting in road and lane closures and affecting the local economy.

Great Yarmouth needs to be linked to the main strategic highway arteries if it is to overcome the severe problems of deprivation, high unemployment and peripherality that it endures. We must not forget the safety aspects. As I talk about economic progress, people may turn around and say, "Well, it probably wouldn't affect the economic prosperity of the area to have those roads". Yarmouth is probably the only major tourist resort with a significant port that is not connected by dual carriageways and standard roads that go directly to the town itself.

Following a recent survey of the outcomes of the Norwich to Great Yarmouth road-based study, it was announced that there was insufficient information on which to make a decision on the question of the Acle straight. The Highways Agency was asked to undertake three strands of work to investigate the practicalities of managing existing traffic during construction of either widening or dualling options and to assess the impact of delays during construction. That included a plan to investigate the condition and stability of the embankment carrying the A47 across the Acle straight, including the land take required for dualling or widening; to investigate the practicalities of managing existing traffic during construction via the widening or

[Mr. Anthony D. Wright]

dualling options; to assess the economic impact of delays during construction; and to assess the project environmentally.

We understand that that report is due to be announced shortly with rumours clearly stating that the environmental impact would be too much for the dualling of the Acle straight to take place. I add this point: the road is also having an environmental impact in the town. I think that those considerations should also be taken into account. The most controversial part of the plan involves environmental assessment, as the A47 passes through an environmentally sensitive area. Its ditches apparently support the rare swallowtail butterfly, water voles and hawker dragonflies. My town also tries to support many unemployed and economically disadvantaged people.

There are large earthen embankments built alongside the A47. Authorities are studying them to see whether they are sinking into the marshland. The Acle straight has remained straight and without ditches along the side for all its time and it is certainly a stable area. Those studies, while important, are making my constituents and the rest of the eastern region wait longer for the A47 to be improved.

Despite the obvious benefits of dualling the A47, a recent report that emerged from the environmental assessment of the area states that dualling would cause too much damage to sensitive habitats along the Halvergate marshes. It is vital that the Government think about the long-term economic benefits to my community and the entire region when considering the project. I feel strongly that dualling should be considered with respect to overriding public interest, with the net benefits of the project outweighing the environmental disadvantages.

The Government are also calling for an end to reliance on cars, which is a major concern. Owning and driving a car is an inevitable requirement for daily life in the eastern region, with 84 per cent. of all journeys and 75 per cent. of work journeys made by car. In 2002, 167 million passenger journeys by bus and light rail were travelled in the east of England, which is an increase of only 5 million during the past 10 years. The east of England has the lowest levels of such journeys of all the English regions. Those extremely low levels are caused by the lack of cohesive public transport in the east. We are consistently receiving complaints from constituents about their inability to access and utilise public transport. Services are insufficient and unfairly biased towards central regional hubs instead of more peripheral areas.

In the period 1999–2001, access to buses stood at 79 per cent., which was 10 per cent. below the national average and placed us as the third-worst region for access to buses in England. For example, the 704/705 bus service in the Flegg area of Great Yarmouth has been withdrawn, limiting the ability of residents to travel to Great Yarmouth to use vital services such as doctors and dentists, and for shopping and employment. The closures were cited as necessary for economic and commercial reasons. Many other bus routes are closing, including those that children use to get to school and that the elderly use to do their shopping, and they are being replaced with services that are inefficient.

Norfolk county council received a £2.5 million subsidy from the Government to support rural bus services, and we should congratulate the Government on taking that initiative. However, not one penny of that subsidy was made available for those important community routes or, indeed, for the constituency as a whole. Norfolk county council still refuses to provide funds to reinstate those routes, but representations are currently being made to the Department for Transport. There have been meetings with the county council to discuss the issues, and another is planned with FirstBus.

Railway accessibility also needs serious improvement if the railways are to become a fully functional system. There is currently no direct train route between Great Yarmouth and Lowestoft. Links from Norwich to both Great Yarmouth and Lowestoft are slow, requiring a change at either Reedham or Brundall. That makes the journey excessively long, and passengers are calling for the elimination of the change, stressing the need for a short rail link in the Reedham area. The lack of a direct service between Great Yarmouth and Lowestoft also puts increasing pressure on bus services and highlights the need for quality bus corridors between the two towns.

A more co-ordinated and transparent approach is required to address overall negative trends and poor service provision such as those illustrated by those trends, cases and issues. The East of England regional assembly's regional planning guidance illustrates five major areas to improve future access in the east and to address such concerns. They include improving facilities for walking and cycling; locating and designing housing to enable and encourage public transport; improving public transport provision; and locating public facilities and employment-generating developments where they can be readily accessed. Public transport must be easy to use, in greater supply and affordable, and it must link more rural areas to busy metropolitan areas in the east and the strategic network as a whole.

In conclusion, action must be taken in pursuit of the development of transport in the eastern region. The improvements that I have mentioned, including construction of the EastPort outer harbour, dualling of the A47 highway and the establishment of a more interconnected public transport system would greatly benefit not only my constituents in Great Yarmouth, but all the people in the eastern region, because they would create lasting connections. Those improvements would offer numerous social and economic benefits that would be appreciated by many people.

2.59 pm

Mr. Chris Mole (Ipswich) (Lab): I, too, start by congratulating my hon. Friend the Member for Bedford (Mr. Hall) on securing this debate. I shall try to give a slightly different slant on the discussion because regional debates should not be just a clamour for a regional wish list. One of my points is that the policy terrain must change as we move further towards becoming a knowledge economy. In that context, I commend the Minister on the development of the Government's transport policies as they have impacted

on the east of England. I was the leader of a highways authority for eight years; the massive increase in local transport plan investment is very welcome and is delivering real differences to urban transport measures such as bus priority lanes, cycle ways, improved pedestrian environments and projects such as home zones. It has also encouraged green travel planning, and I welcome the fact that the planning framework has delivered new developments and required organisations taking up new premises carefully to consider travel arrangements for their employees.

In considering the inevitable demands for projects across the piece, the Government must continue to keep an eye on maintenance investment to ensure that we can make the most of existing infrastructure. We need to be strategic, and welcome the East of England regional assembly overview of regional transport planning through the development of the regional transport strategy. I hope that that will be an inclusive process linking the regional spatial strategy and the regional economic strategy to create the right framework for transport in the region.

To return to the point about making the most of existing infrastructure, I ask the Minister to ensure that when proposals are produced the opportunity for online improvements to the infrastructure is considered. Developments such as those on the A140 between Ipswich and Norwich have already delivered significant improvements in the flow and capacity of that—formerly trunk, now county—road. Other initiatives such as variable signing create the opportunity to compound the current capacity of many routes.

Before I turn to one or two strategic schemes that I think are important, I commend the Minister to stick to the new approach to assessment and its framework of considering the costs and benefits, the environmental impact and, crucially, the economic impact when judging the value of a new development, new road or new aspect of transport infrastructure before the go-ahead is given.

Much has already been made of the Oxford to Cambridge arc. I wish to plug briefly the Ipswich to Cambridge high-tech corridor, which, by international standards, is comparable to the size of silicon valley. The development of the eastern end, to which my hon. Friend the Member for Milton Keynes, South-West (Dr. Starkey) referred, of the east-west rail link is important. We can point to the sort of investment that took place through the rail passenger partnership process, which has pump-primed an effective new service between Norwich and Cambridge. We would like to see that approach adopted on other parts of the network.

I hope that the greater Anglia franchise creates the opportunity for us to have an hourly service between Ipswich and Cambridge, but I can only echo my hon. Friend's positive comments about the importance of route protection if there is to be a long-term strategic opportunity for the region. I have had the misfortune in the past of having to explain to people why bits of rail network cannot be reopened because housing estates have been built on them during the intervening years.

I would like to switch momentarily from passengers to freight. Felixstowe is Europe's fourth largest container port; it is still growing in capacity and has further capacity for transfer of freight to rail. I want to plug the Felixstowe to Nuneaton project, which will see the closure of the Ipswich tunnel in a few weeks as the new 9 ft containers continue their route down to London, across the heavily congested north London line and up to the west. I would like to encourage the Minister to do whatever he can to ensure that what was the Strategic Rail Authority's top freight priority regains that position.

I welcome the Government's shift to an increasingly environmentally sensitive approach while testing the case for economic impact. I continue to support an approach that is selective to key regional priorities, and I commend the bids and communication made by East of England regional assembly members in support of regional planning guidance note 14. If the Minister does that, he will get all our thanks.

3.6 pm

Mr. Paul Marsden (Shrewsbury and Atcham) (LD): I shall keep my contribution suitably short as I realise that it is far more important that the Minister respond to many of the issues that have been raised in this excellent debate. I congratulate the hon. Member for Bedford (Mr. Hall) on securing it.

Each region is quite unique in its problems and opportunities. The eastern region is diverse; nevertheless it is represented by some excellent Members who have demonstrated this afternoon that they will work on a cross-party basis on many common issues.

The Government's role in any region is to deliver a safe, affordable and reliable strategic network of public transport services while allowing for a sustainable environment. I hope that the Minister will address the issue common to all contributions today, namely the east-west rail link. The hon. Member for Bedford talked about the importance of plugging that gap, and the matter was also raised by the hon. Members for Mid-Norfolk (Mr. Simpson) and for Milton Keynes, South-West (Dr. Starkey).

I cannot let this moment slip by without the mentioning the need to dual the A47, and I hope that the Minister will explain what role the Government can play in that strategic network. It was also pleasing to hear a certain green tinge, with the hon. Member for Bedford mentioning the canal scheme and the hon. Member for Luton, North (Mr. Hopkins) mentioning the guided busway.

We had a Committee sitting this morning to discuss delegated legislation that will permit the growth of Stansted airport's capacity to a maximum of 25 million passengers a year. It will inevitably deliver a second runway for the airport, and with the space between those two runways there will be a third in years to come. That is where the Government have got it strategically wrong. Without considering the local and strategic situations, they are saying that we must manage demand.

Although it is pleasing to hear that regional airports are to expand with the support of the public and Members such as the hon. Member for Luton, North, the Government have patently got it wrong with the bigger airports. If expansion goes ahead at Stansted, two scheduled ancient monuments, 29 grade II listed buildings and 700 hectares of land will disappear.

[Mr. Paul Marsden]

Turning to buses, I hope that the Minister will respond to concerns in Bedford about Stagecoach. Ann Jones, quoted in *Bedford Today*, said:

"Bedford is a busy county town but there will be virtually no buses in the evening. Surely this is not in line with Government policy. They want people to stop using their cars but keep cutting the bus timetables".

The Department for Environment, Food and Rural Affairs website mentions a target to increase by one third the number of rural households with a regular bus service within ten minutes. How close does the Minister think the predominantly rural eastern region is to achieving that?

Mr. Deputy Speaker: The Chamber is very grateful to the hon. Gentleman for his brevity.

3.10 pm

Mr. Christopher Chope (Christchurch) (Con): I, too, shall try to be brief. Essentially, we have had a very long Adjournment debate. If someone secures an Adjournment debate for half an hour, a quarter of an hour is normally spent putting forward the case, and the other quarter of an hour is for the Minister's response. Given that Members have made a whole series of points and that, almost without exception, they were highly critical of the Government's performance over the past seven years, it would be ironic, and sad, if the Minister were let off the hook because we ran out of time.

I congratulate the hon. Member for Bedford (Mr. Hall) on introducing the debate and other people on participating in it. However, it is worth reminding everybody that we had a full debate in the main Chamber on Thursday about the work of the Highways Agency. Those of us who were present were disappointed that more Back Benchers did not take advantage of the opportunity to raise constituency issues. There was plenty of opportunity for the Minister in that debate to respond to all the points that were made. The points made by my hon. Friend the Member for Mid-Norfolk (Mr. Simpson) were highly pertinent. He said that the Government do not take a strategic view, and I wholeheartedly agree. They talk about local determination, but they starve local communities of the resources to enable them to take decisions and implement them.

One area in which the Government have not taken a strategic view is particularly pertinent to the eastern region, in which so many of the inadequate roads are connected to small or medium-sized ports. There is obviously also the great port of Felixstowe. The Government's lack of a ports strategy is likely to result in much more container traffic being unloaded at big ports on the continent and then transhipped across to the smaller ports. The Government have not thought through the implications of that for those small ports and the transport connections to them. If the east coast ports benefit ironically, from the lack of international competitiveness that has resulted from the Government's refusal to allow the port of Southampton to develop its container terminal, and as a consequence there is more transhipment from the continent to eastern ports, we must think about the implications for the road network and the people living in communities around it. I just cite that as another example of a subject on which the Government have palpably not engaged in joined-up thinking.

On the individual road schemes that have been mentioned, it is worth pointing out that there are already schemes in the Government's targeted programme for improvements that would cost the best part of £8.8 billion. Many of the schemes that have been talked about today are not even included in that programme, and, at the present rate of spend, many of the schemes that are included will not be built for about 15 years, because the Government are spending far too little on road investment.

The hon. Member for Milton Keynes, South-West (Dr. Starkey) said that the transport network is suffering from the extreme under-investment of the past. In fact, it is suffering from extreme under-investment over the past seven years in particular and the consequences of the present Government's deciding against many road schemes immediately after coming into office on the basis that the best way to stop people travelling was to deprive them of any roads on which to travel. They have now changed their tune a bit, but they have not delivered the investment necessary to ensure that the road infrastructure, particularly in the eastern region, is improved dramatically.

I have taken a careful note of the points that have been made, because they will be very useful to us as we draw up our list of commitments and priorities for the next Conservative Government.

3.14 pm

The Parliamentary Under-Secretary of State for Transport (Mr. Tony McNulty): I congratulate my hon. Friend the Member for Bedford (Mr. Hall) on securing this wide-ranging debate. He and other colleagues have covered many issues in the eastern region, which, as many have alluded to, is very diverse. If we are being strictly accurate, it contains parts of three growth areas, not two of them, as per the sustainable communities plan—the entire south Essex section of the Thames gateway growth area is in the eastern region as well.

As others have pointed out, the area stretches from the London commuter belt of Hertfordshire and Essex to the remote rural areas of East Anglia. It includes urban areas such as Luton and Southend and cities such as Cambridge and Norwich as well as not just those growth areas but other areas that are priorities for regeneration, such as Great Yarmouth, to which my hon. Friend the Member for Great Yarmouth (Mr. Wright) alluded, Lowestoft and large rural areas such as Breckland.

The area contains a range of roads and railways of national strategic importance. I take the point made by many of my hon. Friends that the historical relationship with London has resulted in the development of a hub and spoke system. The area is well served by north-south links, but not terribly well served by east-west links, whether by road or rail. I shall return to that point shortly.

As the area is so diverse, there are many transport issues to be dealt with: congestion in the urban areas and on the major roads, as we have heard; public transport accessibility in rural areas; new infrastructure to meet the proposed housing and employment increases; and

maintenance of existing infrastructure. I shall deal with some of those in more detail later, but we must remember that the region contains a great many areas of environmental importance. We must always balance the impact on those areas with the need to improve our ability to move people and freight around.

I took to heart what my hon. Friend the Member for Ipswich (Mr. Mole) said. Collectively, local government and central Government are moving to a far more strategic focus that does not simply mean, as it used to, a regional wish list put together with scissors and paste to replace the localised wish list, but that includes a notion of how improvements in transport infrastructure of whatever sort sit within the wider regional framework and overall strategy. The focus is not simply within regions, but, to an extent, between regions, particularly given the sustainable communities plan—that interaction between the three growth area regions of the east, south-east and London. That is important, too.

I shall resist commenting on the previous speech. Suffice it to say that in the eastern region, as in many others, we must start by repairing the consequences of many years of under-investment by previous Governments of all persuasions. I thought that that was almost a given by this stage. Except for those with strange rose-tinted glasses, everyone recognises that in public policy terms we, collectively, have failed—probably since the war—in providing public infrastructure investment on any sustained level.

In July 2000, it was right and proper to take the unprecedented step of putting in place a long-term investment framework—the 10-year plan—and, in going beyond that, to consider local and regional transport initiatives. The Government set a framework that sought finally to address the underlying malaise resulting from under-investment throughout the region.

It is important to recognise, as my hon. Friend the Member for Bedford said, that there has been an absence of strong east-west transport links. I was taken by his point that authorities in the area would need the courage and imagination to embrace accelerated growth—that is an important message—and that the Government must be radical in turn and revise formulae and various other methodologies for sharing out resources.

Certainly in the joint work across the Government by, among others, the Department for Transport and the Office of the Deputy Prime Minister, that work is starting to happen, and it is starting to happen ahead of the significant growth in the area and the pressure that that may put on transport infrastructure. In terms of some very basic lessons about how to readjust and reconsider Department of Health criteria, for example, we must factor in primary or tertiary care not on the back of existing births, but on projections, because the infrastructure has to be there when the communities move in.

The Department for Education and Skills is starting to examine criteria that move away from an approach of, "You show me the children and the basic need case, then we'll sort out the schools infrastructure." I freely say that the ODPM in particular and the Department for Transport are starting to consider that matter in far more detail. They are doing so not simply in terms of formulaic distribution of resources, but by considering in the widest possible policy context how growth area strategies sit with assorted allocation formulae and other devices for allocating resources, as well as how both sit with environmental, social, economic and other factors that comprise a sustainable framework.

The points raised by many hon. Members need to be regarded in a coherent and strategic fashion in that cross-Government context, rather than as part of a wish list under each of those headings that each locality wants, blown up into something purporting to be a regional strategy, which is not really one at all.

We should not start from the premise, as was suggested rather foolishly by the Opposition, that nothing has been done in these areas since 1997. The notion that there is too much money in the assorted transport budgets rather than too little, and that a change of Government will resolve that, is nonsensical. Much has been done in a coherent and strategic fashion. The comments of the hon. Member for Mid-Norfolk (Mr. Simpson) were well made, not least because I was in Norwich last Friday and heard those points from all and sundry down there due to the fact that he was all over the papers speculating that the Highways Agency report on the A47 will not pay full regard to economic conditions.

Everyone else was bemoaning the fact that, whatever the hon. Gentleman's powers of persuasion, Norwich City is not joining the A47 alliance, but that is by the bye. I did say while I was there, through very gritted teeth, how pleased I was that Norwich City got promoted. I am not really, because my team did not.

None the less, the points about the A47 are well made. However, we need to wait until mid-July for the publication of the Highways Agency report, although the improvements already made to various parts of the A47 are targeted at those areas where the problems have been most acute. I had the great pleasure of going to Norfolk to open a flyover. Several people said to me, "It's flat there. What on earth can anyone fly over?" In the end, it transpired that it was a flyover over a roundabout. At the tail end of King's Lynn, the Hardwick flyover has made a significant difference—people in Norwich told me so.

If the hon. Gentleman means "strategic" in the sense of saying, "Here's Peterborough, here's Great Yarmouth. What are you going to do to sort this road out?" as part of a big bang approach, I would say that that is not strategy. The strategy is to consider each element in turn and deal with the most severe in a phased way. That is what has happened. I do not know whether that makes me the 24th or 25th Minister to say that there is a clear economic case for dualling between Norwich and Great Yarmouth, but it must be taken in the wider context and balanced with other factors. We will have to wait and see what is in the Highways Agency report.

I have said to Labour colleagues on the city and county councils in the Norfolk area, and I extend this to others, that if what prevails in the report is not to people's liking, or they want to discuss the report and its methodology further, I am more than happy to see them after the summer recess.

Mr. Tony McWalter (Hemel Hempstead) (Lab/Co-op): While my hon. Friend is concentrating so much on the north of the eastern region, I hope he will bear it in

[Mr. Tony McWalter]

mind that east-west links—notably the A414, the A120, the A127 and other roads in the south of the eastern region—are equally impassable for east-west traffic.

Mr. McNulty: I will. I almost use the A47 as a metaphor for the difficulties with east-west road links. I mention it for no other reason than the fact that I was in Norwich last Friday, and I was greatly delighted at the tail end of last July to receive a running commentary from my hon. Friend the Member for Great Yarmouth on virtually every blade of grass between the railway line and the A47 as well as what should and should not happen to the A47 as we travelled to his constituency from Norwich. I am only grateful that he had other plans and that I travelled back without him and that same running commentary. It was so incomprehensible that I was still reeling from it.

We need a strategic approach to east-west road linkages, and I demur from the assertion of the hon. Member for Mid-Norfolk that we do not. My hon. Friend the Member for Luton, North (Mr. Hopkins) spoke about those links and the airports, too. I shall not go into the inaccuracies from the hon. Member for Shrewsbury and Atcham (Mr. Marsden) as there is not time, but I shall tell him afterwards that he made a mistake about what this morning was all about.

Is the M1 widening scheme at risk? I say to my hon. Friend the Member for Luton, North that we are barely weeks away from the end of term and between now and then we have the comprehensive spending review. Until that review is out, every element of this Government's public spending is at risk. He should not trouble himself too much at this stage with what is and is not at risk, and I urge him not to read or take any notice of the papers on transport matters. There is a rather stunted development among many in the media who comment on transport matters.

Junctions 10 to 13 are already in the programme with a whole range of other improvements to trunk roads and road networks. I do not have time to go through the points relating to the £600 million for the Thames gateway within and without the eastern region or the more than £1 billion of transport improvements throughout the other growth areas—substantially in the eastern region, because Ashford is self-contained in Kent.

I take my hon. Friend's kind words about Translink. By accident or by design, the eastern region did very well out of the major schemes in the last local transport plan settlement, with not only the Luton to Dunstable Translink guided bus scheme, but the equivalent scheme in Cambridge and Huntingdon.

We are getting to a stage where people must prioritise their transport requirements; they should not get too hooked up on the modes. My hon. Friend said that light rail is a bit expensive, but in real terms the cost of light rail schemes has gone through the roof. I know that expectations have been raised, but it is not enough for people to say, "It has got to be this light rail scheme; this bypass; this motorway; this road scheme or the area's dead, or we're going to slash our wrists and skip off to heaven in the morning." It cannot be like that.

We need a substantive public policy debate in each region and in each area. As my hon. Friend the Member for Ipswich said, a mature debate has started and it is asking where people want a region and its sub-regions to go as well as what is needed in the context of the sustainable communities plan. That includes housing growth and health considerations as well as the education and employment opportunities that ultimately spread over the whole area, and also how transport, among other infrastructure, will help.

The same applies to modes such as rail. People in the region know better than me that there has been much discussion with the Government about the east-west rail link and that consortiums have drafted assorted plans. The last plan I saw was about how to take detailed work forward even more and its likely cost. That is with the Office of the Deputy Prime Minister and the Department for Transport. We will consider it and an announcement will be made in due course.

There is a lot happening with transport in the eastern region. Of course, much more must be done across the piece and across modes, whether with aviation, buses, roads, rail or waterways. I would not necessarily include the latter within schemes to be funded by the Department for Transport, although I can see the attraction of it. Far more is being done to drag up the infrastructure to an appropriate level to sustain not only the new growth, but the existing activity in an area that, despite pockets of deprivation, is extremely vibrant and economically active.

Planning Policy Guidance

3.30 pm

Alan Howarth (Newport, East) (Lab): I want to put forward a case for retaining the provision, under clause 3.21 of the existing planning policy guidance note 7, which allows that:

"An isolated new house in the countryside may... exceptionally be justified if it is clearly of the highest quality, is truly outstanding in terms of architecture and landscape design, and would significantly enhance its immediate setting and wider surroundings."

In their new draft planning policy statement 7, the Government have omitted this provision.

Why should the Government want to end the country house exception? Some have seen this as a flicker of the embers of the class war. Colour is lent to that suggestion by the splendid amendment tabled to my early-day motion 160 by my hon. Friend the Member for Denton and Reddish (Andrew Bennett), supported by five luminaries of old Labour. The amendment deserves to be sampled:

"this House... further believes that if the countryside is to be preserved by not building ordinary houses, it is even more important that is should not be polluted with big houses for the arrogant, vulgar and rich".

I imagine my hon. Friends savouring their wording like a very old single malt whisky. Their tongues must have been in their cheeks. Certainly my right hon. Friend the Deputy Prime Minister would not take such sentiments seriously. The 73 right hon. and hon. Members of all parties who have signed early-day motion 160 know that this is a serious issue. We are at risk of losing a tradition of inestimable value to the countryside as well as to architecture.

Presumably the real reason why the Government have proposed to end the exception is in the words of a spokesperson for the Office of the Deputy Prime Minister, quoted in *The Architects' Journal* of 8 May 2003:

"We don't want loopholes in the law. We don't want to be in the position of having more housing in the countryside when we should be developing brownfield sites."

While I will argue that that statement is misconceived, I want to emphasise that I applaud the Government's concern to protect the countryside and to channel developments to brownfield sites. There should be no confusion between the country house exception and abusive developments in rural areas, such as those currently so bitterly contested near Woking and Leominster, and at East Coker and Cottenham—let alone the building fantasies of Mr. Nicholas van Hoogstraten. Clause 3.21 is not a loophole, but a policy deliberately intended, in a context of tight control, to encourage high-quality architecture and landscape design in rural areas.

An appeal in *The Architects' Journal* to reprieve the country house exception has been signed by more than 300 distinguished architects, planners, academics, commentators and others, including the right hon. Member for Suffolk, Coastal (Mr. Gummer), my hon. Friend the Member for City of Chester (Ms Russell) and the hon. Member for Chipping Barnet (Sir Sydney Chapman). None of them, surely, would demur from the aims expressed by the Government in their draft PPS7. The Royal Institute of British Architects, equally, like the Historic Houses Association, while making a powerful case for keeping the country house exception in its submission to the Government's consultation, has emphasised that it endorses the Government's key principles, which are:

"New development away from existing settlements, or outside areas allocate for development plans, should be strictly controlled; in particular isolated new houses in the countryside require special justification",

and

"all development in rural areas should be well designed, in keeping and in scale with its location, and sensitive to the character of the countryside and local distinctiveness."

There is no contention about the Government's objectives of protecting the countryside while offering everyone the opportunity of an affordable and decent home.

The Government state at paragraph 10.2 that local planning authorities should

"strictly control new house building (including single dwellings) in the countryside, away from established settlements or from areas allocated for housing in development plans."

Paragraph 11 starts by saying:

"Isolated new houses in the countryside will require special justification for planning permission to be granted."

So far so good. But then the rest of paragraph 11, taken with annexe A, makes it clear that the only instances where isolated new houses may be contemplated are where they provide accommodation for full-time workers—for example, in agriculture and forestry—who need to live near their place of work. These sections of the draft PPS can only be read by planners as banning new country houses other than on previously used sites. The removal of clause 3.21 inevitably reinforces that interpretation.

Why does this matter, and why would the new policy be a mistake? Last autumn RIBA mounted an excellent exhibition, "The New English Country House". The exhibition catalogue describes 26 country houses, 17 of which have received planning permission since 1997 on the basis of clause 3.21. The 26 designs fall, according to Neil Guy, the exhibition's curator, into four broad categories: classical; traditional houses with a vernacular dimension; modern; and organic. Mr. Guy notes that even the houses more "historicist" in style are modern in the commitment of their designers to sustainability and "green" features. He goes on to say:

"What unites all the schemes without exception is the greatest care and attention taken with the landscape designs. They are all highly imaginative, yet context sensitive, and demonstrate such a depth of experience and richness of talent within the English landscape architecture discipline. Each scheme appears right for the house and right within its wider landscape context. This seemingly effortless harnessing of house and landscape remains an English tradition that continues to surprise and delight."

We are fortunate, indeed, that there are so many remarkable contemporary British architects and landscape designers, and policy should encourage them to work in a field—country house design—which has historically attracted the greatest talents. We should, I would add, not be prescriptive about style. If we insist on quality—and one of the reasons why clause 3.21 is so important is because it does so—we need not fear a proliferation of pastiche. We should welcome modern interpretations of traditional styles as well as being confident to accept modernism in the countryside.

[Alan Howarth]

I do not know whether my hon. Friend the Minister saw another exhibition, at the Victoria and Albert Museum in 1974, "The Destruction of the Country House". More than 1,500 English country houses have been destroyed in the last hundred years. John Harris, in a plangent essay in the catalogue, wrote of a

"dreadful series of demolitions and smash-ups that destroyed some of the greatest works of British art."

RIBA now estimates that perhaps 600 country houses have been totally demolished since the second world war. The forces of destruction—originally agricultural depression; subsequently taxation policy, plus road-building and ill-controlled suburban and industrial development—were too powerful to be countered by good governmental intentions for conservation, such as the post-war Labour Government's planning legislation and the introduction of the listing system, and the commissioning by Sir Stafford Cripps of the Gowers report leading to the creation of the Historic Buildings Councils. The challenge for us now is not just to conserve what survives but to nurture the renewal of the country house.

Rightly the Government seek to protect our heritage of country houses, vulnerable as it is to social and economic change, by investing money and authority in English Heritage. The enormous growth in subscribing members of the National Trust, up 50 per cent. in the last 10 years, demonstrates the scale of public support for this heritage. Admirably the then Secretary of State for the Environment, the right hon. Member for Suffolk, Coastal, introduced the country house exception in 1997, precisely to enable our own generation to make its contribution to the continuing vitality of this tradition.

As politicians we should not underestimate the extent to which the public today care about both the built heritage and the design of contemporary buildings. Just as concern for the natural environment became a major political force in the 1960s, so now more and more people feel strongly about the quality of their built environment, about the need to preserve our heritage of good architecture and design and our responsibility to design and build well in our own time, to add to the heritage. We have now repudiated the heresies of the 1980s that market forces should be paramount in determining the character of new building and that it is not the responsibility of the planning system to concern itself with quality. Sensitive to this growing public mood, the Government have rightly included in the Planning and Compulsory Purchase Act 2004 a requirement that applications for planning permission for development should be accompanied by a "design statement". In other ways too the Government have recognised this, for example with the publication of their policy document "Better Public Buildings" and the establishment of the Commission for Architecture and the Built Environment. As the Prime Minister said in his foreword to "Better Public Buildings":

"I have asked ministers and departments across government to work towards achieving a step change in the quality of building design in the public sector . . . I am determined that this additional money should be well spent, leaving behind a legacy of high quality buildings that can match the best of what we inherited from the Victorians and other past generations. And I am determined that good design should not be confined to high profile buildings in the big cities".

Only this last weekend, in *The Observer*, my right hon. Friend the Deputy Prime Minister expounded his own personal commitment to the promotion of good design. It would be inconsistent with the Government's strategic support for good design if, in obviating from now on the possibility of building new country houses, they were to deprive rural areas of the benefit of outstanding contemporary architecture.

If we now bring to an end the centuries old tradition of building fine houses in the countryside, we will impoverish architecture for everyone. As Paul Finch, deputy chairman of CABE, said:

"The history and discourse of Western architecture for many centuries has taken the individual country house as the occasion for experiment, proposition, development and of course the continuation of certain traditions. From Palladio to Mies van der Rohe, with the notable examples of Lutyens and Norman Shaw as contributors to the story, the relationship of living space to social structure has been worked through in fascinating detail. For Britain to bring the shutters down on this long cultural narrative would be a sorry state of affairs, especially since the villa tradition in cities is alive and well. It is precisely because country houses are designed in isolation, rather than urban context, that they have presented a particular challenge and opportunity to architecture across the centuries; the lessons learned have often translated to popular housing forms.

This mingling of architecture, history and living makes the question of the country house exception of more than simple planning interest. It is not an episode from 'Upstairs, Downstairs', but part of a richer, more complex aspect of architectural culture."

The country house is one of Britain's most important contributions to the arts and western culture. In the words again of John Harris:

"The unity of a great house with its furnished interior, collection of pictures and sculpture, its library and family and estate archives, tied within a garden and set in a landscaped park, is perhaps the supreme example of a collective work of art."

Writers and painters whose patrons enabled them to practise their art in country houses include Sidney, Dryden, Pope, Turner, Swinburne and Millais. Landscape gardening has been regarded as one of the fine arts, and according to Lord Clark, English gardens were

"the most pervasive influence that England has ever had on the look of things in Europe."

The PPG7 exception has been attacked on a number of fallacious grounds. It is alleged that the countryside will be ruined by a proliferation of new country houses. The truth is that the history of our countryside is one of intervention, whether through enclosure, agricultural change or the encroachment of industry and suburbia. Too often the altering of the character of the countryside has been an unhappy story, but the great landscape designers—Bridgeman, Kent, Brown, Repton—and the owners of estates have shaped landscapes which we regard as quintessentially English in their beauty and which we cherish as our heritage. As the Historic Houses Association has noted in its submission, for hundreds of years country houses have provided an essential element of the rural landscape in Britain: most of them are surrounded by deliberately created parkland and gardens, and are as much a feature of the landscape as parish churches, hedgerows and the rest of the man-made tapestry that is the countryside in Britain. Of course especially strict care should be taken of the green belt and other special areas and sites, but the real threat to the green belt has come from large and

poorly designed housing estates. We need a countryside that is cared for, and among the people who will care for it, with an outstanding commitment of knowledge and resources, are the owners of country houses.

It is also wrong to suggest that a choice has to be made between affordable homes and country houses. We certainly need more affordable homes, but we can have both. Indeed, I believe the Government should insist that, as a condition of planning permission, those who build new country houses should be required to provide some additional affordable homes, and do so to a high standard of design and construction.

Clearly, new country houses are not going to be centres of oligarchic economic and political power as country houses were; we do not want social history to go into reverse. However, we can realistically expect that new country houses will bring more investment and jobs to rural areas, at a time when we need to find acceptable land uses other than intensive agricultural production. Tourists come from all over the world to see our country houses. HHA member properties open to the public employ around 10,000 people. So long as policy is supportive of this part of our heritage there is every reason to think that tourists will continue in the future to come and view country houses old and new, to the benefit of rural employment and the rural economy.

Without the continuation of the country house building tradition it will be harder to perpetuate craft and woodland skills. The parkland of country houses also provides sanctuary for archaeological remains, as well as for plant, insect and bird life, and rare breeds of animals.

It is not easy, of course, for local planning authorities to deal with applications for country houses. They are, however, a type of scheme that already falls under the criteria for local authorities to consult CABE, which, in its formal response to the Government's consultation, has made it clear that it strongly opposes the ending of the country house exception. CABE has said that it would be happy, as now, to provide advice on the quality of country house applications under any future equivalent of clause 3.21. With access to CABE's expertise, it is manageable for local authorities to handle such applications, which in any case will never be numerous. The RIBA exhibition showed indeed how successfully local planning authorities have been able to recognise "truly outstanding" design.

I very much hope, therefore, that my right hon. and hon. Friends will reconsider their position on the country house exception. I know that my hon. Friend the Minister fully appreciates the importance of this issue and has been thinking carefully about it. I can see no good arguments for discontinuing the exception; on the contrary, I believe that it would be a tragedy if we were to bring to an end our great history of country house building.

3.46 pm

The Minister for Housing and Planning (Keith Hill): I congratulate my right hon. Friend the Member for Newport, East (Alan Howarth) on securing the debate, and on a very good speech. I am grateful to him for providing this opportunity to debate two important issues: the protection of the countryside and the encouragement of top-quality design.

Turning to the first of those issues, there is a well established national planning policy that new housing development in the open countryside, away from existing settlements, should be strictly controlled. Planning policy guidance note 7, on the countryside, states that isolated new houses require special justification, although what might constitute "special justification" in any particular case is left open. However, one significant example given in PPG7 is when it is essential for a farm worker to live at their place of work.

The Conservatives' last Secretary of State for the Environment, the right hon. Member for Suffolk, Coastal (Mr. Gummer), decided, when PPG7 was being prepared, that it would be appropriate to insert a further specific example of an exception to the general policy requiring special justification for isolated new houses. That, of course, was the exception for traditional, high-quality country houses.

Although the right hon. Gentleman is clearly proud of that addition—indeed, it is commonly referred to as the "clause" in his name—it was not welcomed in the round. Many local planning authorities and, I believe, other rural interests were disappointed and concerned about that proposal. They felt, and have continued to feel, that it was an unnecessary addition which went against the sustainable development principles underpinning PPG7. Nevertheless, despite the concerns expressed, the right hon. Gentleman was determined to proceed with his commitment to opening up a new era of traditional country house building, and the exception duly appeared in PPG7 when it was published in February 1997.

I fear that the effect of the exception has been to invite a mixture of speculative proposals of little or no architectural or planning merit, and—with perhaps one or two exceptions—designs that represent a pastiche of traditional, classical styles, with little evidence of real innovation. Those houses would, no doubt, enable a privileged few to live out their dreams of past grandeur, and a few specialist architects to enhance their reputations. However, such developments have little relevance to the majority of people, who are looking for well designed, affordable homes for themselves and their families; nor do such developments improve standards or push forward the frontiers of design.

The incoming Labour Government of 1997 inherited PPG7 with its country house exception. We had many other priorities and problems to tackle after the years of Conservative rule, but in due course we reached PPG7. In April 2001, just prior to the general election, my right hon. Friend the Member for Stretford and Urmston (Beverley Hughes), who was then an Under-Secretary at the Department of the Environment, Transport and the Regions, said, in response to a parliamentary question:

> "The Government believe that there is a need for more affordable housing in rural areas, and do not see the current planning exception for isolated large dwellings which may be built in unsustainable locations as consistent with that priority, or with its objectives for the countryside more generally. We therefore intend to consult on amendments to PPG7 to remove the exceptions policy which allows such large dwellings to be built."—[*Official Report*, 23 April 2001; Vol. 367, c. 82W.]

That proposed consultation had to wait for our re-election in the spring of 2001, but following our return, the Government announced that they were to embark

[Keith Hill]

on a major reform of the planning system. That would include the review of planning policy guidance notes, and their eventual replacement with shorter, sharper planning policy statements. PPG7 was subject to early review, and that led to a public consultation draft of a new PPS7 on "Sustainable Development in Rural Areas" being issued last September.

PPS7 reflects the Government's key priorities for rural areas: delivering inclusive, sustainable country towns and villages that have a high-quality environment; supporting strong, diverse economic activity, with support for our farmers to enable them to remain competitive in changing markets; continuing protection for the quality and character of the countryside, and enabling all to enjoy it. PPS7 also recognises the importance of planning when it comes to providing housing, particularly affordable housing, to meet local needs in rural areas. However, in line with the April 2001 announcement, draft PPS7 did not include the country house exception.

The Office of the Deputy Prime Minister has received nearly 600 responses to the consultation draft of PPS7 from local planning authorities and a range of other interests. Overall, there has been a positive response to the broad policy proposals in the draft, although there have been many varied views on specific policies. Not all commented on the omission of the country house exception, but of those who did, the majority welcomed our proposal.

However, I recognise that contrary views have been expressed, both through the PPS7 consultation and more generally; for example, through the appeal launched by *The Architects' Journal*. I understand and have been listening to those counter-arguments, including those put forward by my right hon. Friend. I very much agree with him that rural areas, as well as their urban counterparts, should benefit from high-quality design, including the best of contemporary British architecture.

My right hon. Friend has generously acknowledged the passion for good design felt by the Government, and in particular by the Deputy Prime Minister. The emphasis on good design is recognised as a key way of ensuring that the planning system delivers a quality outcome. That is why, as my right hon. Friend for Newport, East noted in his speech, we introduced the concept of design statements in the Planning and Compulsory Purchase Act 2004, and it is why the consultation draft of new PPS1 on "Creating Sustainable Communities" makes it clear that high-quality design, promoted through planning policies, is a key element of achieving sustainable development.

Good design is essential for achieving inclusive, successful and vibrant communities. PPS1 advises that design policies and guidance should focus on encouraging good, inclusive design and avoid stifling innovation, originality and initiative. Such polices and guidance recognise that the qualities of an outstanding scheme may exceptionally justify departing from those policies. That is a strong message that I want to see applied equally to rural and urban areas.

We have included as one of the key principles of draft PPS7 that all development in rural areas should be well designed, in keeping and in scale with its location and sensitive to the character of the countryside and local distinctiveness. The draft also encourages planning authorities to take a positive approach to innovative, modern designs.

My concern is to drive up the design standards of all housing in rural areas, not just that of big private houses, in terms of visual interest and impact, the innovative use of materials and construction, and a reduced impact on environmental resources. I believe that our best architects and architectural practices have an important role to play in that respect. However, I recognise that innovative, cutting-edge design can sometimes be helped along by private commissions. In that way, higher risk design solutions can be trialled and proven before being taken up more widely.

I have given careful thought to these matters in the context of PPS7 to see whether there is scope in the final version to provide further encouragement for top-quality housing design in rural areas. I have given careful consideration, too, to the many other views expressed on the consultation draft.

I hope that my right hon. Friend will understand that I cannot anticipate the outcome either in terms of the proposed withdrawal of the country house exception, or of the other policy proposals. However, we are nearing completion of the final text and, with the agreement of my ministerial colleagues, I hope to be able to publish the final version of PPS7 shortly.

Mr. Deputy Speaker: I thank the Minister for his reply. I think that the Minister responsible for fisheries has arrived in the nick of time and we can proceed with the next debate straight away.

The hon. Member for Banff and Buchan (Mr. Salmond) has sought the permission of the hon. Member for Orkney and Shetland (Mr. Carmichael), who initiated the debate, the Minister and the Chair to participate in the debate and I am delighted that he should do so.

UK Fishing Industry

3.57 pm

Mr. Alistair Carmichael (Orkney and Shetland) (LD): It is a rare occasion indeed on which you, Mr. Deputy Speaker, the Minister and I are of a single mind, as we find ourselves to be in relation to the participation of the hon. Member for Banff and Buchan (Mr. Salmond).

It is both a pleasure and a slight irritation to have this debate here and in these circumstances. It is a pleasure because to my constituency and many other fishing constituencies, this matter is of exceptionally high importance. It is an irritation because it is at least three months since the report was published and a 30-minute debate—in fact, it is a 33-minute debate, courtesy of the Minister who spoke previously—in Westminster Hall does not do justice to such an important subject. I hope that this debate might be a taster of a longer and more substantial debate in the not-too-distant future on the Floor of the House.

I welcome the news that the Minister is to visit Shetland towards the end of July. We look forward to seeing him there. I have already had correspondence with him regarding his itinerary. As well as meeting the usual suspects, if I may bracket them like that—the local council, the local fishermen's organisation, the salmon farmers association and the other commercial agriculture interests—all of whom tend to come through London, where he could no doubt see them all if he chose to do so, I hope that he will meet some others. The real benefit of his visiting Shetland is to meet not just those people, but some of the heavily fishing-dependent communities in Shetland.

I have already referred in correspondence to the community of Whalsay, which is perhaps one of the most fishing-dependent communities anywhere in Scotland by virtue of its economy and geography. If the Minister can find time in his programme in Shetland to visit Whalsay, it would be greatly valued by people there and throughout Shetland. It would be seen as a practical example of his finding out for himself the impact on communities and families at the sharp end of some of the things that we occasionally tend to discuss in the abstract.

The Prime Minister's strategy unit report is a substantial piece of work running to some 217 pages, and I welcome a lot of it. A work of this nature that aims to be substantial and comprehensive is long overdue. Due to the time constraints, I will concentrate on the negatives of the report, but I want to stress that there is a great deal that is good and that the Government are to be commended on having undertaken such an exercise.

Since three months have passed since the publication of the report, what I would like to hear from the Minister today is: where is it going now? Who in Government has ownership of the report and what is their road map for implementing it? When the report was published, the fishing industry raised a number of substantial and fundamental concerns about some of its contents. I presume that he has been in dialogue with the industry about that, and I hope that he will tell us exactly what the Government's view is at this stage.

One of the most substantial areas of concern was the report's calculation of the size of the white fish fleet. The significance is that certain assumptions are made about future decommissioning and tie-up that are based on the purported size of the fleet. I submit to the Minister that, if we start from the wrong base and try to decommission further, we will end up with a white fish fleet that has fallen beneath the critical mass that is needed for a recovered industry.

The report calls for 69 trawlers to be scrapped and another 160 to be tied up for four years. Given that the industry estimates that there are 120 white fish boats in the fleet, one can see the significance of the report's calculations. At the time, it was speculated that the strategy unit's over-estimate of the size of the fleet was caused by the inclusion of prawn boats in the figures, because they often catch white fish as a by-product.

At the time of the report's publication, Mike Park, then chairman of the Scottish White Fish Producers Association, said:

"They have assumed everyone holding a white-fish licence is fishing for a targeted demersal fishery, which is utter nonsense. The majority of vessels within Scotland with a category A licence catch prawns, but they need the licence to land white fish as a by-catch. There are only 120 dedicated white-fish vessels left in the Scottish fleet compared with 290 three years ago."

Hamish Morrison, the chief executive of the Scottish Fishermen's Federation, estimated that the size of the entire UK white fish fleet could be no more than 250 trawlers and not the 1,012 claimed by the strategy unit.

That is obviously fundamental, and it underpins everything else in the strategy unit's report. Where there is such a wide divergence of the views and figures held by the industry and the strategy unit, unless or until the matter is resolved, the credibility of the report in the fishing industry will be seriously undermined.

One suggestion made at the time by the chief executive of the Scottish Fishermen's Federation was that the National Audit Office should look at the methodology and conclusions of the strategy unit with regard to the composition of the white fish fleet. Will the Minister tell us today whether the Government are prepared to undertake that? I suggest to him that the National Audit Office brings with it a degree of independence and a reputation for objective scrutiny that would be of immense assistance to all of us who wish to see the good points of the report advance.

As I said, following on from the assessment of the size of the fleet, there is a worrying recommendation for further decommissioning. The figures suggested by the strategy unit are that there should be a further 13 per cent. of decommissioning and that 30 per cent. should be tied up for the next four years. As I read it, the report says that 13 per cent. decommissioning would cost some £50 million in public spending, but that there would be no money available for Government support for tie-up. The report goes on to state that the industry itself cannot afford to tie up for that length of time, so I do not understand how the Government will square that circle. Perhaps the Minister can explain today his thinking about the situation.

I cannot envisage further decommissioning within the Shetland fleet and the communities that I represent. The Shetland white fish fleet has fallen from 27 trawlers to 14 in just over two years. Given that about 30 per cent. of our local domestic product in Shetland is dependent on fishing in one way or another, we must question what critical mass would remain for the white fish industry

[Mr. Alistair Carmichael]

and, following on from that, for Shetland as a whole. If the critical mass is lost in the fishing fleet, the onshore processors, engineers, chandlers and everyone else who depends on fishing will be lost, and once that happens, a substantial proportion of the community will be lost.

Once those jobs are lost in a community such as Shetland, people will not sit around waiting for things to change and get better; they have skills, and they will move on to make a living elsewhere. Such losses are never reflected in our unemployment statistics, because when people lose their jobs they leave the community. As the constant threat in a community such as Shetland is one of depopulation, the stakes for which we are playing in this matter are exceptionally high.

Mr. Alex Salmond (Banff and Buchan) (SNP): Would the hon. Gentleman, who shares my experience, care to reflect on how little—indeed, it is none—of the economic help through decommissioning, for example, feeds down to the supply-based businesses that are the lifeblood of his communities and mine?

Mr. Carmichael: I have been a supporter of decommissioning, inasmuch as we all have, as there was clearly a need to help people to leave the industry with some dignity, because the alternative was decommissioning by bankruptcy, but the hon. Gentleman is absolutely right: there has been no trickle down. In fact, the net gainers from decommissioning have been the clearing banks. It is unfortunate that more could not have been done to maintain the position of the ancillary businesses to which I have referred.

The other aspect of the report that I wish to consider today relates to the Government's suggestion that we should adopt an aim of progressively regionalising the management functions of the common fisheries policy. The Minister knows that, like many people who deal with the fishing industry, I am sceptical about whether the common fisheries policy is capable of reform. We went through the whole process that ended up with the Fisheries Council in 2002, which gave us the curious creatures called regional advisory councils. That is not regional management, and it is certainly not what I wanted to see when I stood on a platform of regional management in the CFP in the last general election. Nothing that I have seen since makes me think that there is any political will in the European Union, and in the Commission in particular, to devolve power for day-to-day fisheries management to anything resembling regional management councils.

We have at last got a blueprint for the establishment of regional advisory councils. It is estimated that the first plenary council of the North sea regional advisory council will meet in November, about six weeks before the December Fisheries Council. I wish the regional advisory councils well, but I am sceptical, as I do not believe that they have the necessary powers. I fear that they will comprise stakeholders whose views are already nominally listened to but then ignored, and that all we will do is move from a process in which those people's views are informally listened to and ignored to one in which their views are formally listened to and ignored. That is not the progress that I want.

The Minister must realise that there is a degree of scepticism. What plan does he have to achieve the stated aim of a progressive regionalisation of the management functions of the CFP between now and its next reform in 2012? A pious hope was perhaps good enough in the run-up to the 2002 Fisheries Council, but I am afraid things have moved on to such an extent that that will simply not be enough anymore.

Finally, I want to deal briefly with a couple of issues that are not in the report. First, the report's conclusions and recommendations make no mention of the importance of sea food processors. That sector is also under the cosh, not only because of the situation in the catching sector, but because of importers. Given that the sector accounts for 10,000 jobs in some fragile and vulnerable communities, we need to see some clearer thinking from the Government on that front.

Finally, there is the question of industrial fishing. The Government have had a lot to say about what we should be doing in terms of decommissioning and further tie-up, but the strategy unit report does not seem to address the fact that substantial harm is being done to the ecosystem in the North sea by industrial fishing, particularly by the Danish fleet and by other countries that are now involved in multiple rig trawling. Such conservation issues have to be taken seriously, but there seems to be no place for them in the strategy unit report.

In order to allow the hon. Member for Banff and Buchan to make a short contribution and to hear what the Minister has to say, I conclude my remarks.

4.13 pm

Mr. Alex Salmond (Banff and Buchan) (SNP): I warmly congratulate the hon. Member for Orkney and Shetland (Mr. Carmichael) on winning this debate and thank him for his courtesy in allowing this short contribution. In return, I endorse every argument that he has put forward to the Minister.

Given the time constraint, I want to touch on only one point, which is what the hon. Gentleman called the "pious hope" in the strategy unit about regionalisation of the common fisheries policy. I put it to the Minister that that is totally incompatible with the Government's allowing exclusive competence over the bulk of fisheries policy to be enshrined in the European constitution.

I do not have time fully to go through the history of how we got into this disastrous position, but it is reasonably well known that during the accession negotiations in the early 1970s, the Government of the day effectively gave away the central legal title over the fisheries policy of this country. That was followed by court judgments in 1976, the first of which was the Kramer judgment, in which the European Court of Justice indulged in Euro-creep and pooled exclusive competence into the purview of the European Commission.

That was a court judgment based on a treaty of accession. What the proposed constitution does is to sanctify and entrench that in one of only four exclusive competences of the European constitution. Those are proposed to be: monetary policy for those in the euro; the customs union, the very foundation of the common market; the commercial policy of the single market; and the conservation of marine biological resources under the common fisheries policy. Everything else—

agriculture, energy, social policy—in the full range of European Union policies has to be a shared competence, but not the bulk of the common fisheries policy. The importance of that is twofold.

First, anything that is a shared competence comes under the protection of subsidiarity. A point that the Foreign Secretary and the Prime Minister have made much of recently is that shared competences actually give an avenue and a protection for powers to be returned to member states; indeed, for member states to have pre-eminence where they can act better than the Union as a whole. Specifically in the European constitution, exclusive competences are removed from the protection of subsidiarity. I seriously doubt that the Prime Minister was even aware of the importance of what he signed up to. In an exchange in the House on 20 April with my hon. Friend the Member for Moray (Angus Robertson), the Prime Minister said:

"Fishing is still a shared competence, and we happen to believe that is right."—[*Official Report*, 20 April 2004; Vol. 420, c. 171.]

Presumably the Prime Minister could not possibly have been misleading the House, so we must assume that at that stage he was not even aware of the importance of fishing as an exclusive competence of the European Union.

Secondly, the Fisheries Minister told us on 11 March in a Standing Committee that he was

"not an enthusiastic supporter of the common fisheries policy."—[*Official Report, Standing Committee A*, 11 March 2004; c. 19.]

The strategy unit has held out hope of the regionalisation of management functions of that policy. Our point today is: how is that compatible with a European constitution, which entrenches fisheries as an exclusive competence of the European Union? If there were a genuine desire and move to return at least some control of fisheries to the states—to the fishermen, the people who depend on the resources, and the communities for whom it is their lifeblood—that would not have appeared in the European constitution. The Government, unlike that of 30 years ago, would have made some attempt to defend the rights of our fishing industry.

I should like to make one final point. I am a vice-convenor of the European movement. I support the European cause and have done so throughout my political career. However, I shall not join the long litany of political parties and politicians who will sacrifice and jeopardise this vital industry on the altar of their politics. It is high time that the industry was given the priority in Government policy to which it is not accustomed, but to which it is certainly entitled.

4.18 pm

The Parliamentary Under-Secretary of State for Environment, Food and Rural Affairs (Mr. Ben Bradshaw): I thank the hon. Member for Orkney and Shetland (Mr. Carmichael) for securing this debate on a very important report: the first strategic report on the state of the fishing industry in this country, if not for a generation, then probably ever. He remarked at the outset that he was sorry that the debate was happening in Westminster Hall, and with relatively poor attendance—the business being what it is today—and I, too, hope that we shall have an opportunity to discuss this further on the Floor of the House. We shall certainly be looking for a slot to do that. I was also pleased that he generally welcomed the Report and emphasised at the beginning of his speech that, as is usual in these cases, one tends to concentrate on the negative, in the hope of getting a response from Ministers.

I also thank the hon. Gentleman for his kind suggestions on how I should spend my time when I visit his constituency, as I hope to do at the end of July. I cannot remember a visit that has engendered so much interest, which is probably a good indication of the level of interest in this matter in his constituency, and of its economic and social importance to his constituents. I look forward very much to my visit, although I fear already that I shall disappoint some people in terms of what I can and cannot do, but I intend to spend a day and a half there, which I hope will give me a good opportunity to see a lot and to meet as many people as possible.

The Prime Minister's strategy unit took a long, hard look at our fishing industry and where we should like it to be in 10 or 20 years. It is timely, because we all know of the difficulties that the white fish sector, in particular, has been suffering for some time. The report paints a very positive message: it says that the industry as a whole, including the white fish sector, has a sustainable and profitable future, provided that we do not shirk the task of addressing certain fundamental problems.

In summary, the basic message of the report is as follows: the industry must ensure the quality of its product and take steps to compete on the global market; some further reduction in the UK white fish fleet will be needed—I shall come on to the controversy about numbers in a moment—to make it economically viable; compliance and the quality of catch data must be improved in the UK and throughout the EU; we must progressively regionalise fisheries management both at the EU and national level and make it more flexible and responsive to fishermen's input; fishing must be integrated more fully into the broader marine management process, with a balanced set of rights and responsibilities; and the Government must adopt policies that recognise and support vulnerable fishing-dependent communities. I do not think that right hon. and hon. Members here today would disagree with any of that.

The Government have already said that they accept the report's broad conclusions, but the detail of how to put them into effect should now be the subject of full discussion among all interested parties, not least because action is required from the fishing industry and the wider range of users of the marine environment, as well as from the Government.

I shall move on to the process of where we go next in a moment, but let me address some of the issues that the hon. Gentleman raised about the strategy unit report. First, he expressed some disappointment with the extent of common fisheries reform so far, and asked whether this was the end. It certainly is not, and we are thinking all the time about how we can push CFP reform further. We achieved a significant reform in the Council the December before last, much of which is only now being implemented. As the hon. Gentleman said, the first regional advisory council for the North sea hopes to

[Mr. Ben Bradshaw]

meet this autumn. That was agreed at the last but one Council of Ministers meeting, which also agreed funding for regional advisory councils.

Things are happening, although there was quite a lot of scepticism when the process was set up that it would be just window dressing or a talking shop. I do not believe that the Commission would have agreed to set up such a structure if it was not going to take any notice of it. In the discussions that I have had—I had one yesterday on the issue of extra days for the white fish fleet under the haddock permit system—there is a recognition right at the top of the Commission that business as usual is no longer tenable. As illustrated in the strategy unit report, we would like to have regional managers, responsible for managing the industry in parts of the United Kingdom. Those individuals would be answerable to the regional advisory councils.

The hon. Member for Banff and Buchan (Mr. Salmond) raised the old chestnut, as he always does, of how there can be any meaningful regional management element to the CFP as long as the part—he generally avoids this point—of the policy relating to the marine environment remains an exclusive competence. I use the word "remains" because it always has been an exclusive competence of the CFP. We are going to have to agree to disagree on what the constitution says and whether it makes any difference. That seemed to me to be the major plank of his party's campaign during the European elections in Scotland, and it did not do him a lot of good.

Mr. Salmond: Will the Minister give way?

Mr. Bradshaw: If the hon. Gentleman does not mind, I will not. We have all been very generous to him in allowing him to contribute to the debate, and I want to respond to several points that were made by the hon. Member for Orkney and Shetland.

The strategy unit suggested a number of other reforms such as setting up a marine agency in the UK. The Government are considering that; it is a medium to long-term measure, but as with other matters, we shall keep the momentum of reform going.

The report mentions processing, but it is largely concerned with the catching sector. It emphasises the economic importance of the processing sector, and its success in various parts of the country, not just in relation to fish caught by the domestic catching sector. We must also bear it in mind that when we discuss the industry, we are talking not just about the catching sector, but about processes, the food industry and so on. Much of that industry is doing very well and, as the strategy unit suggests, a lot of it could do better if we were better at adding value to what is a wonderful, natural resource.

Mr. Salmond: North of the Tay, from Dundee northwards, the Scottish National party was the leading party in the European elections, as the Minister knows. He referred to part of the fisheries policy. I have a letter from the Foreign Secretary, dated 26 August last year, which says that fisheries policy falls mostly within the area of exclusive competence.

Mr. Bradshaw: Yes, but the hon. Gentleman is aware that inshore fisheries and so on are matters of national competence.

I want to address a point made by the hon. Member for Orkney and Shetland about the size of the fleet. There still seems to be some confusion about that because originally the industry was talking about 157 boats in Scotland but, according to the hon. Gentleman, it is now talking about 120, and the official figure from the Scottish Executive was 370. My understanding is that there have already been discussions between the strategy unit and the industry in Scotland, and the reason for what the industry sees as the inflated number in the original report was that nephrops and saithe boats were included. I understand that consensus on numbers has now been reached. If that is not so, I am happy to look again at a possible role for the Audit Commission because it is clearly important that we all base our discussions on similar numbers. What I do not want is to have an argument about boat numbers ad nauseam as a means of avoiding some of the decisions that might have to be made on other issues.

The hon. Gentleman referred to decommissioning, which is a sensitive issue, particularly in Scotland. The strategy unit report recommends further decommissioning, and we shall have to discuss that in depth with the industry before deciding on the details of how to proceed. We shall certainly listen to the arguments of the hon. Gentleman, the hon. Member for Banff and Buchan and the industry, and I shall not prejudge the outcome of those discussions this afternoon. In the end, what happens in Scotland will be a matter for Scotland's Fisheries Minister and not for me.

Mr. Carmichael: The Minister will be aware that Jack McConnell, Scotland's First Minister, has already discounted the possibility of further decommissioning. Given the dominance of the Scottish fleet within the white fish sector, does that not mean that it is finished as an idea?

Mr. Bradshaw: I am not sure that the hon. Gentleman is giving a fair representation of what the First Minister said, but the strategy unit is clear. We are not discussing anything in the short term and I am about to explain briefly how we will proceed.

We will launch the process of engagement with interested parties very shortly. That will involve three levels of engagement to ensure that everyone with an interest has a way of feeding in their views, concerns and suggestions. First, there will be a system of working groups to enable those with knowledge and experience relevant to particular issues, from outside Government and within, to feed in their analysis and suggestions. Obviously, the fish catchers will have a significant role reflecting their absolutely central interest, but we shall also need significant input from the wider fishing industry and from the wide range of other interests with a stake in or concern for the marine environment.

Secondly, there will be a higher level stakeholder advisory group, representing all interest groups, to enable the members of the entire community of interested parties to add strategic level comments to the work coming out of the working groups. Thirdly, there will be a more general engagement based on a consultation letter and a website where all-comers can check the state of thinking and feed in comments.

What we want to come out of this is a Government response informed not just by the comments of all stakeholders, but by active discussion with them, and an action plan for delivering the changes and improvements highlighted in the report, "Net Benefits".

Obviously, I cannot highlight the details of the response and the action plan now as they must emerge from the comprehensive engagement process that we have planned. We want a plan that addresses the whole range of issues identified by the strategy unit and does not cherry-pick some issues for attention and leave out others. The way forward, when it is adopted, must respect the analysis of the strategy unit and address the problems that it identified. If the plans adopted are different from what the strategy unit recommends, they must still address the underlying problem.

I and my colleagues look forward to a constructive discussion on the way forward. This is the first time for many a long year that the chance has come along for those concerned about the future of fisheries and their place in our society, economy and the marine environment to come together to create a better future. We must not pass up that opportunity.

Question put and agreed to.

Adjourned accordingly at twenty-nine minutes past Four o'clock.

Westminster Hall

Wednesday 30 June 2004

[MR. JOHN MCWILLIAM *in the Chair*]

Council Housing

Motion made, and Question proposed, That the sitting be now adjourned.—*[Jim Fitzpatrick.]*

9.30 am

Mr. Austin Mitchell (Great Grimsby) (Lab): I am grateful for the opportunity to raise this important issue. There is an awful lot of interest in it among my hon. Friends; I wish that there were parallel interest outside the Chamber, where a crime against council housing is largely being ignored by the media. Today, I hope to draw the issue to the media's and the Opposition's attention.

We are talking about the problem of investment in council housing, and specifically about the fourth option, which, instead of forcing tenants and councils to choose from a large-scale voluntary transfer, arm's-length management organisations and a private finance initiative contract, allows for what tenants and councils in the main want to do: stay with the council, and develop and improve council stock under council control. Councils can renovate, renew and build, and I hope that we shall demonstrate today that they can do so more cheaply than any of the alternative options. They could even go on to build more public housing and make the contribution that we need in this country to expand and improve it.

Our housing record as a Government is frankly appalling. We have the lowest public and private bill for housing of any Government since the war. The main consequences of that failure have fallen on council houses. In 2000, there was a backlog of £19 billion of repairs and renovations because of the long Tory years of disinvestment in council housing.

Councils are naturally anxious to do something about the situation. They are proud of their council housing. The Government told them that they could not increase spending enough to finance the huge backlog, so councils had to get money from the private sector to do the job, preferably through a large-scale voluntary transfer, which would bring in housing associations to get finance into the market. However, as that began to flag, the alternative suggestion was to use an arm's-length management organisation by which the councils retain ownership; councils were told that such issues should be put to a tenants' ballot. The results of those ballots have been patchy: there has not been a unanimous clamorous rush to accept the privatisation option that the Government are offering.

I have just been facing a campaign by North East Lincolnshire council, in which it threw in £800,000 of expenditure on propaganda and consultancies to sell the idea of privatisation. It was supposed to put both sides of the argument, but it did not, and rather told tenants that it was crap—I mean appalling—at running council housing and was making a mess of it, so they should vote for privatisation. It issued a prospectus that was pure propaganda—it was as if Laurence Llewelyn-Bowen was going to redesign every house in Grimsby and the surrounding area, and the residents would be living in paradise if they voted for privatisation.

In the event, 43 per cent. of tenants voted for privatisation. They voted for it on the basis of a prospectus with which the Department of Trade and Industry would never have allowed any private company to float on the stock market. They voted for an organisation with no business plan and no managing director, and it had not told people where it would raise the money. It had not even decided whether it would be a charity or a company. No such company could be floated on the stock market, because it would be specifically ruled out.

In North East Lincolnshire, we are giving council housing away in large chunks to organisations cobbled together after the vote. Elsewhere, votes have gone against the Government's proposals for privatisation. There was a classic case in Birmingham, and more recent cases in Camden and Stroud. Results have been patchy: some ballots are successful, while many are not.

The Government believe in choice and are now providing for choice in the health service and education, particularly for the meritocratic middle classes, who are supposed to have the intellectual ability to choose. However, we do not believe in choice for the tenants of council housing. We believe in offering them three alternatives that they do not particularly want, but not the alternative that they do want, which is staying with the council.

David Taylor (North-West Leicestershire) (Lab/Co-op): My hon. Friend was at the launch of the Local Government Information Unit booklet yesterday. We heard about Hammersmith and Fulham, a three-star-rated housing authority, whose tenants are being denied the choice to stay with that landlord. Does that make sense?

Mr. Mitchell: It makes no sense. The whole system is about the negation of choice. We think that choice is appropriate for the middle class but not desirable for tenants of council housing. That is a monstrous social assumption on the part of the Government. I can quote against that assumption some words from my right hon. Friend the Chancellor of the Exchequer. He said that

"tenants have to fill in a ballot form, but there's only one candidate on the list . . . this sounds more like a medieval dictatorship than democracy".

Unfortunately, he said that in 1996, but it sums up the situation that we face in council estates today.

The first question, therefore, is why the Government are not providing the real choice that tenants and councils want, which is the fourth option of staying with the council and of council housing being financed by the council. That can be done—I shall come to it in a moment.

Secondly, what happens to the areas that vote against privatisation? When my right hon. Friend the Member for Tyneside, North (Mr. Byers) was Secretary of State for Transport, Local Government and the Regions, he said that it would be a Government responsibility to help tenants who voted to stay with the council to reach the decent homes standard. However, my right hon.

[Mr. Mitchell]

Friend the Minister for Housing and Planning said in effect that if tenants voted against privatisation, they had to rot in hell, or whatever the circumstances of their estates were. If they should vote against—as if this was some kind of European referendum in Denmark—the Government would treat them as if they did not exist and ignore their plight when it came to reaching the decent homes standard. I think that he has retreated slightly from that statement, but he has also unilaterally torn up the last manifesto commitment, which was to bring all public housing—not just the housing of those who voted for privatisation, but all council housing—up to the levels of decency. So what happens now? What is the latest opinion in the Office of the Deputy Prime Minister on how tenants who vote against privatisation should be treated and helped to reach the decent homes standard?

The third case against what is going on is simply that it will not work. There are 2.5 million council homes and 6 million people still in council accommodation. We cannot get all of them to ballot for privatisation and to submit a choice between the three alternatives by July 2005 as required. I emphasise that there will almost certainly be a general election early next year, in May or June. The deadline for submitting a choice by local authorities between the three undesirable alternatives is July. Is the ODPM seriously suggesting that in the run-up to and during a general election, we will be bashing the council estates and councils and dividing the Labour party on this issue to force them towards privatisation? It is inconceivable that we should behave in that fashion.

I hope that my fourth point can be answered. The process of privatisation and the three undesirable options, when they are accepted, help the better areas of council housing, not the most deprived areas, because the ballots have been successful in areas with better council housing and better prospects. Only six of the ballots were held in the 100 most deprived areas of council housing. We are channelling the money the wrong way: not to the deprived areas, which most need the renovation and improvement, but to the more prosperous areas. I emphasise again that this privatisation choice that is supposed to give tenants more power does not do so. The tenants are conned into believing that they are going to take an active part in running the properties under privatisation. In fact, the Audit Commission said:

"Many tenants of such housing associations feel that they are on the board to represent a constituency of tenants. Often this misapprehension is a direct result of mis-selling the role at the time of the ballot. At the time of transfer, tenants are often led to believe that they will have an explicit role in representing the interests of their fellow tenants on the board. This is not compatible with the accepted principle that dictates that as a board member they have to work for the interests of the organisation, that is, that the director's responsibility takes supremacy."

The tenants are simply being conned. That has happened on a massive scale in North East Lincolnshire, where the support of the tenants' assembly was invoked by offering them five places on the board—it has to be said—in the belief that they would be running the new operation; but they will not be doing so. The ODPM is effectively conning tenants. Experience proves that tenant representation is developed by councils, but withers under registered social landlords. That is the record of the past.

The RSLs are going to generate huge surpluses once they become cost-positive in about 20 years. There is no requirement that those surpluses be used to improve the housing in the area where the RSLs have been given council housing. They can be used for all sorts of purposes by the formation of subordinate companies.

My last point is the most telling of all. I hope that my hon. Friend the Under-Secretary will help us with the mathematics by giving us a considered reply—if not now, later. The whole process is expensive. Just consider the costs of this folly of insisting on privatisation. First, massive sums of debt are being written off. In the past year, £800 million of debt was written off. The total allowance by Government for council house building—although they are not allowed to build any more—improvements and regeneration was £834 million. We can afford £800 million to write off debt, but only £834 million to improve council houses.

Secondly, there is the cost of the gap funding and the dowries that have to be given to the new social landlords, particularly in areas of negative equity, such as my own. Huge sums have been devoted to gap funding to help privatisation. In other words, huge sums have been used to give away the council housing that belongs to all of us. There is also the shift of housing benefit from other tenants, which the ODPM has been paying this year, on to social security as a result of privatisation, the cost of which is estimated at £249 million per year.

Thirdly, there is the cost of all the consultancies and surveys and the propaganda that has been pouring out to con tenants, which the Audit Commission estimates at £430 per property. That is used not for housing but to enrich consultancies and pour out propaganda. The cost of renovating council housing is higher in the private sector, because it pays higher interest rates and much higher salaries to its top management. The Audit Commission estimates that over a 10-year period it cost £1,300 a year more to renovate council housing in private ownership than by the councils

Arm's-length management organisations cost about £2 billion in the three years up to 2005–06. The sum given to the Glasgow ALMO was equal to the cost of renovating and reaching a decent housing standard for every council house in Scotland.

Finally, there are the costs of a year off for the council officers and housing departments while they propagate and propagandise the case for privatisation. In North East Lincolnshire, repairs have not been done, more houses have been voided and boarded up, estates have been left to rot for a year, while people from the council have gone round propagandising the case for getting rid of council housing and for getting their jobs transferred to registered social landlords so that they can get more pay. That has compounded the situation, which was already bad enough.

All that money has been spent, and for what? Satisfaction, as measured by the ODPM's own surveys, has increased by 2 or 3 per cent. as a result of privatisation. There has been a substantial decrease—5 per cent.—in satisfaction with the repairs. The tenants are not satisfied by the process. The ODPM argues that

it separates management from strategy, but there are no grounds to say that that is an improvement or a benefit—none at all. It has not been able to produce any evidence for that assertion. There are small gains and huge costs.

We are wasting millions of pounds to give away billions of pounds of public assets in council housing, as a result of sheer, simple dogma and ideology—the dogma that private is better than council housing, that private is better than public. It is as if we were changing the ownership of the deck chairs on the Titanic as it went down—the process is as futile, fiddling and useless as that.

I say to the Minister that there has to be a better way—and there is. It is the fourth option: let the councils run their own housing, build and make their contribution to solving the housing crisis. We would not have to devote massive sums of public money to council housing to finance the fourth option, although I would favour that. It would not be a massive cost. We would have to let the councils keep their housing revenue accounts, all of them—let them keep the rents and use them for housing purposes. Since 1990, we have taken £13 billion out of housing revenue accounts to finance the housing benefits of other council tenants—£13 billion is a major part of the £19 billion cost of refurbishment. The daylight robbery process has looted and pillaged housing revenue accounts and we are still taking £1.5 billion a year out of those accounts.

Mr. Ken Purchase (Wolverhampton, North-East) (Lab/Co-op): Does my hon. Friend agree that a central principle of Labour policy has been that poverty should be remitted from the centre? With this housing finance debacle, we have simply said that the poor should pay for the poorest. Is that not against everything that Labour has ever believed in on poverty?

Mr. Mitchell: Absolutely; it is an appalling principle, which we maintained for far too long and only ended this year. The Tories began it—it accorded with their philosophy, perhaps—but we perpetuated it for the first seven years of power. Even now, the average tenant pays £2,600 a year in rent and gets back £1,773 in services, repairs, administration costs and the rest of it. In other words, £827 per tenant is not devoted to housing purposes.

Put that money into housing purposes and the fourth option could finance itself. Allow the money that the ODPM now uses to pay the housing benefit of council tenants to go into housing. Let councils keep the money from right-to-buy sales, which now runs to £500 million a year, and use it for housing purposes. Let the councils borrow, as they have the power to do under the Local Government Act 2003. They can borrow on the major repairs allowance and on an investment allowance.

That idea was floated by the ODPM, which consulted councils on it. The Minister for Housing and Planning then told us that there had been no interest. Now he has written me a letter to say that in fact 20 per cent. of councils showed an interest in the investment allowance idea. However, it was quietly shoved into the back cupboard by the ODPM, despite the fact that one fifth of councils were interested in pursuing it. If we had got that, it could have been used for housing purposes. Let them borrow on the stock and let us have a level playing field with the RSLs, which can use their power to borrow. All that finance could even be supplemented with just a small proportion of the money that is being wasted.

Lynne Jones (Birmingham, Selly Oak) (Lab): Is it not true that the City has always regarded housing associations as a higher risk than local authorities? Therefore, if local authorities were permitted the same freedoms as RSLs, they could borrow the money much more cheaply and the renovations would be carried out more effectively.

Mr. Mitchell: Absolutely. That is such a glaringly obvious point that I am surprised that the ODPM has ignored it for all these years—public borrowing is cheaper. That is why it is cheaper to renovate, repair and rebuild council housing, and indeed to provide new council houses, than it is for the RSLs to do so. On that basis, most local authorities can balance their housing books and can use the money to renovate, repair and build anew to make their contribution to tackling the housing crisis that has arisen. Why are they not being allowed to do that? Previous Labour Governments have been so proud of the record of Ministers and local authorities in developing, expanding and improving council housing. Why are we shuffling away from it? Why are we shuffling it off the box? Why are we getting rid of it as if it were some broken-down car to be sold on the second-hand market? That is the present position of the ODPM.

The fourth option will come, because I do not think that even the Minister for Housing and Planning is daft enough to go on banging his head against a brick wall in this fashion. I doubt whether he will be allowed to abrogate the manifesto commitments or to go on with this war against council housing as we approach the election. I am sorry that he is not present to reply today; he probably finds it easier to sit in the office and write letters to the *Grimsby Evening Telegraph* telling the people of Grimsby that their MP is a liar. That is matter of taste on his part.

My hon. Friend, who is the acceptable face—the very acceptable face—of the Office of the Deputy Prime Minister, is present and will reply. I hope that she will consider the questions that arise. First, I hope that both she and her Department will seriously examine the costs of the fourth option and my assertion that it will be cheaper than the waste of money of going through the present rigmarole of privatisation, the real costs of which are so heavy. I hope that she will tell us definitively and authoritatively what will happen to tenants who reject the three options with which they are provided. Will they be left without the improvement up to the decent housing standard to which the manifesto commits us? Will they be left to rot? What will happen? It is crucial that that question be answered. I hope that she will give us an assurance that under these policies of privatisation the Government are confident that they can reach the decent homes target by 2010. I very much doubt it and I doubt whether tenants will be coerced in that direction.

Finally, I hope that my hon. Friend can give us the declaration of confidence that we need from this Government in council housing and in the ability of the

[Mr. Mitchell]

councils to run efficiently and effectively the housing that they have provided and built up over generations for the benefit of the less well-off people in their areas. I cannot understand the prejudice that exists against councils and council housing, and I am sure that, in view of her constituency, she will not share it. I hope that she will tell us that the ODPM is proud of Labour's record on council housing and that it wants to think again about the attempt to coerce, bully and freeze councils and tenants out of council housing and into handing over the stock at a cost of wasting millions of pounds to give away billions of pounds worth of public property.

9.55 am

Mr. Clive Betts (Sheffield, Attercliffe) (Lab): I congratulate my hon. Friend the Member for Great Grimsby (Mr. Mitchell) on securing this debate on an important issue.

In our manifesto, we committed ourselves to getting all homes to a decent standard by 2010. We did not commit ourselves to transferring all homes out of council ownership into some other form of ownership. We suggested that the decent homes standard could be attained by one of four options, and that tenants should have the right to choose.

Throughout the debate on council housing, there has been an increasing betrayal by Ministers. They have argued that council housing has been mismanaged and has not been kept up to a proper standard of repair through some fault of the system—in other words, they argue that councils cannot deliver a proper standard of housing for their tenants.

In the recent Select Committee report on decent homes, a number of things were suggested with no evidence to back them up. It was asserted that housing could be properly managed only if responsibility was divided: the strategic role of housing should be carried out by councils, but the management should be carried out separately. However, there was no evidence to back up that assertion. Indeed, the Audit Commission said that it could provide no evidence that that was the case, and that it did not believe it to be true. It was also argued that management of council housing was worse than that of housing association properties, but again, no evidence was given to support that. If the Minister has practical evidence to support those contentions, I should be pleased to hear it.

It was also argued that tenants have more participation and involvement in a different system of management from that used in council housing—but there is no evidence to back that up. Some housing associations are good at involving tenants and some are not; some councils are good and some are not. There is no clear evidence to support the contention that, by effecting a change in the way that houses are managed, tenants will become more involved and participate better in the running of their homes.

The Minister for Housing and Planning said in his evidence that if one looks at where stock has been transferred or an ALMO created—mainly stock transfers, because they have been going on for longer—one will see that the standard of housing has improved, and that that shows what a good idea those are. However, that is a self-fulfilling prophecy. If people are told that lots of money will be available for them to spend on their houses if they vote for a stock transfer, but that that money will not be available if they do not, they will vote for a stock transfer. The money then comes in and is spent, and the houses are brought up to a higher standard. That self-fulfilling prophecy does not prove that stock transfer is right. It merely proves that the Government have set up a mechanism under which money can be spent on the housing stock only if certain methods are used.

We have argued for some time about level playing fields. The Government have got themselves into a real mess on the issue of committing themselves to a decent homes standard and the options to achieve it. They assumed, somewhere in the spending agreements with the Treasury, that tenants would vote nicely in set numbers and set proportions for the various options. They assumed that most tenants would vote for stock transfers, some would vote for ALMOs, and that a very few would vote to stay with the local authority. When the situation changed, and tenants rejected stock transfers—particularly in the case of Birmingham—it suddenly became apparent that the decent homes standard could not be delivered with the allocations of money that the Office of the Deputy Prime Minister and the Treasury had agreed at national level, because tenants were not going to vote in the proportions that had been assumed.

Lynne Jones: Tenants in Birmingham are still angry and perplexed that the Government were prepared to make £650 million available to Birmingham to write off debt had tenants voted for stock transfer, but that there will not be a penny extra now that tenants wholeheartedly rejected that option.

Mr. Betts: Absolutely. I agree with my hon. Friend. One of the things that really bugs people in this debate is the lack of a level playing field—that the Government are prepared to write off hundreds of millions of pounds to encourage people down one road, but will not support them if they choose to stay with the local authority as council tenants.

The Government's next strategy has been to say, "Well, if we can't persuade tenants to vote for stock transfer, how about an ALMO?" In Sheffield, tenants who, by and large, would have preferred to remain with the local authority, and who totally resisted the attempt by the Liberal Democrats when they came to power to force wholesale stock transfer on them, are now going down the ALMO road, because at least the houses remain in the ownership of the local authority. They see it as a second-best option to get money in to bring their homes up to a decent standard.

That is nonsense in terms of the Government's overall strategy of trying to encourage stock transfer. As the borrowing is done off balance sheet and does not count against Government borrowing requirements, they have insisted that borrowing by an ALMO counts against borrowing requirements in the same way as local authority borrowing. Therefore, the Government are not escaping from the problem that they have created. What is the difference between allowing a local authority and an ALMO to borrow? In terms of Treasury rules, there is none.

The Government helpfully brought in prudential guidelines for most council services, where councils can borrow against future income streams. Many of us have been pressing for that for many years to free up capital constraints under which local authorities work. However, they exempted the issue of council housing, so councils cannot borrow against the future rent streams of their housing to fund housing improvements and investment—it was completely disallowed. That was the one major exemption from the prudential guidelines, but there has never been a proper explanation for it.

The idea of investment allowances was strongly promoted by Unison and in the Local Government Information Unit pamphlet, "Housing: The Right to Choose", which was launched yesterday. It is not a sinister mechanism dreamed up in deep recesses of the Campaign group to pervert the Treasury's financial strategy. The idea was actually floated by the Office of the Deputy Prime Minister in a White Paper in 2002 but then dismissed. What is wrong with investment allowances? From relatively small sums—a few hundred million pounds a year—millions of pounds of housing investment could be generated. That could create a fourth way: another alternative for tenants wanting their homes to be improved under the ownership of the local authority.

We have seen one example after another of the Government making the wrong decisions in terms of their overall strategy. Tenants would not vote in the numbers required for stock transfer. ALMOs are now seen as second best. Will the Government guarantee that they will allow the funding—the Treasury still counts it as Government borrowing—for every ALMO that tenants and local authorities vote for to create the decent homes that tenants want by 2010? If that is not guaranteed, another line of choice is cut off for many tenants.

There has been a fundamental change since the then Secretary of State for Transport, Local Government and the Regions, my right hon. Friend the Member for Tyneside, North (Mr. Byers), appeared before the Select Committee two or three years ago and said that the commitment was to decent homes and that every tenant had a right to have their home up to a decent standard whichever way they chose to do it—through private finance initiative, stock transfer, ALMO or staying with a local authority. The current Minister for Housing and Planning changed that approach when, during the inquiry on decent homes, he basically said, if tenants wish to remain with a local authority, they choose not to have their home brought up to a decent standard.

The Government's motto for the next manifesto will probably be choice—choice in health, choice in education. What is wrong with choice for council tenants? The tragedy is that through their policy, the Government will do what the Tories ultimately failed to do, which is turn council tenants into second-class citizens with second-class homes. That is fundamentally anathema to many of us who have struggled on behalf of council housing and the rights of council tenants over many years.

Finally, the Select Committee's view on choice, which summarises my case very well, was:

"The Committee fully supports the Government's commitment to tenant choice and involvement in determining how Local Authority housing should be owned and managed. However, the commitment to tenant choice is a charade unless Local Authorities are able to act in accordance with the wishes of their tenants. We recommend that the Government take immediate steps to ensure that where a majority of tenants wish for their homes to remain under Council management, they are not penalised when it comes to access to funding for investment in Decent Homes or any other policy initiatives."

10.4 am

Mr. Kelvin Hopkins (Luton, North) (Lab): This policy is clearly part of a process of privatisation and marketisation, which has been going on for a long time. I became a councillor for the first time in 1972, and the first battle in which I was involved was over housing finance legislation, through which the Government decided to move from subsidising houses and keeping rents down towards market rents, where the rents were higher and the tenants were subsidised. That immediately created a benefits trap, which still affects tenants in my constituency.

In my constituency, there are small areas of housing association housing and while canvassing for the general election in 1997, I was told by colleagues, "Don't talk about employment to the people in that street." When I asked why not, they replied, "Because they're housing association tenants—they don't want jobs because if they get jobs they'll lose all their benefits." There was a massive benefits trap for some of the poorest people in my constituency. The rents for local authority housing, although high, were still lower. The whole process is clearly about moving in that direction, which will have disastrous social consequences and, as my hon. Friend the Member for Wolverhampton, North-East (Mr. Purchase) said, will merely churn income between the poor and the very poor. When we took control of the council in 1972, we set about building masses of council houses. We brought the council housing waiting list right down. We had the benefit of a Labour Government who were committed to housing. We even bought large numbers of private sector houses and housed thousands of people.

We now have a situation that is twice as bad as that in 1972: there are not only high rents and benefit traps but a desperate shortage of housing. By moving towards the privatisation of council housing and even higher rents and even bigger benefit traps, the Government are doing nothing to solve the problems of the 7,000 people in Luton who need housing. The only solution is to reinvent council housing as it was and for the Government to take over control and even possibly to develop new town strategies again. It must be public sector housing with low rents, subsidised from the historic equity of local housing, as in the past. I have said similar things before. I should like to make many other points, but those will suffice for now.

10.6 am

Jeremy Corbyn (Islington, North) (Lab): We should put on record our thanks to my hon. Friend the Member for Great Grimsby (Mr. Mitchell) for his phenomenal speech in opening the debate and for his tremendous work for the Defend Council Housing campaign, supported by Alan Walters and many others. It has put council housing right up on the political agenda where it belongs.

I hope that the Minister will recognise that many people around the country simply do not accept the three options that have been proffered by the Office of

[Jeremy Corbyn]

the Deputy Prime Minister to deal with the housing crisis. It is simply not on to tell council tenants that they must choose between stock transfer, private finance initiatives and ALMOs, and that if they reject all three, as they have every right to do if a ballot is properly organised, they will get nothing. Where do the decent homes standards fit in with that? What sort of free and open democracy is it if we offer people no real choice other than a form of privatisation of their existing council stock? That is what it amounts to.

Not so long ago in our 1997 manifesto we said that we would free up all the capital receipts that could be used for housing investment. That has not happened. Some have been freed up but most are tied to some kind of private finance initiative or private investment in an estate. Some £2 billion is still being held that cannot be used for housing improvements. When tenants are asked to vote on a stock transfer or whatever, they are not given a free choice. They step out into the unknown if they say no, but many have said no.

I have just been through the experience of a large-scale stock transfer vote on the Tollington estate in Finsbury Park in my constituency. The tenants voted down the stock transfer emphatically: 60 per cent. of them said no. They did so because they were told that in order to lever in this private finance to improve the estate they would have to sell off what little open space there is to build 300 homes for sale on the open market at between £200,000 and £300,000 each, and 120 street properties owned by the council would have to be sold. In other words, in order to improve the housing conditions, which need improving urgently, we would end up with 300 more places for private ownership and sale and 120 fewer places for affordable rent.

The housing crisis in my constituency is worse than it has ever been. There are fewer new lettings and fewer new properties coming on stream from the council or housing associations. In fact, none come from the council; they come only from housing associations. There is a record high number of people in short-term tenancies and short-term lease properties. That is at a phenomenal cost to the public purse, largely through housing benefit. Frankly, the situation is not sensible.

Will the Minister recognise that there is currently a terrible housing crisis in London? Tenants looking for a transfer and people living in hostel accommodation who are desperate for somewhere to live have told me that they have been given only one offer—to move somewhere else in the country. If they have a genuine wish to move out of London, there is no problem, but most people cannot do that. They have to stay in London for family, work, education or whatever reasons. The only way forward is to invest in new affordable property in London.

Is that best done by investing in schemes in which the rents end up higher or by allowing local authorities the freedom to borrow, develop and provide housing for people in desperate need? I simply cannot understand the Government's position, and I do not understand the politics either. What we have done is to say to tenants throughout the country that they have a choice, when in reality they do not. They can choose only either some form of privatisation or going into substandard property that means that the Government cannot achieve their decent homes standard. I hope that the Minister, having considered the Barker review, the housing crisis in London and the south-east, the huge cost of privatisation and how we are pouring money into the private sector when the work would be done better and cheaper in the public sector, will be able to give us some news on the situation.

A number of estates throughout the country voted against stock transfer and have been left in limbo. Camden as a borough rejected stock transfer and ALMOs, so it has now a problem on its hands. I hope that the Minister agrees that the democratic wishes of the people of Camden should be recognised and that money should be invested for new housing development and improvements by the local authority. The Aylesbury estate in Southwark emphatically voted no, but the tenants have still not seen the improvements to which they have a right, like everyone else in this country who wants to live in decent housing.

Will the Minister please say that she has heard, understood and recognised the arguments for the fourth option and that she agrees that local authorities have provided and can and will provide decent, secure, good quality and cheap accommodation in desperate housing need? The options offered by the Office of the Deputy Prime Minister do not achieve that.

10.12 am

Alan Simpson (Nottingham, South) (Lab): Yesterday, the Leader of the Opposition launched one of his opening salvos for the next general election on the question of choice. He did it on the basis of some half-baked ideas on education, knowing that they do not stack up and, like his colleagues, knowing that when they are put to the electorate, they will be seen through and rejected. I am happy about that—it is a legitimate choice for the electorate at the general election.

What would we have been saying had the Leader of the Opposition sussed his real opportunity? He could have said that, at the next general election, we will offer the electorate a different choice—Tory, Lib Dem or Green, with no fourth option. If he had done that, the Labour party would rightly have called the Tories a bunch of thieves, making an outrageous proposal and committing an act of charlatans that would steal from the electorate the legitimacy of a fourth option. Yet, here we are telling council tenants that they are not entitled to the legitimacy of a fourth option or an equal choice of different ways to address their housing needs.

Nottingham is about to embark on its ballot on the proposals for an ALMO, and the proposal has torn apart the Labour group that has run the city council's housing department for a long time and had some remarkable achievements in the past 10 years, specifically in the development of safe neighbourhood strategies. Councillors and police officers have asked me why we would want to follow a path that pushes council housing out of council management. Local authorities have been the key driver in our safe neighbourhood strategies, because they own and manage the assets in which the tenants live. The police are using their powers to issue antisocial behaviour orders to tackle neighbourhood-based crime, but what makes the difference is when the local authority pulls in the housing department and the education department, and

everyone gangs up to deliver safe neighbourhood strategies and decent standards of behaviour. They can do that because they manage public resources and are at the front line of delivering wider public policies.

I want the Minister to do two things. My hon. Friend the Member for Great Grimsby (Mr. Mitchell) set out the case for the fourth option, but I want her to clarify whether my hon. Friend the Member for Sheffield, Attercliffe (Mr. Betts) was right that the borrowing rules for ALMOs meant that their borrowing counted against local authority borrowing. Many people in my authority have been persuaded that ALMOs, although a lousy choice, are the only choice, and that improvement work can be done without its counting against the authority's borrowing. If it does count against local authority borrowing, however, the implication is straightforward: ultimately, ALMOs can only be a step towards transferring assets into private hands, because that will be the only way of getting the borrowing off the public accounts. If so, people need to make an honest and informed choice.

Secondly, I would like an assurance. When Nottingham tenants decide how to cast their votes in the ballot on the ALMO, they would like to know that the choices are equal, that there is a level playing field and that they will not be financially penalised for deciding to remain council tenants. They will want to be offered the choice of equal financial arrangements, which will apply to all the options, and not to be bribed or browbeaten into taking a path that leads to the surrendering of a public asset. They do not want millions of pounds in bribes to be given away, as my hon. Friend the Member for Great Grimsby said, to dispose of billions of pounds of public assets, which we will never get back. I hope that the Minister will give my constituents that assurance.

10.17 am

Mr. Ken Purchase (Wolverhampton, North-East) (Lab/Co-op): I congratulate my hon. Friend the Member for Great Grimsby (Mr. Mitchell) on obtaining this important debate. Labour is on the brink of perhaps its worst domestic policy disaster. So far, the policy has been brutish: it has injured Labour councillors, fractured relationships and divided estates. I sincerely hope that it will also be very short-lived.

This could be Labour's railway privatisation disaster. Let us consider the situation for a moment. At the beginning of the 20th century, more than 90 per cent. of all housing was in private hands. Almost 5 million houses were under democratic control until the Thatcher years; today, 3 million are. In my borough, we now have massive housing shortages, and tenancies are simply not becoming available. People are unable to transfer between different parts of the city, and new people coming in find it extremely hard to get a council tenancy, unless they are in the direst circumstances. This is the 21st century, in the fourth richest economy in the world, yet I, like many other hon. Members, face a dreadful housing shortage in my borough. That cannot make sense to the ordinary person.

Council housing is very popular in my borough, but the Government take no notice. They believe that they know better than the tenants, who, through their life choices, have expressed the wish to be housed and managed by the local authority. There is an exact analogy with the privatisation of the railway system. The then Government sought to atomise it, split up the ownership and ensure that no one had a coherent view of the whole thing. That was a recipe for disaster, and our Labour Government are now grappling with the consequences. Surely we can learn something from the kind of public policy adopted by the Conservatives throughout the 1980s and apply a bit of common sense to what we are trying to do today.

We have a new privatisation. Council housing was once the symbol of everything that Labour ever achieved. Was it not council housing that completely changed aspects of public health? Did it not make just as big a contribution to the health of the nation as our treasured national health service? It did, and it continues to do so, but we are in danger of atomising it.

We will soon have almost as many landlords as there were at the beginning of the 20th century. Buy to let is everywhere. There will be dozens, hundreds, thousands of individuals who are nicely ensconced in their own home and letting another home to someone else, just like at the beginning of the 20th century.

Mr. Hopkins: Does my hon. Friend agree that, historically, one of the most pernicious relationships in human society is that between landlord and tenant?

Mr. Purchase: I could not agree more. We had two world wars, and at the end of both of them Ministers declared that we would build homes fit for heroes. We did so, first through the Housing and Town Planning Act 1919 and then through Bevan's heroic efforts at the Ministry of Housing and Local Government.

We did that—that is our achievement. It is not old-fashioned or out of date. It is doing a splendid and amazingly good job, and yet our Labour Government are telling us to get rid of a public asset. I can scarcely believe it. When I hear of Ministers appearing before our Select Committee and saying, "If tenants don't choose one of my three options, they won't have their new kitchens," I think, my goodness! Have we got to the point where a Labour politician actually says, "Trade your democratic heritage for a new kitchen"?

If that is where we have got to, I tell the Minister here today, whom we have heard described as the acceptable face of the ODPM, that this is the time when she can tell us that she will go back to the Department and convince colleagues that this policy is unpopular and unhelpful, divides the Labour groups in our cities and towns, and will not put a single lick of paint on any windowsill in the country.

10.23 am

David Taylor (North-West Leicestershire) (Lab/Co-op): Earlier this month, our television screens were full of remembrances of six decades ago, and the start of the end of the war in Europe was brought back to our minds. The world of peace to which the demobbed soldiers returned was still a world in which Beveridge's five giants of idleness, ignorance, illness, want and, in particular, squalor stalked the land.

Dealing with squalor was one of the most successful areas of activity for post-war Labour Governments and councils. It is not that a long-established policy has failed or faltered in those intervening periods. It has

[David Taylor]

been remarkably successful in most parts of the country. In an east midlands mining village, a couple with a young daughter and a toddler son left overcrowded accommodation to enter a council house provided by Ashby-de-la-Zouch rural district council. I was that toddler son. I was one of millions in the two decades after the war who had the opportunity to live in decent, affordable, accountable housing where no such option had previously existed.

I have not researched the background of Labour Members, but I would hazard a guess that a slight majority spent some or all of their childhood in local authority accommodation. We are not speaking from the vantage point of ignorance, but from information and experience.

Some powerful speeches have been made in support of the case for option four and council housing. I suppose that the two are intertwined. We have heard the economic argument. As my hon. Friend the Member for Wolverhampton, North-East (Mr. Purchase) said, who is responsible for the Labour party's dramatic and almost rash change of policy, given that it is facing a general election in the next year or so, when a good 10 per cent. of the electorate will be tenants of local authority housing? Surely, it cannot be the Ministers who are notionally in charge of such matters. Is it someone in the white building over the road—the Treasury—that looks balefully at this place and tries to restrain our powers and impulses in our own interests? Is that the driving force behind the change in policy?

The cost is not the driving force. We have heard that when the Government consulted on options in 2002, they suggested an investment allowance, which would allow councils to make use of new borrowing powers. The amounts were pitifully small, much less per year and nationwide than would be written off in Birmingham, as my hon. Friend the Member for Birmingham, Selly Oak (Lynne Jones) made clear.

An allowance of £150 million this year, increasing to £350 million next year would be enough to finance almost £5 billion of new desperately needed housing investment, not just in the inner city of Islington, or the large south-eastern town of Luton, or in Great Grimsby, but in rural areas, especially in constituencies such as mine. There were almost 7 million council houses nationally at the peak, not 6 million. A slight majority of those disappeared under the right to buy. In rural areas, much more than just half the housing has disappeared; indeed, the vast bulk of housing has gone. Young couples in such areas need access to affordable housing.

There is an economic case for council housing, in that it costs less than all the mooted alternatives. There is a political case because it is important to people in the Labour party to look back on and promote the successes of local authorities and Labour Governments in post-war years. There is a social argument, too, in that development and investment in social housing allow there to be an integrated approach to tackle social problems.

Tenants should not be coerced or blackmailed into an alternative option that is not the one they want. They should be given a rational choice and full information about matters, not simply wiped out of the equation. To my astonishment, earlier this month my good friend, my right hon. Friend the Minister for Housing and Planning, mooted the idea that the 2010 decent homes target would be met if we ignored those tenants who had chosen to stay with their local authority. Apparently, that idea was hastily withdrawn.

Perhaps that was the first swallow of a summer, which will reveal the awful mistake that has been made. There will be apologies. There will be a smokescreen behind which a U-turn will gracefully and gradually take place because we—a Labour Government facing perhaps an historic third term—will depend significantly in some areas and in some marginal seats on the support of people who live in local authority housing. That U-turn will be welcome; it will be even more welcome if my hon. Friend the acceptable face of the Office of the Deputy Prime Minister—although she has not got a lot to beat—can tell us today that the Government are sorry, that they have got it wrong and that they will allow option four. Let us hear that today.

10.29 am

Richard Younger-Ross (Teignbridge) (LD): My party believes in council housing. I do personally, because I spent my teenage years in a very well-designed, modern council house. A lot of council housing was extremely well built, particularly the well-designed post-war estates. However, although there was a lot of good housing stock, a lot of local authorities did not look after it well. I remember my formative years in politics looking at damp running down walls in council flats, in appalling conditions on appallingly managed estates. Clearly, something had to be done to improve that.

The problem today is that the balance has tilted too far one way. The Government set targets for decent homes, and judging from what I have read from the Housing, Planning Local Government and the Regions Committee, on which the hon. Member for Sheffield, Attercliffe (Mr. Betts) sat, they did a good job. However, the targets for decent homes are being impeded by the process of stock transfers. Evidence was put before the Committee on that. Although the Government have said that they want decent homes, they have delayed that process by demanding that the ballots go ahead.

What is required is that magic word: choice. I congratulate the hon. Member for Great Grimsby (Mr. Mitchell) on securing the debate, and he put the point powerfully that there is a fourth option, which is being denied to local authorities and tenants. That is not real choice. The hon. Member for Islington, North (Jeremy Corbyn) questioned how this situation arose. I can tell him: in the 2000 Green Paper, the ODPM stated:

> "We strongly favour the separation of authorities' strategic and landlord responsibilities for housing. This will strengthen both roles."

The Government clearly set out, some time ago, that they would split the two roles.

Mr. Purchase: I think that the hon. Gentleman misunderstood "strategic" in the sense that we all understood it. This was a regional approach, not a district by district one.

Richard Younger-Ross: Clearly, the approach has been a district by district one; that is how I interpreted

it. Perhaps this was mis-sold; it would not be the first time this Government have mis-sold their policies, and will probably not be the last.

The Select Committee report is well balanced and says that there are serious questions about what current Government policy is. On the first option, on stock transfer, the Committee considers the transfer to registered social landlords, and says that there are problems. On ALMOs, it says:

"ALMOs receive significant extra investment funding as compared to Local Authorities who retain the full management of their stock. Conversely, ALMOs are unlikely to have access to the levels of funding which many RSLs can achieve, because like Local Authorities, ALMOs cannot borrow freely. In other words, there is no level playing field between different models, and this inequality is tiered over several levels."

That is a good point, which I hope the Minister will pick up on and answer later. There must be a level playing field.

Still on ALMOs, the Committee said:

"We have not heard evidence that creating an ALMO per se enhances the achievement of Decent Homes, or indeed of tenant satisfaction. The option of creating an ALMO should continue to be available to Local Authorities, but there should be no financial incentive for Councils to do so."

That is exactly the point that I would make: there must be a level playing field between the options. If local authorities are not maintaining their stock well—if somebody asks for their door to be repaired and it takes a month for the carpenter to come to fix it, and there is a two-inch gap at the bottom—that is a real instance—tenants have a right to say, "No, we are not happy with you as a local authority running it. We would like another option. We would like somebody to come and manage our housing stock who will do a better job."

If local authorities have good housing departments, which care and manage their properties well, as my authority in Teignbridge did, there is every reason for tenants to vote for maintenance under the local authority. Teignbridge had a ballot recently, and hon. Members will not be surprised to learn that it decided to vote for ALMO. It voted for ALMO because, as has already been said, there was a large financial incentive to do so. That is wrong, however, and it is not my understanding of democratic choice.

Choice is the new buzz word. All of a sudden, parties seem to believe that talking about choice will win them the next election—if we tell the electorate that there is choice, they will vote for us. In fact, the choice is Hobson's choice, and the electorate are being sold a pup. There is no choice on this issue because the three options are not comparable. The Committee said that PFI did not work at all, so one wonders why PFI is even considered as an option when the Committee has lambasted it so strongly. I am surprised that the Government still allow PFI to be part of the process.

David Taylor: For the benefit of people in the Chamber and elsewhere, as Liberal Democrat policy varies between different parts of the country and different parts of this House—even the same person varies the policy from time to time—can the hon. Gentleman tell us what is the Liberal Democrat policy on council housing and the tenants who live in it, who are happy with their landlords?

Richard Younger-Ross: It is exactly the same. Local authorities will make their own choice. Labour authorities have gone down the road of choosing ALMOs and registered social landlords. Liberal Democrat councils have done the same. The hon. Member for Sheffield, Attercliffe referred to the previous leadership of Sheffield choosing RSL, and that was probably the right decision at the time. He then said that the current administration is considering an ALMO, but I do not know whether that has gone through.

Local authorities feel that they are being pressured, and the Liberal Democrat position is that there should be the fourth option and a level playing field. I think that other Members would argue for that. If local authorities want a choice, that is fine, but that is up to them. The choices must, however, be on a level playing field where there is no financial incentive to go down one route rather than another.

10.37 am

Mr. John Hayes (South Holland and The Deepings) (Con): I feel slightly like an intruder in a heated family row, or perhaps an uninvited guest at a wake. For that reason, I shall abbreviate my remarks so that the Minister has the maximum time to respond to the points raised by other Members.

However, some points need to be made from the Opposition's perspective. Some of my favourite Labour Members have contributed to this debate: the hon. Members for North-West Leicestershire (David Taylor), for Nottingham, South (Alan Simpson), for Islington, North (Jeremy Corbyn) and, not least, for Great Grimsby (Mr. Mitchell). The latter has done a service to this Chamber and the House by bringing the matter to our attention and securing a debate on it.

It is an important subject, because social housing is important. When we talk about social housing, we should remember that we are not talking about units and buildings to be occupied, but homes and people, especially vulnerable people. My personal commitment in politics is to mitigate disadvantage in favour of people who are vulnerable and to act in the interests of those who are least able to defend their own interests. That is the proper purpose of people in this House, and it no less true for housing than it is for other areas of public policy.

It is certainly true that we have a problem with social housing. The fundamental problem touched on by several contributors is that we are building an insufficient number of social houses. It is as simple as that. I shall say a word about the management of those houses, but before I do, the Minister has to answer the charge that we are building far fewer houses than we did under the last Conservative Administration. I have the figures for 1990–91, when about 36,000 social houses were completed. She will know that in 2002–03 barely 20,000 social houses were completed. There has been a collapse in social house building, which is causing some of the pressures that we have heard about from speakers today. The hon. Member for Great Grimsby is right that that is at the very root of the problem.

The hon. Gentleman is also right about the proper expectation of people to have decent standards, regardless of how their housing is managed. Let us not be under any illusions about the decent homes standard. Raising standards is a noble objective, but the Government have, to a degree, missed a trick with the

[Mr. John Hayes]

decent homes standard, because people want decent communities. Many of the things that people crave most, like a stable, secure community, are not included in the decent homes standard. People are happy to do things that they can effect themselves, but the things that they cannot control happen right outside their front door.

I should like to see the decent homes standard turned into a decent communities standard, as is being done in locations where a range of agencies are coming together to try to improve the quality of life of people living in council housing or housing that is run by other registered social landlords. That could be achieved by working on those factors that people cannot control—the things that happen outside their front doors.

David Taylor: The hon. Gentleman is widely recognised as being at the one-nation end of his party, but will he accept, at least indirectly, the responsibility of past Conservative Governments, of which he was a supporter, for starting the process by which housing authorities were impoverished and enfeebled and through which people on local authority estates were seen as the poor and feckless, to be corralled and ignored? Is this not just the latest stage in the process that his party started?

Mr. Hayes: Governments throughout recent history have given insufficient regard to local democracy and have not given proper support to local government in discharging its functions. I am pleased to say that under the current leader of the Conservative party—and the previous one—there has been a renewed commitment to what is called in the modern idiom localism, which really means empowering local people through their communities and local councils to make decisions that have the best impact on their lives. The hon. Gentleman has a point in saying that we have not always got it right across the political spectrum, in terms of trusting people to make decisions that affect them directly.

I have only three points to make. First, it is appropriate that whoever runs social housing should run it properly in terms of allocation, repair, service to tenants, the warmth and security of the homes, and the management of the neighbourhood. That can be done effectively by a variety of agencies. There are good housing associations, good local councils and good ALMOs. All sorts of people involved in the management, running and provision of social housing do it well. Equally, there are people who do it badly.

The idea that every council housing estate was some halcyon place where people lived in a golden age is naive, and we should not delude ourselves. The hon. Member for Great Grimsby is far too wise to have suggested that, and he did not say that. However, it needs to be said that councils do not run housing perfectly, any more than any other agency does. Whoever runs housing, the standards should be universal. It is true that if people are living in council housing—not in one of the arrangements that have been discussed at length today—they should be entitled to the same levels of service and standards of decency as anybody else. That is my objective, and I speak both as someone who was born and bred on a council estate, as many hon. Members have said that they were, and as the shadow Minister for Housing.

Secondly, I am not against councils building and managing houses. My council—Tory-controlled South Holland district council—is building small numbers of houses and supporting incremental development in our villages, because of the rural housing problems mentioned by the hon. Member for North-West Leicestershire. Those houses will be built to a better standard than the decent homes standard.

Thirdly, we need to recognise that if extra money has to be brought in, and if other people are going to build and run social housing, the standards to which they work, and the rules and regulations to which they must adhere, should be common ones. We cannot have, for example, private sector organisations building and running social housing if they are not asked to conform to the same standards as other RSLs.

The Minister has a lot of questions to answer, given what has been said today. Every Briton should have the chance to live in a warm, secure home that is fit for its purpose and is in keeping with the built environment and the landscape, in both character and style. Every home should be sustainable ecologically and part of a safe, stable and confident community.

We need to inject more money into social housing, and that can be done in a range of ways. There must be consistency in how we run social housing, because people who rent have just as many expectations and just as much entitlement to choices and quality as people who live in market housing. Those ambitions are at the heart of my personal political agenda, and they will be at the heart of the programme of the next Conservative Government.

10.46 am

The Parliamentary Under-Secretary of State, Office of the Deputy Prime Minister (Yvette Cooper): I congratulate my hon. Friend the Member for Great Grimsby (Mr. Mitchell) on securing this debate on council house funding, and I apologise to him, to other speakers and to you, Mr. Deputy Speaker, for missing the beginning of the debate. At one point this morning, as I sat stuck in solid traffic, I considered that it would probably be quicker to walk; however, in my current condition, walking any great distance is probably not a good idea. It was very kind of my hon. Friend to describe me as the acceptable face of the Office of the Deputy Prime Minister, but my acceptable face would have been rather red and puffing had I tried to get here any faster than I did. I apologise again for my lateness.

I recognise the strength of feeling among my hon. Friends on this issue. I admit that I was a little surprised to hear how many of my hon. Friends were so enthusiastic about choice in their contributions, but I recognise the points that they were making, and I want to try to respond to them. I will start with the problems that we faced in 1997—the backlog in council house repairs that we faced, the cuts in investment in new housing that had taken place, and the under-investment in existing housing stock, which left us with 2.1 million homes deemed non-decent. We all agree that it would not be acceptable for any Government to ignore that problem, or the need for heating, to mend windows, and to ensure that people have decent kitchens, bathrooms and so on.

If I have time, I will come back later to the issue of increased investment in the provision of social housing, to which my hon. Friend the Member for Wolverhampton, North-East (Mr. Purchase) and the hon. Member for South Holland and The Deepings (Mr. Hayes) referred. First, I will address the issues of investment in existing housing stock.

We have reviewed the financing regime, which involved a whole series of rigid control mechanisms, and have attempted to improve the funding regimes in place. We have targeted funds where they could achieve the most and encourage investment. For example, there is the major repairs allowance, which is expected to increase to £596 per dwelling by this year. There is also the review of the major repairs allowance. In 2004 we are introducing prudential borrowing, to which my hon. Friend the Member for Sheffield, Attercliffe (Mr. Betts) referred, in order to replace the old capital financing system, promote capital investment and give authorities much more flexibility to borrow, subject to borrowing being affordable.

We have also substantially increased social housing investment since 1997. We expect to support local authority expenditure on council housing to the tune of £2,500 per dwelling, which represents a massive contribution from the taxpayer. Expenditure on council housing has increased by 13 per cent. in real terms since 1997. Also, we have made available £2 million for ALMOs and £1.4 billion through PFI credits. That will take the overall real increase in investment through the public sector between 1997 and March 2006 to 55 per cent.

Lynne Jones: Does my hon. Friend believe that there is a cat in hell's chance of meeting the decent homes target in Birmingham on current resources? Does she not realise that the only way in which the council plans to move towards that target is through wholesale demolitions? We already have a homelessness crisis in the city—we might reach the decent housing target, but only by having hardly any homes, so the homelessness target will be way off the mark.

Yvette Cooper: There are two issues. One is about expanding social, affordable housing across the country. That is important, and we are discussing it as part of the spending review and in the context of the Barker review. We certainly agree that social housing needs to be expanded. We inherited two challenges in 1997: to increase and expand social housing, but also to invest in the existing housing stock, which we cannot simply ignore. That has left us with a huge backlog of capital investment. We have massively increased that capital investment, but we need to go further. We should be realistic about looking for different ways of raising resources to go into the housing stock because we inherited such a problem in 1997. Looking at the historic record, one sees that it is wrong to say that the Government have not supported or invested in council housing. We have made a massive increase in investment available to local authorities to put into their local housing stock.

Mr. Hayes: I want to get the record straight for the purposes of accuracy. The Minister said that the Government had two objectives: first, to improve the stock, and secondly to increase the number of houses. However, even within the lifetime of this Government, the number of social house completions has fallen, year on year: in 1999–2000, there were roughly 25,000; by 2002–03 the number was down to 20,000.

Yvette Cooper: The hon. Gentleman is well aware of the problem that we face. There were cuts in social housing and new building investment for every year under the last Conservative Government. We inherited a situation in which funding had been cut year on year. We have increased that investment, and changed where new houses are built to areas with the greatest housing need, such as south-east England, where house prices and construction costs are higher. We have had to deal with rising construction costs—recognised by everybody in the sector—that increase the cost of building new affordable homes. We have already doubled the funding for new affordable housing, but we need to go further—the Barker review was clear about that.

The hon. Gentleman wants to score political points on this issue, but I do not see where the additional houses would come from if the housing budget were cut by £400 million, which is his party's policy. We could not get the additional investment if the budget were cut in the way that Opposition Members have suggested.

I will try to deal with where the funding could come from, a point raised by a series of hon. Members. As I said, there has been a substantial amount of additional public investment through changes to public sector borrowing and investment from the taxpayer, but there is a limit on how much the taxpayer can fund and how much public sector borrowing can sustain. That is why it is essential to bring in private sector resources through stock transfer as well.

Some suggestions seem to have been made today almost in frustration at the nature of the public borrowing constraints and the PSBR. I understand those points, but, for very good Labour reasons, we have to take public finances seriously. We cannot simply find ways in which to redefine sums of money. As long as borrowing is effectively guaranteed by the Government in the long run, it counts as public borrowing and has an impact on interest rates and on confidence in the public finances.

Mr. Dennis Skinner (Bolsover) (Lab): Does my hon. Friend not appreciate that that money has to be found at some point? She is young enough to be able to pay the bills; some of us might not be around. She and her family will be paying the bills.

Like my hon. Friend, I was unable to get here on time. I was speaking to a council leader in Bolsover about this issue. Is she aware of the effect of the constant reduction in opportunities for local authorities such as Bolsover district council? That is what really sticks in our gullet. Bolsover is not a metropolitan authority and has limited areas of operation. If it loses its housing, there will be hardly anything left. When the Tories were in power, many other things were taken away, but if housing goes, what does a small urban district council such as Bolsover function for? It will have the refuse collection and that is about it. That is the danger we face.

I want to impress on my hon. Friend the need to get back to local authorities having functions, because if they do not, the quango world will take over. I do not

[Mr. Dennis Skinner]

like the reference to social housing, because to me it is not that at all. This is about quangos and power being taken away from local authorities. That happened mainly under the Tories, but is being repeated under this Government to the extent that local authorities do not have the power to carry out many of those functions. Let us have the fourth option. Yes, I am favour of choice this time.

Yvette Cooper: I agree with my hon. Friend about the importance of local authorities being able to take decisions in their areas. We need to give authorities more flexibility and more powers to take all kinds of decisions. Authorities such as his and others throughout the country, including mine, can do a huge amount on some of the links between economic development and housing strategies throughout their areas. There is huge potential for authorities to do more in a way that they were not able to 10 or 20 years ago as a result of different policies.

I want to finish the point about the realities of our financial position. Sensible public finance rules have been critical to sustaining the economic growth that we have had over the past seven years. They have been critical to the jobs growth and the falls in unemployment that we have achieved in that time, which are making a massive difference in constituencies and deprived and disadvantaged areas throughout the country. We should be proud of those achievements, because playing games with the public finances, as the Tories did, was one factor that pushed the country into such terrible recessions, which did huge damage to our areas. For that reason, we must recognise the realities of the way in which the public sector borrowing requirement and the public finance rules work. It is right for us to look for other ways to raise funding. The stock transfer option has levered in £8.5 billion of private finance, of which £5.3 billion has been used to improve tenants' homes and the remainder to provide a receipt for councils.

Mr. Betts: Will not my hon. Friend accept that under the Chancellor's own golden rules, borrowing for investment is treated separately? That is what we are talking about: borrowing for investment. The logic of her argument is surely that there is a limit on the borrowing that ALMOs can do. Is she saying that some tenants will have no choice to remain with the local authority or to go with ALMOs and will have to go for stock transfer because that is the only option left to them?

Yvette Cooper: My hon. Friend has raised important points about ALMOs, which I wanted to come on to. I wanted to deal first with stock transfers and move on to ALMOs. He is right that ALMOs count in terms of public sector borrowing and local authority borrowing. In response to a question that he asked earlier, I can tell him that resources will be available for ALMOs that are set up over the next few years, as part of the spending reviews. The ALMO idea was developed because my right hon. Friend the Deputy Prime Minister was keen that we should develop further options for local areas and local tenants within the public sector.

As hon. Members know, the argument is that there is a strong case for separating out the strategic function from the management function for local councils to pursue. I appreciate that hon. Members may disagree with that, but that is the point of disagreement between us. A technocratic disagreement is preferable to concern about the principle and the intention. The intention is, for all of us, to improve decent homes and get more investment into all our affordable housing and to improve tenants' lives as a result.

Easington Primary Care Trust

11 am

Mr. John Cummings (Easington) (Lab): Thank you, Mr. Deputy Speaker, for giving me the opportunity to raise the issue of health inequalities in Easington and to continue to press the case for a fair funding deal for Easington primary care trust.

Although Easington primary care trust is the prime provider of primary health care and the principal commissioner of secondary health care for my constituents, I should point out the fact that five of the most deprived local government wards—Wingate, Wheatley Hill, Thornley, Deaf Hill and Hutton Henry—which suffer some of the worst ill health in the Easington PCT area, are in the Sedgefield constituency of my right hon. Friend the Prime Minister. Easington PCT covers 26 local government wards and is responsible for health care for 93,900 people who reside in east Durham.

This is the second Adjournment debate that I have initiated on this issue, and although some progress has been made since the first debate in June 2002, I feel that I must keep up the pressure on Ministers for an equitable settlement for my constituents.

I begin by stating for the record that credit must be given to the Government for a record increase in funding for primary care. A 39 per cent. increase was awarded to Easington PCT over the current three-year funding allocation period of 2003–2006, compared with a national average increase of 29 per cent. Nevertheless, the size of the percentage increase must be put in context against the background of a relatively low baseline. Health inequality, like deprivation, poverty and affluence, is a relative concept. Easington PCT is £26 million a year short of the baseline resources required to deliver adequate health care to the people in east Durham.

A much more substantial increase is needed to address the historic underfunding of health care in the former mining communities in east Durham. Resources are needed to meet local health need and address the inequalities in health, an aim which the Secretary of State described as one of the cornerstones of the Government's social policy, and which was identified as one of his four key priorities in his speech to the NHS Confederation conference in Glasgow on 26 June 2003. At the present rate of catch-up—approximately 2 per cent. per year—it would take 20 years for Easington PCT to reach the target. That is clearly too long. Over the three years from 2003 to 2006, the health economy of east Durham is being deprived of £78 million in funding. That is a huge gap, which must be bridged.

Properly targeted, £78 million of additional resources could significantly improve the health of the local population. Easington PCT is more than 20 per cent. under target in the current financial year. The Secretary of State's reply to my parliamentary question in November 2003 showed that Easington PCT is the worst funded of the 304 PCTs in the country. The league table published in response to that parliamentary question shows clearly that although Easington PCT covers an area that is one of the most deprived by any accepted measure and suffers high levels of chronic ill health, it is funded at only 80 per cent. of target. At the other end of the scale, Kensington and Chelsea PCT and Westminster PCT, which cover relatively affluent areas, are funded well above target—at 130 per cent. in the case of Westminster PCT.

I fully understand that Ministers are required to strike a balance between how much is awarded to PCTs as a whole to maintain continuity and stability in the service and how much extra is awarded to under-resourced PCTs such as Easington to bring them up to target. It is important to recognise that not all PCTs are the same, and the needs of the populations that they serve are different.

I do not intend to develop the argument in this debate, but it would be perfectly reasonable to put forward the case that deprived communities such as Easington, suffering high levels of chronic ill health, should be funded well beyond target, compared with more affluent areas like Westminster, Kensington and Chelsea. I do not, however, seek a reduction in provision or to destabilise the system for anyone. All I seek is an uplift in the funding for Easington PCT to get it within striking distance of the target.

What I am looking for in this debate is some indication, or better still a clear statement from the Minister, that when a PCT is both under target allocation and significantly deprived, as Easington is, special measures should be applied to the allocation formula under a heading such as health needs or health inequalities readjustment. It is unjust that the district of Easington is consistently identified in the indices of multiple deprivation as one of the most deprived communities outside inner London, yet has the worst funded PCT in England.

There are a number of deficiencies in health provision that must be addressed in the short term if we are to make progress in improving the overall health of the population in the Easington PCT area. To begin with, there is an identified need for double the number of practice nurses in Easington. There are no hypertension, asthma, chronic obstructive pulmonary disease or diabetes clinics currently operating in my PCT area. All the GP practices in the Easington PCT area require and have requested additional nursing resources to improve the management of chronic disease.

We need more funding for mental health services, which have traditionally been a Cinderella service both nationally and locally when it comes to resource allocation. People living in east Durham are over 30 per cent. more likely than the national average to suffer from mental illness. GP practices have identified the need for their own community psychiatric nurses, as they would like to offer group therapy sessions and drop-in clinics for their patients. Some areas receive as little as three hours per week from community psychiatric nurses for counselling sessions.

Health services for young people are also sadly neglected in east Durham. A comprehensive counselling, family planning and advice service to prevent teenage pregnancy should be available. Easington's rate of teenage pregnancy is 55.3 conceptions per 1,000 women aged 15 to 17, which is one of the highest in the country.

Easington also has a relatively high incidence of diabetes. Providing a quality service to fit in with the recommendations in the national service framework

[Mr. John Cummings]

published by the Department of Health would include providing access to dieticians, physiotherapists, chiropodists and retinopathy screening. Developing the service in this area would have a rapid impact on the quality of life for diabetics in my area. As a diabetic myself, I would like to declare an interest in seeing an improvement in that area of service provision.

Providing resources to support GPs with a special interest who can offer secondary care services in the community would have the added benefits of taking pressure off the acute sector and relieving patients of the need to make long and difficult journeys by public transport to the nearest hospital. Easington, as the Minister may appreciate, does not have its own hospital. The acute hospitals serving my constituency are located in Sunderland, North Tees and Hartlepool, Stockton and Durham City.

We need to develop our primary health care infrastructure in terms both of facilities and of the human resource element. New premises are urgently required in many communities. A recent report commissioned by the PCT indicates that health visitors and district nurses are currently working from inadequate premises. In some cases the premises are in a shocking and dilapidated condition, which is hardly the image that the NHS would wish to portray in the 21st century, particularly if we are to attract more staff, especially dedicated health care professionals, to work in the Easington PCT area.

We desperately need more community nurses. Nurses working in east Durham tend to have large case loads—twice as large as those in the neighbouring areas of Sunderland and Hartlepool. That means that our community nursing staff are working under intense pressure. They do not have time to promote health and give advice to their patients on healthy eating or smoking cessation, or offer general advice on how to maintain good health. The Wanless report highlighted the cost-effectiveness of investing in public health, but first there is a cost to be borne in having sufficient staff to promote good health interventions.

There is an excellent, if rather depressing, report produced by the public health intelligence service and the County Durham and Tees Valley Public Health Network with the apt title of "Miserable Measures". The report makes grim reading for the uninitiated. It analyses the range and severity of deprivation in the County Durham and Tees valley area, and—in case there is any doubt in the minds of hon. Members and the Minister about this—it clearly demonstrates the link between deprivation and ill health.

The report uses the index of multiple deprivation to analyse the various strands—or domains, as they are referred to—of deprivation. They are housing, income, employment, health, education and child poverty. It may be useful at this point to consider the definition of deprivation in health terms. Deprivation has been defined and measured in many ways. It is a word used to convey the idea of an individual or a community being in need, and having unfulfilled needs in absolute or relative terms.

Absolute needs are commonly assessed in relation to some kind of standard or baseline, whereas relative needs are evident when one individual or group is compared with another. Relative deprivation can and does exist in the absence of absolute deprivation. For the record, people living in Easington suffer both absolute and relative deprivation. As long ago as 1980, the Black report demonstrated the link between poverty, deprivation and ill health, and that link was reinforced by work carried out by Professor Townsend in the 1990s.

In 2003–04, Easington PCT received £104.6 million, whereas the target was £131.2 million. That is a £26.5 million shortfall, or 20.23 per cent. below target. In 2005–06, Easington PCT will receive £131.3 million compared with a target of £156.7 million. That is a £25.4 million shortfall, or 16.2 per cent. below target. To put it another way, as I said earlier, Easington PCT will forgo about £78 million of funding over the three-year allocation period, comparing baseline with actual allocations. In effect, the health care professionals, GPs, community nurses, health visitors and so forth who are expected to improve the health of the population in my constituency are being asked to deliver five years of health care with four years of funding.

The Secretary of State and the Under-Secretary of State for Health, my hon. Friend the Member for Welwyn Hatfield (Miss Johnson)—the member of his ministerial team who is here today—have both visited Easington PCT. I am sure that they will agree that there is the capacity and ability to improve health outcomes, and I would like to take this opportunity to thank them for visiting, as they promised to, to see some of the problems at first hand.

From lengthy correspondence with a succession of Ministers in the Department of Health, I gather that the Secretary of State understands and sympathises with the problems that we face in Easington. I respectfully point out to the Minister that the Secretary of State's warm words to the NHS Confederation and his reference to a commitment to address health inequalities in funding are not a test of political faith; they are more a test of political will. A promise is only a promise when it is delivered, and I am looking to the Minister for a commitment to address the funding anomaly that leaves health services for my constituents underfunded to the tune of £78 million over three years. In the short term, I am also seeking special measures to bring additional health resources to Easington to bring my PCT at least within striking distance of its target. That will allow the dedicated team of professionals that we have in place to get on with the job of improving health outcomes in one of the most deprived communities in the country.

I await the Minister's response with great interest and, as a loyal member of the Labour party, some expectation. I remind her that with loyalty come obligations. The nation owes a debt of honour to mining communities such as Easington that have suffered ill health over many generations to produce the coal that the nation required. The mines have closed but the legacy of ill health remains, and must be addressed if the Government's commitment to their heartlands and to social justice are to have any credence.

On 28 April 2004 the Secretary of State made a speech to a conference on 28 April 2004 entitled "Choosing Health: Closing the Gap on Inequalities." In his opening remarks to the conference my right hon. Friend restated his commitment to the principles that established the NHS—a health system based on the principle of equal

access to health care that is free at the point of need. The Government have signed up to reducing inequality with a public service agreement target to reduce health inequalities by at least 10 per cent. in terms of outcomes, measured by infant mortality and life expectancy at birth.

Those are admirable targets, which my colleagues and I fully support. To achieve the targets and fulfil the Government's pledge, the issue of resource allocation and inequalities in funding for PCTs such as Easington must be addressed as a matter of urgency. Thank you, Mr. Deputy Speaker, for giving me the opportunity to raise the subject today, and I await the Minister's response with anticipation.

11.17 am

The Parliamentary Under-Secretary of State for Health (Miss Melanie Johnson): I warmly congratulate my hon. Friend the Member for Easington (Mr. Cummings) on securing today's debate, which is of great interest and concern to his constituents and the health community in Easington. As he has already reminded us, I had the pleasure of visiting his constituency and talking to people there. I saw good work being done and place on record my thanks to all the staff involved.

I have listened carefully to the points that my hon. Friend has raised, but before responding directly to them, I would like to say a few words about the progress and investment being made in the Easington area, and in particular to praise the hard work and dedication of the NHS staff there.

There are a number of drivers for change across government, the NHS and the Department of Health. Ministers, including the Prime Minister, have put a real focus on making reducing health inequalities a top priority for the Government. Following the cross-cutting review, the Office of the Deputy Prime Minister: Housing, Planning and Local Government Committee has responsibility for overseeing the implementation of the inequalities strategy. That will be crucial in ensuring that tackling health inequalities remains a key priority across government. Indeed, the NHS improvement plan explicitly sets out how the NHS will develop into a health service rather than one that focuses primarily on sickness, and will in partnership make further inroads into levels of smoking, obesity and the other major causes of disease. There will be a sustained drive to reduce inequalities in health.

Strategic health authorities have a key role to play in performance managing health inequalities, not just on the key targets, but on other public health and health inequalities performance indicators and on progress with local delivery plans, which for the first time include tackling health inequalities as a priority. The recent launch of the consultation paper "Choosing Health?" was aimed at helping us put inequalities at the core of the nation's health. We want to use the consultation to promote a wide debate on the roles and responsibilities of individuals, the NHS and all the other players in civil society, as well as the Government, in the debate on choosing health.

Governments on their own cannot reduce inequalities. They depend on the hard work of disadvantaged people working to overcome the conditions that have in the past disadvantaged them. We help, but they must do it themselves. The publication in July 2003 of "Tackling health inequalities: a programme for action" is an indication of our commitment to addressing this issue. The programme provides the basis of meeting the 2010 national health inequalities target on life expectancy, by geographical area, and on infant mortality, by social class, by building on current work, and addressing the wider causes of inequalities in years beyond.

Key issues that are addressed in that programme are, first, health inequalities, which affect a large part of the population, not just the most deprived. Action to meet the targets will need to address the needs of the poorest 30 to 40 per cent. of the population. In the context of overall health improvement, the aim is to improve the health of the poorest fastest. Secondly, health inequalities must be integrated into mainstream service delivery, focusing on disadvantaged areas and groups, and recognising that a one-size-fits-all approach to health care will not reduce the health gap. Thirdly, co-ordinated effective activity is required across traditional boundaries at all levels, working in partnership with communities and service users.

As for the local picture in Easington, I am pleased to note that Easington PCT achieved all its key targets in 2003 performance ratings, and was awarded two stars. In particular, according to the latest available figures, from April 2004, 100 per cent. of patients were able to see a GP within two days or a primary care worker within one day.

I recognise that there are challenges facing the local health community. My hon. Friend is right to say that Easington is indeed one of the most deprived areas of the country, with significant levels of deprivation in its wards. However, it should be noted that the PCT has an admirable track record of meeting its population's needs. When I visited the area earlier this year, I was most impressed with the commitment of the staff delivering the health agenda. The PCT is taking part in a number of initiatives designed to address health inequalities. It reduced the incidence of heart disease by 25 per cent. over a two-year period, and I commend the PCT and its partners for the progress that has been achieved in that area.

Easington was one of three sites that helped the Modernisation Agency to win first prize in the health and social care awards in 2003 for its work focused on reducing falls in the community. Easington achieved a 63 per cent. reduction in falls over that periods, and I again congratulate the PCT and its partners for their contribution to that fine achievement.

The PCT has also established a local education and training programme to develop the expertise and skills of local health professionals, to ensure that it can attract and maintain motivated and experienced staff. In 2003–04, £750,000 was invested in expanding the nursing workforce. It is expected that by April 2005, multidisciplinary teams will be working in defined communities with delegated budgetary responsibility. We are taking the decision making and provision closer to the local communities.

With regard to specific action on health inequalities, the PCT is active in a number of areas, including the smoking cessation service, a range of activities based on

[Miss Melanie Johnson]

the healthy living centre, participation in the health communities collaborative, and the expert patient programme. In addition, the Department and the strategic health authority have been working with the PCT to explore other possible initiatives to support the PCT's priorities, where those can be linked to existing central Department of Health or Modernisation Agency schemes.

To tackle health inequalities effectively, the big programmes—where the big money is—must change, and that means working through the mainstream and getting health inequalities thinking into existing and future programmes. Real change will be delivered only by changing the way in which mainstream services work, to ensure that we do not leave the worst off behind. We have learned that deep-rooted problems such as health inequalities cannot be tackled by short-term initiatives that dry up when the money runs out.

My hon. Friend referred to finance in his speech, and I should say straight away that the NHS must deliver overall financial balance and the NHS plan targets if we are to maintain credibility and meet our obligations to Parliament and the public. It is important to remember how much funding has been made available. In the 2002 Budget, the Chancellor announced the largest sustained increase in funding of any five-year period in the history of the NHS. Over the years 2003–04 to 2007–08, those plans mean that expenditure on the NHS in England will increase, on average, by 7.4 per cent. a year above inflation.

All NHS organisations must be clear that they have a responsibility to manage their resources effectively. Although we expect overall financial balance across the NHS, that is not to say that there are no health bodies facing financial pressures. There are always pressures to be managed in year, and substantial moneys, including the NHS bank support for the most hard pressed health economies, have been allocated to the NHS to meet the increasing demands placed on it.

My hon. Friend addressed the issue of the allocation of resources to primary care trusts in considerable detail, and I emphasise that Easington PCT will receive an increase of £36 million over the three years from 2003–04 to 2005–06. That represents a cash increase of 41 per cent. I am, of course, aware that that will mean that the Easington PCT continues to receive less than its target share. However, the pace of change policy that we have adopted for 2003–06 will reduce the PCT's distance from its target over the three-year period. For 2003–04, Easington PCT was 22 per cent. under its target share, but by 2005–06 it will be 16 per cent. under that target share. The allocations have been made direct to PCTs as part of the process of shifting the balance of power, by putting resources and responsibilities in the hands of front-line services. PCTs now control more than 75 per cent. of the NHS budget.

In response to some of what my hon. Friend said, I can see that it is not unreasonable to ask why some PCTs continually receive less than their target share. Our pace of change policy involves a balance between how much we give to all PCTs to maintain continuity and stability and make progress nationally in priority areas, and how much extra we give to under-target PCTs to bring them nearer to their weighted capitation targets. Allocations to all PCTs include resources to finance the cost of pay reform, new drugs and treatments, and additional capacity. However, we have also given extra resources to under-target PCTs.

It is important to remember how much extra funding we are making available. There has been an increase of £3.8 billion in the allocations to PCTs, bringing the total for 2003–04 to £45 billion. By 2005–06 that total will be £53.9 billion—an increase of £12.7 billion over three years. We are committed to bringing all PCTs, including the Easington PCT, to their target allocations as soon as is practical. However, that must be consistent with all PCTs receiving sufficient extra funding to enable them to deliver national and local priorities. I hope that my hon. Friend will appreciate that there is a balancing act to be done.

We will consider a new pace of change policy before the next round of allocations are announced in the autumn. That will be decided in the light of the circumstances at the time. I am sure that my hon. Friend will understand that I cannot pre-empt any decision regarding the pace of change policy. However, I assure him and his constituents that his representations have been noted carefully and will be taken into account.

The pace of change policy decided by Ministers for each allocation round varies from round to round to take account of a number of factors. I believe that we have struck the right balance for this allocation round. I think that there will be an announcement about the new pace of change policy in the autumn, which, as I said, will be devised in the light of the circumstances prevailing at the time.

As a result of the Secretary of State's commitment to supporting the PCT, the Department of Health policy and Modernisation Agency officials continue, where appropriate, to define the support that can be given to Easington PCT in line with the relevant Department and Modernisation Agency work programmes, and will work through the strategic health authority to give meaning to that support. The Department of Health policy and Modernisation Agency officials will continue to monitor the progress of the support that is secured. My hon. Friend has made a strong case on behalf of his PCT on several occasions, and I assure him that Ministers are listening carefully to what he says.

11.30 am

Sitting suspended until Two o'clock.

Air Quality

2 pm

Mr. John Randall (Uxbridge) (Con): I am grateful to have the opportunity of airing this subject this afternoon. We should all be concerned about air quality, but because it is something that we cannot immediately see, or even feel, it has not been at the top of many people's lists of priorities over the years. I am just about old enough to remember my father coming home from work in the smogs of the late '50s and early '60s. At that time, pollutants in the air were visible—they formed smog—and their nature meant that they caused deaths, which would have been headline news. We can be proud of our record over the years of removing the smoke from our city centres and of the fact that, after restoration work, our buildings are no longer covered in ash and other pollutants. Today's air pollution is of a different nature, which in many ways makes it more dangerous.

We see many media articles about the problem, and the House of Commons Library has produced a good debate pack—well up to its usual high standards—which outlines many of the problems caused by increasing air pollution, such as climate change. Recently, my elder son saw the film "The Day After Tomorrow." Although it shows a worst-case scenario, when I showed him some information that I had received about climate change he was rather shocked to see that the fantasy was not so far removed from the reality revealed by the figures. We would all do ourselves a lot of good to realise that the situation is serious and cannot be lightly put aside.

However important it is, I want to concentrate today not on climate change in relation to air quality, but on the problems of air quality affecting those of us who live in west London, especially my Uxbridge constituency. Not so many years ago, relatively speaking, Uxbridge, West Drayton, Hayes and Harlington were almost in the country; they would have been regarded as semi-rural only 60 or 70 years ago. People came to our area from central London because they wanted fresh air. That was one of the area's big selling points and why people started using the Metropolitan line to go to Uxbridge—incidentally, the line celebrates 100 years of going to Uxbridge this weekend. Metroland was an oasis for people escaping the smoke of central London.

Over the years, however, the area has changed. Perhaps I am getting older or becoming more cynical—in the seven years since I have been an MP, the latter has become more and more true—but I believe that I can now tell the difference in the air quality around my home and those of my constituents and neighbours. Like many people, I suffer minor symptoms of such pollution—I find myself increasingly bothered by nasal congestion, for example. In the local area, the incidence of respiratory disease and asthma seems to have increased. Some evidence may be anecdotal, and some—perhaps in the case of asthma—might have emerged because more is known these days; inhalers and so forth were not around a while ago. However, when I go around schools, I see that more and more of our young people are suffering from such conditions, and I think that air quality has a large part to play in that. When I escape to a rural area—perhaps not one in this country—I can taste fresh air much more than I did before. It concerns me that a lot of people in and around our cities have to put up with air that, if they knew what was in it, they would be unhappy about.

One problem is that whenever I look into the issue and collect briefing notes and details from the various Departments, which are incredibly helpful, much of the information I receive is mumbo-jumbo to a man such as me who does not have scientific training. Some of my constituents do not understand the figures because they are not stated in a way that is accessible by the lay person. I do not necessarily blame anyone, but we must think hard about how we educate people, and not just about the problems. The Department for Environment, Food and Rural Affairs and the Minister answering my debate today have an important role in ensuring that our constituents believe what they are told.

In my part of west London, there are two principal threats, and a person does not have to be very intelligent, which is lucky in my case, to work out what they are. One is road traffic, which is a huge problem for us. There is increasing road traffic going in and out of London on the main arterial roads and all the other roads. Although I do not want to reminisce too much, I could hark back and say that the idea of a rush hour in Uxbridge 10 or 20 years ago would have been fantastical. Now, traffic congestion is a serious problem in the area. If there were an easy solution, I appreciate that by now somebody might have come up with it. Unfortunately, severe problems are being caused while we search for one.

The biggest and most immediate problem is Heathrow. I say that the problem is immediate because there is the very real threat of a third runway being built at Heathrow if the air quality is deemed sufficiently high to allow that. From the Government's response to the White Paper, it seems that if the air quality considerations, which are huge, can be satisfied, the third runway will go ahead.

A large section of opinion believes that problems relating to air traffic around airports are not properly understood. My neighbour, the hon. Member for Hayes and Harlington (John McDonnell), might want to enlarge on that point, because his constituency is not so much in the firing line, but the firing range itself. Suffice it to say that my constituents, the hon. Gentleman's and others are unhappy about how air quality is monitored. The issue is one of confidence. DEFRA is monitoring air quality, but locally we have our worries about whether the monitoring is rigorous enough and done properly. I am not accusing the Department of doing anything underhand, but the process is of such importance to our constituents that we must have confidence in it.

I recently wrote to the Under-Secretary of State for Health, the hon. Member for Welwyn Hatfield (Miss Johnson), because I found it strange that the Department of Health did not have any input to the monitoring of air pollution—after all, it has to pick up the bill in the end. Although I understand that officials from the Department's health protection, toxicology and radiation branch are in regular contact with the air and environment quality division of DEFRA, I would prefer the Department of Health to have a larger role.

At the moment, there seems to be one monitoring site at Harlington. The hon. Member for Hayes and Harlington might have something to say about that, but

[Mr. John Randall]

I am beginning to wonder whether the site is big enough for the job. I also want to be reassured that the monitoring work does not have any link to the aviation industry. Again, it is a question of confidence. It is not that I necessarily distrust the monitoring, but I need to be convinced as a local resident that the air quality figures for Heathrow are not being produced to help a particular case. We all know how statistics can be used. That is all I have to say on the matter.

Norman Baker (Lewes) (LD): I have sympathy with the hon. Gentleman's comments. Does he agree that the important question is not simply whether the air quality is monitored properly, but what the real results are? Does he share my concern that the number of flights touching down at Heathrow will increase far beyond the aviation industry's capacity to reduce aircraft emissions by efficiency measures? Air quality is likely to get worse in the next few years.

Mr. Randall: The hon. Gentleman is absolutely right. There are some serious questions and it would be good if we could have a more joined-up debate with other Departments. I would not lumber the poor old Minister with transport matters, however, as I am sure that the Departments involved have enough discussions.

The hon. Gentleman and I recently attended a launch of a paper by the Sustainable Development Commission. It contained some alarming facts and some interesting solutions. There, he mentioned something that I did not know. We are always told that we cannot tax flights, but internal flights in the United States are taxed, so there may be some merit in the proposal. That strays into the transport aspect of the debate, and although it is important I will not go down that line, particularly bearing in mind the number of hon. Members who want to speak.

Another proposed development impinges on my constituency and that of the hon. Member for Hayes and Harlington. At present I take a neutral view, not having all the facts. As the Minister, or at least his Department, will be aware, there is a plan for an incinerator at Colnbrook. It is all part of the Government's plan on incineration—or rather it is part of the EU's plan, but if I say that I will be labelled a Tory Eurosceptic who blames Europe for everything. There is an existing waste disposal incinerator and a new one is planned, which is causing much local concern. It has not quite reached the headlines in my constituency, but it has in Slough and some villages in the Hayes and Harlington constituency.

I am sure that the operator, Grundon, will do all that it has to do. There is no question but that the new facility will be built to European specifications, but various materials, including X-rays and clinical waste, which all have to be got rid of, will be disposed of there. I get the strong impression that local people are not convinced by the reassurances that are being given about it, and I would be grateful if DEFRA could somehow—perhaps through a public exhibition—convince the public that the proposal is okay.

There will always be a problem convincing the public because although we have certain limits, the EU is constantly raising them. What is okay by today's standards will be unacceptable in 2010. The more we find out about these things, the higher standards become. My constituency already suffers from a great deal of pollution as a result of road traffic, Heathrow and the prevailing westerly winds. If we get more pollution from the new incinerator, quite frankly many people will seriously wonder why on earth they should stay put. But life is not that simple—people cannot simply up sticks and go. I notice that 25 local GPs have signed a petition and have asked many questions about the incinerator. I would bow to their knowledge on these matters, even though I want to be as neutral as possible.

Fortunately, we in the London area have just had some elections, but we never know whether a general election is just around the corner. Some issues that I have mentioned become local party political issues, and I am anxious to ensure that that does not happen. If people do not like airports nearby, they have to think about alternatives. If they do not like incinerators, they have to consider alternatives—for example, more recycling and perhaps less packaging.

Some people know that in my previous existence I was a retailer. I am always amazed by the amount of packaging that is used even to wrap things like furniture, when tying it up in the back of a van with an old blanket can provide adequate protection. Now it has to be bubble-wrapped and all sorts of other things, but there is just as much damage, if not more, because people assume that the security of all that packaging means that they can treat items more roughly. There is an incredible amount of waste in packaging, and we as a nation have to take that seriously. It is no good our saying that we do not want an incinerator or a third runway unless we are prepared to consider the options.

I come today not in anger, but to voice my concern for my constituents and others, and for my health and that of my children. I feel that I am rather in the dark. There is plenty of paperwork on this subject, but there is a great danger of people being deluged with scientific facts and figures. I am happy to admit that I am not a scientist and cannot quite understand some facts and figures. I can just about make out carbon dioxide and a few other chemical signs, but that is about it, and they get more and more complicated over time. We in Uxbridge and the surrounding area are a decent lot, but we are not all experts.

We have to persuade people using the real facts about air quality, and we have to do something to improve it. After all—I was about to add, "without being too dramatic", but it does sound dramatic—if we are not careful, air pollution will be a silent killer.

2.21 pm

David Taylor (North-West Leicestershire) (Lab/Co-op): Several hon. Members present are here because of aviation, and that is the topic on which I shall focus. We recently received the air transport White Paper, which anticipates a growth in airports until 2030 and in the allocation to airports in the United Kingdom. It does that using a fairly straightforward econometric model, which shows that the growth will lead to significant increases in emissions from all airport-related sources. That will diminish local air quality around those airports, particularly those that are set to expand rapidly. Airport growth means more flights and more

car and truck movements. Where increases in volume outpace technological improvements that could control and reduce pollutants, we have a serious problem. The hon. Member for Uxbridge (Mr. Randall) referred to that:

It would be unfair to say that all airports will have poorer air quality to the extent of breaching legal limits. We are saying that, in terms of tonnes per year of NOx and particulate matter of all sizes—the two pollutants that have the greatest health impact—and where there are tough legal limits, the volumes emitted will increase. Ground level ozone will also be a problem, although pollutants such as carbon monoxide will probably decrease, as will sulphur dioxide, because of better combustion from vehicles and clean fuels.

Modelling exercises estimate the quantities of pollutants from all sources. At airports, those sources are: aircraft during take off, landing, taxiing, holding and so on; airport operations; airside vehicles; staff transportation; airport-related traffic—passenger vehicles, public transport and so on—and internal operations, such as combined heat and power plants and standby generators. I realise that the Minister here today is not heavily involved in those matters, but I am sure that he will write to me after consulting his ministerial colleagues. One of the difficulties with environmental issues is that they are, by their very nature, cross-cutting, and therefore difficult to handle.

At most airports the hot spots for air quality problems—focused, as I said, on NOx and particulate matter—occur in the immediate vicinity of runway ends and the terminal road access interface. That is particularly true of what I must now, reluctantly, call Nottingham East Midlands airport in the northern part of my constituency. The area around the airport is straddled by the M1, the M42, which links Birmingham to Nottingham, and the Derby southern bypass; it is very much the transport nexus of the east midlands, focused in a small area, and a quantifiable human health impact is occurring. Domestic properties and the people who live in them are being affected.

I ask the Minister either to respond to the following point or to write to me about it. When pollutants breach limits, residents and their houses are affected. Schools are also affected and there are schools fairly close to airports in all parts of the country. There are other at-risk groups—elderly people in care homes, for example. Where the mix of residents and the land-use patterns are as I have described, surely a local authority has a duty of care to invoke an air quality management zone. Will the Minister say where responsibility for that lies? Only by the use of air quality management zones can we begin to address the methods of controlling and reducing pollution, whatever the source.

The air transport White Paper and the associated background paper state that some airports could have significant air quality problems in future. The hon. Member for Uxbridge and my hon. Friend the Member for Hayes and Harlington (John McDonnell) know more about it than me, but I believe that there is an air quality management zone in force at Heathrow. Fairly horrific air quality is possible if and when end-of-runway alternations happen, and it would be even worse if there was a third runway.

Manchester airport has a small problem, which arises from the fact that there is development right up to the boundary, a closely spaced two-runway layout with very tightly packed terminal buildings and a significant road network. It does not have an air quality management zone, but many believe that it ought to. There might be political problems with that, given that Manchester airport is owned by local authorities in the Greater Manchester area.

Birmingham airport is close to where I live. I believe that its management will proceed with great care when considering the possible second runway. The air transport White Paper indicates that there could be air quality problems owing to factors not dissimilar to those affecting Manchester. The site is confined and closely spaced and a second runway has been proposed. There is poor dispersal, with dwellings in fairly close proximity. If the second runway went ahead, an air quality management zone would be needed without doubt.

Finally, I turn to my own airport, if I may refer to it in that proprietorial fashion. I have described the geographical setting of Nottingham East Midlands airport. Its likely growth, as envisaged by the air transport White Paper, will—or could; I have to be fair—have a serious effect on the surrounding settlements and villages, such as Kegworth, Castle Donington and the smaller villages around. If so, North West Leicestershire district council, the local authority with responsibility, will have to rack up the air quality monitoring and management. It does that work now, but much more is necessary.

I conclude with a couple of broad themes to put things into perspective. I think that we all agree that generally dumping more known pollutants on to people is not a sparkling idea, but that will be one of the outcomes of airport expansion on the scale envisaged in the White Paper. I am not sure that the research on the impact on air quality that was carried out in parallel with the production of the White Paper was adequate. Recent background papers have made me feel uneasy. The trouble is that although the campaigning organisations—local community groups, the Campaign to Protect Rural England, Greenpeace, Friends of the Earth and others—have some resources, they do not have enough to undertake the scale of research necessary to analyse, predict and tackle some air quality problems.

There is an absence of technological solutions to reduce air pollution from fossil fuel sources that causes problems around airports. If that continues, the only way to control the huge increases in NOx and particulate matter is to remove or reduce the road traffic contribution to the problem, stop or restrain the increase in flights, or introduce a contribution from both measures. It is important that the Government and airport operators commit to major public transport access to the facilities that airports and aviation provide.

The hon. Member for Uxbridge did not want to be labelled a swivel-eyed right winger blaming everything on the EU; nor do I. I am sceptical about things European from time to time, but not about the positive impact of the EU in terms of driving up environmental standards in western Europe. I welcome that, and I

[David Taylor]

predict that today's EU air quality standards are likely to become much tougher over the next 30 years, which is the period covered by the air transport White Paper.

In the light of that, I hope that all Ministers who have an influence on how aviation is developed in the United Kingdom will take the fabled precautionary approach. We are talking about a period of three decades and the likelihood of minimum standards of air quality rising significantly. Let us not take decisions or sanction development now that will make it impossible to hit those targets in the years to come.

2.33 pm

John McDonnell (Hayes and Harlington) (Lab): I congratulate my friend and near neighbour the hon. Member for Uxbridge (Mr. Randall) on securing the debate.

I come to the debate in desperation, because I am not sure where else to go. A few weeks ago we had a debate on aviation during which I raised a number of points about air pollution and urged a ministerial response. Today, I am asking again. I plead at an early stage in my speech for a meeting with the Minister, his advisers and perhaps some of his colleagues in other Departments to examine the specific problems with air pollution that are occurring in my constituency, because they exemplify the potential problems throughout the country.

We in my constituency suffer from the worst air pollution in the country, comparable only with inner-city London itself. My constituents endure the prospect of that situation worsening and being poisoned by the air that they breathe—a continuous process from now until the prospects of runway development are clear, and for ever afterward. I am here in desperation. I want someone to talk to me about the potential Government solutions, because I do not know where else to go.

My constituents live in an area with a lethal cocktail of air polluters. There are three sources: industry, the airport and the aviation industry, and motor vehicles that go along our local roads, in particular, the combination of the M4, M25 and M40 and the minor roads associated with them. They combine to pollute the atmosphere in such a way that certain parts of my constituency will soon be rendered unliveable in—not just by definitions of quality of life, but on health grounds as set by the standards of the European Union and the present Government. I come here asking questions, because I am now desperate for solutions to my constituents' problems.

A number of industries in my constituency provide valuable employment. It is no coincidence that they are situated in the constituency next to the airport, because for many industries our area is the logistical centre for Europe, if not the world. I give the example of Nestlé, which has a pollutant problem: it provides employment, but something about the coffee-burning process is affecting the ability of my constituents living in the area to breathe. We have met the company every three months for a number of years and have tried to identify solutions. Some problems have been resolved, but many have not.

There are a number of individual factories such as that in my constituency, and current legislation dealing with enforcement when an air pollution incident occurs is not sufficient to enable my constituents to be confident that they will be able to breathe properly again within days. Incident after incident occurs, and they feel that, even working with the local authority and the Environment Agency, they have no power to control the situation. I believe that we must reconsider the immediate enforcement powers that local authorities have in relation to industrial processes.

The second major threat, apart from individual industries, is incinerators. The hon. Member for Uxbridge mentioned the processes through which we have passed in relation to the development of Colnbrook, next to Heathrow airport. That is a good example for the rest of the country of incineration gone wrong. There was an incinerator at Colnbrook and the company wanted to enhance its facilities. It went through the planning processes with one local authority—the one in whose area the proposed incinerator was situated. However, the prevailing wind means that the major pollutants come across the boundaries of the next planning authority, which did not adequately deal with the planning application. This is not a party political issue, as all the parties in the area agree on that. Incineration capacity will enlarge dramatically and my constituents are worried about what effect that will have on air pollution.

Let me explain why my constitutents are worried. I have been asking a number of questions about birth defects in my area. I have been working with Dr. van Steenis, who has worked with a number of Members of Parliament, on the development of incineration and the coincidence of incinerator locations and increases in birth defects.

David Taylor: Is my hon. Friend aware of research from five or so years ago—the Dolk report—which considered levels of congenital malformations focusing on pregnant women living within 3 km of a hazardous waste site? Does he fear, as I do, that the pressure on and the unavailability of sites for hazardous waste means that more such material will be incinerated and that the problem will thus be transferred?

John McDonnell: I share those anxieties, which relate to the point made by the hon. Member for Uxbridge about the development of packaging and the non-resolution of the problem of incineration and waste management at source, allowing us to become dependent on incineration for the long-term future.

The research on the link between incineration and pollution and birth defects to which Dr. van Steenis has pointed a number of hon. Members prompted me to ask a number of questions about my constituency. The latest figures available from the Government—from the Office for National Statistics—confirm that the number of birth defects in the London borough of Hillingdon, which encompasses the constituencies of Ruislip-Northwood, Uxbridge and Hayes and Harlington, has risen from 194.8 per 10,000 births to 266.9 per 10,000 births in 2001. That is a 37 per cent. increase in five years. The peak came in 2000, when there were 348.6 birth defects per 10,000 births, so at one period there was a 79 per cent. increase in birth defects in the borough.

I tried to relate those statistics to development in the area—the development of additional motorways or the increasing impact of the airport—but the factor to

which they seem to relate is the development of incineration at Colnbrook. The Government are enabling the incineration process to develop so that a range of waste is being incinerated that can emit particulates into the atmosphere. I approached the Environment Agency, which told me that there was no conclusive research linking pollution from incinerators and birth defects. Elsewhere in Europe, such research is going on apace, and there are examples of Belgian courts having halted incineration as a result of the health impacts of incineration in local areas.

The statistics are extremely worrying. We need an explanation of the high incidence of birth defects. I am requesting a meeting with Health Ministers to argue the case for more general research in that area and, specifically, for the monitoring of birth defects and more precise identification of the time scales over which their incidence increased. From a lay person's examination of the statistics, that escalation appears to relate to the 1992 legislation passed to allow alternative fuels to be used in power stations and industrial processors, including incinerators and cement kilns. There is also a cement factory in my area.

David Taylor: Like my hon. Friend, I take a keen interest in the matter. He accurately quoted the figures for the London borough of Hillingdon, which appear to have doubled in a five-year period. Would he be astonished to know that the Leicestershire rate is the highest in England? At 564.9 per 10,000 births, it is two-and-a-half times as high as Hillingdon's. It may be that a noxious cocktail of influences out of which incineration may need to be stripped is leading to those figures.

John McDonnell: There may well be a cocktail, but I do not know. I come here in desperation to ask the questions because I no longer know where else to go. I have asked the questions, I have the statistical data and there seems to be a correlation. However, at present, there is resistance to responding to that correlation with further research or with immediate action, such as preventing any further incineration on the Colnbrook site until we are clear that it is not having an impact on the birth of healthy children within our local community.

Industry is the first source of pollution in my constituency. The second, obviously, is Heathrow airport. Based on the Government's own statistics and assuming the most aggressive use of abatement measures that the Government can identify, and without any further development at Heathrow—terminal 5 is already under construction, and the cap of 480,000 air traffic movements remains—it is predicted that in the next 11 years, 5,000 of my constituents will be poisoned by nitrogen dioxide at levels above the EU's legal limits. If we said that we were going to poison 5,000 people elsewhere in the world, particularly in the developing world, it would sound like Halabja to me. People lost their homes to flooding in the Ilisu dam project; if thousands of people were going to die, we would be campaigning and up in arms against a barbaric Government risking the lives of their electorate and civilians. We would be on the streets demanding action, yet in 11 years' time, 5,000 of my constituents will be poisoned and we are part of the conspiracy to implement that policy.

Norman Baker: Is not part of the problem that when there is a sudden incident, for example a train accident in which 100 people are killed, we can understand the need to take action, but it is difficult for society and Governments to respond to a chronic problem over a number of years when there is no immediate headline or spur for people to take action?

John McDonnell: I agree, and that is why I am almost in despair, because I raise the figures time and again but get only a limited response. That is due not to a lack of good will, but to inertia because of the scale of the problem and because for many other constituencies it is a problem for the future. However, for my constituents, it is a problem now. We are already predicting the number of people who will be poisoned by air pollution in 2005. As the hon. Member for Uxbridge said, those people are often economically unable to move away from the area—they are trapped.

If the third runway goes ahead, it is predicted that 35,000 of my constituents will suffer poisoning from nitrogen dioxide. If the runway does not go ahead and the Government consult about alternation of existing runways at Heathrow over the next couple of years, according to even the best air pollution estimates, 14,000 people will be poisoned by nitrogen dioxide. Those figures are unacceptable in a civilised society. The figures impact on aviation policy, but also on dependence on health services, GP facilities and even, tragically, hospice facilities for people dying as a result of air pollution. The problem is not only lung disease, but associated cancers, as discovered in the American studies on the development of airports.

Another way in which the lethal cocktail of air pollution affects my constituency is through motor vehicles, often linked to either the airport or motorways going through my constituency. Having campaigned for nearly 30 years against the development of further motorways and roads because they would increase traffic, I am astounded that the recent response has been to widen the M4 and the M25 and to return to a retrograde policy of further road development. I thought that we won the argument 10 years ago on control of motor vehicles and investment in public transport.

We had a meeting yesterday about the introduction of a stopping service at Hayes and Harlington station that could run to the airport. That would probably double the number of people able to get to Heathrow airport using public transport rather than cars or motor vehicles. However, we cannot even afford the development of the station for that purpose because we are £1.2 million short. We are grubbing around to find that money from the Strategic Rail Authority, which may not exist in six weeks' time, from Transport for London, or from the London borough of Hillingdon—I will not go into the incompetence of long-term capital investment by the local authority. The failure to invest in public transport, even in my area where there is recognised need, means that the polluters combine to poison my constituents.

[John McDonnell]

Let me illustrate what that means. At school, large numbers of the children in my constituency are given a box with their name on it to put their puffer in because of the high rates of asthma and respiratory problems. Our local education authority provides a good service, but the hon. Member for Uxbridge will know that it has to give teachers special training on how to deal with children who have an asthma attack at school, because that is so common. That is the point we have reached.

I just ask the Government for help. Will someone please give us a solution? An air quality management area was declared three years ago. It has been so effective that air quality has worsened over that period. We have applied Government policy at a local level and it has failed. I ask for a ministerial meeting: I want a discussion about the way forward. In addition, I want some assistance for my area and the constituencies of Uxbridge and Ruislip-Northwood.

First, I want adequate investment in full, independent monitoring around the airport. We should work with local community organisations, the primary care trust and the local authority so that we get an accurate picture of what is going on. Secondly, I plead again—for the sixth time, I think—for funding for local research on the health implications of air pollution in my area. That research would monitor what is happening and its effects in detail. At the moment, our local primary care trust bears a financial burden from Heathrow airport. We are not compensated for that, nor do we get any additional money for air pollution monitoring.

I would also like a thorough discussion on preventive techniques and some long-term planning to deal with the specific problem that the area faces. If there were an asbestos factory in my constituency, we would all be piling in with policy after policy. There would be enforcement and action on health, benefits and support. However, because we are talking about the slow erosion of air quality over time, limited action has taken place. In addition, I ask for treatment for my constituents who are suffering from health problems.

Mr. Randall: Twenty or 30 years ago nobody really recognised the problems with asbestos. There was an asbestos factory half a mile from where I have always lived, but it was not a problem until people suddenly realised that it was. That will happen again. We must take this matter seriously.

John McDonnell: I agree. When I first left university, I worked for the National Union of Mineworkers dealing with health and safety and the pneumoconiosis scheme. In the old days, when miners went along to claim for a bit of dust, the doctors used to tell them that it was good for them—and in a way it was. Someone who got a bit dust on their lungs did not suffer from anything else because the pneumo killed them. It took a long time to get pneumoconiosis recognised and to secure compensation and for the mining industry to take it seriously. Why? Because of the economic force of the mine owners, successive Governments thought that the problem was irrelevant.

I have a crisis on my hands, and the crisis in my constituency could well be repeated in constituency after constituency if current policies—particularly aviation policies—go ahead. The Government need to tackle the crisis, with some assistance at local level that is reflected in national policy.

2.54 pm

Norman Baker (Lewes) (LD): I congratulate the hon. Member for Uxbridge (Mr. Randall) on securing the debate. I am sure that his constituents appreciate the way in which he regularly and quite rightly nags away at the issue. I welcome the other contributions, which have been useful to the debate. In particular, the speech from the hon. Member for Hayes and Harlington (John McDonnell) was very powerful and delivered with sincerity and conviction.

I am only sorry that the Minister, for whom I have a lot of time, is in some ways the wrong Minister to answer the debate: we need a Transport Minister, because many issues that have been raised are Department for Transport matters. That shows the folly of splitting up the Department of the Environment, Transport and the Regions. The Government were right to bring the environment and transport together after the 1997 election, but we now have separate Departments, which is not helpful when dealing with an issue such as air quality.

The Minister for Rural Affairs and Local Environmental Quality (Alun Michael): The Government's aim is to provide a Minister to reply to the topic being debated, and this is a debate on air quality rather than on transport. There are many similar issues that have implications for a variety of Departments, and we try to join up our response to such debates. It is for the Member who initiates the debate to make clear the topic to be discussed.

Norman Baker: I fully accept that, and I am sure that the Minister will do his best to respond. I often come to debates when DEFRA Ministers end up defending the indefensible as a consequence of the actions of other Departments; I suspect this afternoon will be no different. I add, mischievously, that the Minister is nodding at that point.

We have heard a lot about airports and Heathrow in particular, and rightly so. There are issues of air capacity and the effect on air quality of the Government's policy on expansion of the aviation industry. I am concerned that the predict-and-provide policy in aviation will lead to a dramatic increase in the number of flights and in emissions of carbon dioxide—those were not really touched on, although the aviation industry will double its CO_2 emissions between 1990 and 2010—and air pollutants. That will directly affect those living near Heathrow and other airports, as we graphically heard from the hon. Member for Hayes and Harlington.

The Government must recognise that there is a level of air pollution beyond which it is not sensible to go. If extra flights generate that pollution, they should be stopped. In some places around the world, local authorities are able to stop traffic coming in if the air pollution in a town goes beyond a certain level. It seems to me that there ought to be similar monitoring capacity at our airports: if the pollution reaches a certain level, flights should be stopped until the air pollution is cleared. Obviously, one cannot stop flights landing, but one could prevent them from taking off.

That might seem a drastic solution, but the alternative is simply to accept that the number of flights will increase exponentially, and the technological improvements that the aviation industry is no doubt working on to make planes cleaner will not be sufficient to offset the massive increase projected over the next 20 or 30 years. Air pollution, with all the accompanying problems that Members from constituencies around Heathrow have described, will sadly get worse. That is an unacceptable message to give to the constituents of the hon. Members for Hayes and Harlington and for Uxbridge, and those elsewhere. We cannot continue to gamble with people's health in the way we are just because the aviation industry wants to demonstrate that it has an economic benefit for the country. It undoubtedly does, but that cannot outweigh the health impact it has on those who are directly affected.

The Government's answer is to promote an emissions trading scheme for airlines to reduce emissions. I am not quite clear whether that will relate simply to CO_2 or to other pollutants as well; perhaps the Minister will respond to that point. I notice that in the Transport Council the other day, which was referred to in *Hansard*, there was no mention of the emissions trading scheme or any other steps to reduce air pollution, although plenty of other issues relating to airlines were discussed. I am concerned that the Government are adopting the emissions trading policy as a "one golf club" option when they should consider other options to reduce pollution and control emissions of carbon dioxide.

The Minister may be aware of the figures that I have showing that pollutants at Heathrow in particular are reaching unacceptably high levels. In 2000, 8,949 tonnes of nitrogen dioxide, 414 tonnes of sulphur dioxide, 1,000,400 tonnes of carbon dioxide and 102 tonnes of particulates were emitted around Heathrow, and those figures will have since become worse. Studies in the United States have shown that particulates are particularly damaging to health. They are micro-particles that can get into your body and do great damage. The figures for particulates are much too high—roughly double, if not slightly more, the levels experienced at Gatwick, which is of more concern to me with my constituency hat on, as I represent Lewes. I have great sympathy for those who live in the conurbation near Heathrow. We need to do everything possible to limit such pollutants and if technology cannot provide the solution, there should be a cap on the expansion of air flights from Heathrow until that solution is achieved. Predict and provide is simply not an option for Heathrow.

We must also do more to increase access by public transport to Heathrow, Gatwick and Stansted, because, as the hon. Member for Hayes and Harlington said, many of the pollutants come from road transport, not simply from aviation. I sympathise with him when he talks about the difficulties of getting £1 million or so for an obviously much needed rail improvement. The difference that it would make is obvious to me, even though I am not the Member for that area. We cannot deliver the simplest rail improvements that everyone agrees are necessary and desirable, yet we know that there will be another Government announcement for more roads and road widening, and the RAC and the AA will no doubt say that it is not enough. Why is money spent on roads considered investment, but money spent on railways considered subsidy? Have we in the 21st century really not got around that mindset?

I received a parliamentary answer a week ago from the Department for Transport showing that over the past 30 years the cost of motoring has decreased in real terms by 5 per cent.—so much for all the fuel protesters. It also showed that the cost of travelling by bus has gone up 68 per cent. in real terms and by train 86 per cent. It is hardly surprising that we have a problem with road traffic pollution when all the economic indicators have encouraged people to switch from public transport to the roads. The trend for rail and bus costs to go up and for motoring costs to go down has continued under the present Government.

David Taylor: The hon. Gentleman might have been present in the House a week or two ago when we debated an issue relevant to this debate. When I pointed out that Britain was in the middle of the European table for taxation on motor vehicles, I was howled down by members of Her Majesty's official Opposition, who try to depict any fiscal attempt to control environmental degradation as an attack on the motorist. Surely, that is simplistic nonsense.

Norman Baker: It is. We all owe it to the environment to be honest about the fact that the cost of motoring has gone down. The sooner we in Parliament agree on that and take appropriate measures through economic instruments the better. The Treasury is beginning to understand how economic instruments can help the environment—the Economic Secretary to the Treasury, in particular, understands that—but we must go further. That will require courage from the Government, but if they show some, the Liberal Democrats will support them.

I am concerned about the inadequate monitoring of air pollution. In a parliamentary answer on 26 December 2002 to my question about how much the Government were spending on monitoring, the Minister said that £4.79 million was spent on monitoring ambient air quality and £2.4 million on regulated industrial processors. That might sound a lot, but it is not; there is an inadequate network of sites for monitoring air pollution. I gently point out to the Minister that those sums combined amount to less than the Government spend on cars for Ministers and others to rove around London quite unnecessarily. That is not a statistic of which I would be proud were I a Minister.

Local authorities provide inadequate monitoring as well. Research that I have undertaken with colleagues shows that of the 408 local authorities in England and Wales, 237 failed in 2002 to meet the minimum inspection level of two inspections a year of industrial processors that was set by DEFRA, and more than 50 authorities failed to check each processor even once. There is a big problem with local authority monitoring. I do not know whether the Minister will argue that local authorities are not taking their responsibilities seriously and that there is no reason why they should not, or whether he will accept that they receive insufficient funding. As far as this debate is concerned, the answer does not really matter; the point is that local authorities are not monitoring the processors that they should. We must improve that.

[Norman Baker]

The Minister also knows that although there have been many welcome improvements in air quality in this country during the past 10, 20 or 30 years, we sometimes see statistics that demonstrate a worrying reversal. For example, he will be aware that nitrogen dioxide in London has increased by an average 15 per cent. during the past two years. Only one of the 19 monitoring sites recorded a decrease and there have been some horrific increases. The monitoring station in Marylebone road, which is not that far from here, recorded a 32.1 per cent. increase in such emissions during that time. Things are going wrong in London, in our other cities and in the countryside. He will also be aware of a number of occasions when the ozone-monitoring site in my constituency—at Lullington heath in Sussex—recorded levels that exceeded the maximum advisory limit. Therefore, there is an additional problem with low-level ozone in rural areas.

The Government have more to do. I know that the Minister takes those matters seriously and that he is concerned about them, but I do not see the results. The Government as a whole do not give dealing with air pollution the weight that they should. Sometimes these important matters get swept aside when people make economic cases for further transport infrastructure development.

Lastly, I will say something about trees and forests and the effects that they suffer as a result of air pollution. This is not simply a matter involving people, although they are the most important thing. A parliamentary answer demonstrated that in the UK there are 22 million dead trees and more than 900 million that are suffering from moderate to severe defoliation. That puts us 26th out of 33 in the 2002 European table. There is clearly a big problem with the effect of air pollution on the natural environment. I hope that the Minister can answer the questions that other hon. Members and I have put today. This is a serious issue.

3.7 pm

Miss Anne McIntosh (Vale of York) (Con): We have established on the record the fact that there is a lot of dead wood in Sussex. I take this opportunity to congratulate my hon. Friend the Member for Uxbridge (Mr. Randall) on securing this debate. It is very timely because of the review of the air quality strategy, to which, regrettably, nobody else has referred during this debate. I hope that the Minister will respond on that matter.

I have several transport interests and it is important to place them on the record: they include British Airways, BAA plc, First Group, the RAC and Eurotunnel. My interest in air quality dates from last year's figures, which we put on the parliamentary record in early-day motion 1279. I congratulate all hon. Members who have contributed to this debate and I urge them to sign the early-day motion. I hope that they will support it. I recognise the work that the Government have done and I pay tribute to it, but they are falling far short of having a coherent strategy to tackle the problem of air quality. It is a genuine problem, which the Minister must deal with. The Government have signed up to mandatory EU levels, yet in their national policy they have set only indicative targets and objectives, leaving the matter largely for local authorities to monitor and control.

Moving and powerful examples of the health problems that result from poor air quality were given by my hon. Friend the Member for Uxbridge and by the hon. Members for Hayes and Harlington (John McDonnell) and for North-West Leicestershire (David Taylor). It appears from press reports, in addition to the excellent debate pack that was prepared for today's debate by the House of Commons Library, that exhaust fumes from vehicles may be to blame for up to one sixth of cot deaths. That information came from a recent study. Similar studies show that the UK has the worst asthma record in the European Union, with the proportion of the population affected by it—just under 14 per cent.—almost double the EU average.

The contributions that we have heard this afternoon have shown that air pollution is caused not only by activities in and around aviation, but by car transport. It is particularly alarming that two reports made in the past week—one from the Institute of Economic Affairs and the other from, I think, the university of Central Lancashire—speak despairingly of the contribution of rail transport to environmental pollution. As all the main parties are committed to transferring freight from road to rail wherever possible, that is deeply alarming. I hope that DEFRA and the Department for Transport will look into that in a genuine cross-cutting exercise. I would be very disturbed if we were causing pollution by moving freight on to rail.

There have been positive contributions. The UK Petroleum Industry Association—UKPIA—has produced the "Future Road Fuels" report as part of the debate on alternative fuels. I also welcome the fact that my party has done, and continues to do, a great deal on alternative fuels.

It is interesting that the Minister who will respond to the debate has responsibility for rural affairs. As we heard from my hon. Friend the Member for Uxbridge, although Uxbridge used to be well known for being a rural part of London, that is no longer generally perceived to be the case.

The debate is timely because figures for air quality tend to be seasonal; they are very high in periods of extreme temperatures, such as those we experienced in August last year. The poor air quality headline indicator figures show that pollution in urban areas was moderate or higher on 50 days on average per site last year, which compares unfavourably with 20 days in 2002. The situation was even worse in rural areas, where air pollution was moderate or higher on 63 days on average per site, compared with 30 in 2003. I urge the Government to develop a coherent strategy to improve those figures. I acknowledge that the weather and pollution are no respecters of frontiers; pollution from other parts of Europe is a factor, as we have seen with acid rain. However, the Government must recognise that while such other factors play a part in creating poor air quality, the main causes of pollution are the combustion of coal, transport emissions and industrial pollution.

The economies of the constituencies of many Government Members owed a great deal to coal and its extraction; that has had consequences for energy policy. I welcome the investment in clean coal technology, and I hope that that technology can continue to be explored as a part of the reduction of sulphur dioxide emissions.

The combustion of coal, transport emissions and industrial pollution contribute to pollution, and so too might incineration. In about 1996, there was a plan to build an incinerator to dispose of animal carcasses on the border of Aiskew and Bedale in my constituency, and I had contact with local GPs at that time. It is interesting to note what happens in other parts of the European Union. Half of my family comes from Denmark, so I follow what happens there closely. Denmark disposes of 56 per cent. of its household waste through incineration. The Minister might wish to comment on that. The hon. Member for Hayes and Harlington pointed out the problems with a local incinerator. However, waste offers possibilities for getting clean and smokeless energy recovery and distribution. In Denmark, that has been used to bring what Danes call distance heating to local homes. I urge the Government to look into that, particularly before this year's hot summer pushes up pollution levels even further.

I commend the work of the National Society for Clean Air and Environmental Protection. It has raised concerns about the DEFRA's forthcoming review of the air quality strategy. There is worry that there has not been sufficient consultation and great concern about what choice of baseline year and scenario years will be taken, as that will be crucial to evaluating the effectiveness of air quality control measures.

We have had an excellent debate this afternoon. The Government have identified a way forward, but they will have to reconcile their obligations under the European Union provisions to which they have signed up with the fact that they have set only indicative, not statutory, targets and objectives and that it is left to local authorities to monitor and control matters. Those who have spoken this afternoon identified deficiencies in the monitoring and control procedures. We must recognise the work of the Mayor of London in improving air quality, but many causes of pollution fall outside the power of local authorities. I commend clean air and good air quality to the Minister and I hope that he will come forward with a stricter air quality strategy based on greater consultation and a wise choice of baseline year.

3.16 pm

The Minister for Rural Affairs and Local Environmental Quality (Alun Michael): I start by welcoming the last remarks of the hon. Member for Vale of York (Miss McIntosh) and her references to reconciliation—not a word that is always used in our debates. When dealing with air quality, one of the first challenges is to ensure that we make an incremental improvement year on year, which is how to deal with environmental issues. We must properly reconcile often conflicting interests, or balance priorities.

I congratulate the hon. Member for Uxbridge (Mr. Randall) on securing the debate, which is rapidly becoming an annual fixture. As was mentioned, he has assiduously raised air quality issues in relation to his constituency. The contributions to the debate demonstrate how generally well informed hon. Members are and how seriously they take such issues. The hon. Gentleman began his remarks by referring to the smogs of 50 years ago. I remember what it was like as a visitor to London from the fresh, clean air of north Wales—having to grope my way through the murk to the underground in conditions that are almost impossible to imagine in the modern day. Smog was headline news in those times, whereas good air quality is not news. "Man breathes clean air" is not as potent a headline for the average journalist as "Man chokes in smog".

The environmental changes that have occurred during the past 50 years have not all been in a negative direction. River water, air quality and the state of our buildings have seen major improvements, but the hon. Gentleman is right to say that much remains to be done. We have to meet new challenges all the time. I am sympathetic to his references to the technical language, the detail and figures that scientists and technicians offer us. What has struck me since becoming a Minister at DEFRA is the gap in the language between the simple statement, "We want clean air," and the language of emissions and particulates, percentage improvements and deterioration, which must be measured year-on-year to make sure that the quality of our environment is protected and improved. Those targets and thresholds, boring though they seem, are essential to achieving improvement. In addition, it takes time to influence aspects of air quality. Decisions that were taken 10, 15 or 20 years ago about emissions from vehicles are only now having an impact on the quality of our environment.

The complexity of the issue is illustrated by the points raised by hon. Members. One or two speakers, including my hon. Friend the Member for North-West Leicestershire (David Taylor), invited me to write to them with the specifics. That is the only way to deal with some complex issues that have been raised. We have covered a great deal of ground, and if I am not able to cover all the points adequately today, I shall try to address them in writing for each Member who has contributed.

My hon. Friend the Member for Hayes and Harlington (John McDonnell) sought a ministerial meeting. I am sure that we can arrange one, either with me or with my noble Friend Lord Whitty, who takes the lead on some of these issues. We simply need to identify the specific issues on which he would like to concentrate.

The hon. Member for Lewes (Norman Baker) was entirely in order—occasionally, even complimentary—in some of his remarks. However, he made several sweeping generalisations to which I would respond vigorously if there were time. It is important to consider each issue and deal with it properly. On many matters, concerns are raised by a particular study, but when the study and its implications are examined in context and set against monitoring and other evidence, it produces slightly different results.

The hon. Member for Vale of York was kind enough to acknowledge some work that the Government have done. She referred to my responsibility for rural affairs but, of course, local environmental quality is the other half of my brief. One strength of DEFRA, which makes life as a Minister there interesting, is the way in which we cover a range of issues from the international aspects of pollution and global warming down to the local environment issues of air quality, chewing gum and so on. It is therefore appropriate in a debate such as this to deal with issues that impinge on one another.

[Alun Michael]

It is important to note that air quality has improved considerably over the past decade. However, as the hon. Lady said, in 2003 there was a significant increase in the number of days of poor air quality compared with 2002.

Miss McIntosh: Will the Minister give way?

Alun Michael: Given the number of topics that I must get through, I ought to gallop on.

The increase was mainly due to exceptional hot, sunny weather, which resulted in high levels of ozone. In addition, as the hon. Lady acknowledged, a significant amount of poor air quality was caused by pollution blown into the UK from abroad. It has always been recognised that the headline indicator can show significant yearly fluctuations because of variations in weather conditions, so we need to concentrate on long-term trends. Despite last year's overall increase, the average number of poor air quality days in urban areas in 2003 was about 15 per cent. lower than in 1993.

Several Members referred to asthma, which is clearly a growing problem. We must consider the other contributory factors, such as air conditioning and other environmental conditions that have both advantages and downsides for us. We accept that asthma can be aggravated by air pollution, but that is not, in general, a cause. It should be underlined that we are reducing air pollution levels, and that will continue.

A number of hon. Members referred to the overlap between different governmental responsibilities. We work very closely indeed with colleagues at the Department of Health and the Department for Transport. We are in almost daily contact with them about air quality and health issues.

The issue of monitoring and its adequacy was raised, and my hon. Friend the Member for Hayes and Harlington made some specific points in that respect. The monitoring of the Harlington site, which was mentioned, is done by the contractors who do DEFRA's own monitoring. Much of the monitoring around Heathrow is undertaken on behalf of DEFRA. There is a specific Harlington site where monitoring is done for BAA plc, but evidence from that site is incorporated in the DEFRA monitoring network and the data are published on the web. The new work to be done at Heathrow following the aviation White Paper will involve scrutinising the monitoring at that site and others in the area.

Is the monitoring adequate? We believe that it is. Moreover, it will be supplemented by modelling. All that work will be scrutinised by a steering group of academics and by local authorities to ensure independence. Monitoring around Heathrow is also done by local authorities and DEFRA. It is worth underlining that monitoring is undertaken by and for DEFRA, but in addition to the finances that we commit, about £5 million a year is made available to local authorities for monitoring and for their other air quality obligations. The Government provide funding to local authorities for their air quality duties through the annual revenue support grant and supplementary credit approvals, and partly via the local transport plan. Hillingdon and Hounslow have applied for supplementary credit approval for the financial year 2004–05: Hillingdon has been awarded £178,500 and Hounslow £132,500.

The Government are fully aware of the concerns about air quality around Heathrow airport. That was a significant part of our debate and a significant issue affecting the decisions announced in the air transport White Paper. The Government have said that another runway at Heathrow could not be supported unless there was confidence that levels of all relevant pollutants could be consistently contained within EU limits. It is important to underline that. As promised in the White Paper, the Government have commenced the package of work on how to make the most of Heathrow's existing runways and on adding a new runway there after the Stansted runway while complying with air quality and other environmental conditions.

The Government are committed to reporting progress on White Paper commitments generally in 2006. Work is under way to improve technical understanding of air quality issues and modelling capabilities so that further assessments of air quality impact at Heathrow can be made within that time scale.

My hon. Friend the Member for Hayes and Harlington also made reference to industrial activities in the area of Heathrow. Industrial activities with significant potential to pollute more than one environmental medium have been regulated by the Environment Agency under the integrated pollution control system since the early 1990s. Considerable improvements in environmental performance have resulted, and the results for recent years can be seen in the Environment Agency's pollution inventory on its website. IPC is gradually being replaced by integrated pollution prevention and control, which will carry on and enhance environmental performance. Both IPC and IPPC are based on the application of best available techniques for dealing with pollution. That concept incorporates considerations of the cost and benefits of the techniques. In addition, the air emissions of about 17,000 installations are regulated by local authorities. A recent performance review of the local authority pollution control regime praised the achievement of securing air pollution improvements at the vast majority of those installations.

I am not complacent about any of the issues raised in this debate. Hon. Members from all parties have rightly pointed to the implications of air quality for local communities and people. They have also spoken about people's fears, whether or not those are always justified. Air quality is therefore an important issue to tackle. We at DEFRA wish to engage with colleagues in the House on the issues that affect their constituencies directly. We also seek to lead on the air quality issues debated across Government.

Suez Canal Zone Medal

3.30 pm

Mr. David Laws (Yeovil) (LD): I am pleased to have secured this short debate, and I welcome the Minister to it. You will be aware, Mr. Deputy Speaker, that we have discussed whether there should be a medal to mark and reward the service of those in the armed forces in the canal zone conflict between 1951 and 1954. The subject has been debated in the House many times in the past few years.

I do not think that this is the place—or even that it is necessary—to go back over old arguments that have been debated many times before, given that last year the Government accepted the case for allowing the veterans from that conflict to be awarded the general service medal with a canal zone clasp; people who already had the general service medal were given the addition of a canal zone clasp.

I want to take the opportunity to pay tribute to all the veterans who served in the conflict on behalf of the United Kingdom, particularly those who campaigned so persistently for an award to mark the service of all members of the armed forces in the canal zone between 1951 and 1954. At times it must have seemed something of a hopeless and thankless campaign, as it continued for some 50 years after the conflict in Egypt had finished. We finally reached a positive conclusion last year, and the veterans are to be congratulated on their persistence.

I put on record our thanks to all the Members, from different political parties, who have campaigned for the award over the years, including, but not exclusively, my hon. Friends the Members for Sutton and Cheam (Mr. Burstow), for Mid-Dorset and North Poole (Mrs. Brooke) and for North Cornwall (Mr. Tyler), the hon. Members for Denton and Reddish (Andrew Bennett) and for Waveney (Mr. Blizzard), and the Economic Secretary to the Treasury. There are undoubtedly many others whom I have neglected to mention.

I also pay tribute to the sub-committee of the Committee on the Grant of Honours, Decorations and Medals under Lord Guthrie, which was established in 2002 to report on the matter and whose conclusions paved the way for a change in the Government's position in 2003. Finally, I give credit to the Government for paying heed to the recommendations after a long time, and not merely sheltering behind the tempting argument that changing policy could set dangerous precedents and create future problems. If would have been easy for the Government to continue to shelter behind that argument, particularly considering the time that had elapsed, and they deserve credit for not having done so.

After the Prime Minister's announcement on 11 June 2003 that veterans of the service in the canal zone would receive the general service medal and clasp, many of us felt that the long-running campaign had come to a successful conclusion, and we could assume that the matter would be dealt with. I suspect that I was only one of many Members who, after the Prime Minister's statement, passed on representations to the Ministry of Defence giving details of those who had served in the canal zone, assuming that the medals would be issued shortly.

Although I became aware of some delays, it was not until this May that I realised how serious those delays were. I was canvassing for the European elections when I met a constituent called Mr. Ford in Chard. He said how pleased he was that the Government had finally given way on the issue, but that many veterans expected that it would be many years before the medals were issued. That is entirely unacceptable, given that the veterans have already waited for 50 years. Mr. Ford told me that he believed that only a couple of hundred medals were being processed each week and that it would therefore take years to clear the backlog. I had not been aware of that.

Mr. Ford wrote to the Army Medal Office earlier this year:

> "I am now in my seventy-sixth year and my brother who is also a veteran is seventy-eight and so in our case and that of many others I am sure time is important if we are to receive our awards before the Great Recruiting Sergeant in the sky calls us on parade."

That is an issue. Many individuals are now well into their 70s or 80s, and they have waited 50 years already. Not only is that a very long time to have waited for this award in recognition of their service, but there is a real danger that some veterans will die before all the awards are issued, which must concern us all.

I am pleased to say that Mr. Ford has now received the clasp to his general service medal, because it means that I can demonstrate to the Minister that I am not citing only the gloomy cases in my constituency. However, over the past couple of days I have spoken to a number of veterans who are still waiting for their medals, despite my having written to the Secretary of State on their behalf on a number of occasions. They include Mr. Copley, who lives in Tintinhull just outside Yeovil, and served in the 41st Field Regiment Royal Artillery from 1953 to 1954 in the canal zone.

Written answers from the Minister over the past couple of weeks have indicated the scale of the problem relating to the issuance of the medal. In response to my written question of 21 June 2004, he said that as of 18 June, 39,666 applications had been received, in respect of which only 9,709 medals or clasps had been issued. There is therefore a backlog of some 30,000 medals, even assuming that no more applications come in, and there may well still be quite a few to come.

It appears from the Minister's answers that the longest delay is at the Army Medal Office, which apparently has nine staff processing claims and three people dealing with correspondence and dispatch. The office is still dealing with claims from 10 October 2003—almost nine months ago—which is worrying when we consider that it was only on 23 October last year that the detailed criteria relating to entitlement to the award were set out in Command Paper 5999.

The Royal Marines Medal Office seems to be performing rather better. There are no delays at that office, where there seem to be a much smaller number of applications. However, delays at the Royal Air Force Medal Office and the Royal Naval Medal Office date back to mid and late November 2003, which is a long time for people to be waiting. Many veterans hoped to receive their awards by Remembrance day this year, if not last year, so that they could wear the medals with pride and finally have some recognition of their service

[Mr. David Laws]

in the canal zone between 1951 and 1954. However, it now seems that many individuals may still wait as long as another two or even three years.

We need to remember that this delay is only one of the delays in the processing and awarding of the medals over the years. The first delay was the 50-year delay before approval of a medal in the first place. Then there were delays between Lord Guthrie's report being submitted and a conclusion being reached. He wrote to me at the time stating that he could not understand why the matter was taking so long to sort out. Then there were delays before the Prime Minister's statement. There were also delays, although they were short, before the criteria were set out in Command Paper 5999, and now there are further delays in processing claims.

We have always had an indication from the Minister that there would be some delays. Indeed, in a written answer of 3 July 2003, he said that

"it is estimated that it could take a further two years to distribute the majority of medals to eligible applicants."—[*Official Report*, 3 July 2003; Vol. 408, c. 453W.]

That is a year ago almost to the day, but the Government's estimate still seems to be that we are two years away from the distribution of the medals, so we seem to have lost a year despite the fact that the two-year delay was already at the boundaries of acceptability. The fact that only a couple of hundred medals and applications have been processed each week is extremely worrying.

Over the past couple of days since this debate was selected for Westminster Hall, I have received in my office many e-mails, letters and calls from veterans who are still awaiting their medals. A number have asked me to raise particular questions today. Mr. Duncan, an ex-paratrooper, e-mailed to say:

"Can the Armed Services Minister be asked what is stopping the MoD from assigning more staff and resources to the four Medal Offices? So far, this has not been made clear. The question should be hard to duck."

Mr. Duncan points out that although he has received the medal, he knows many other veterans who have yet to do so.

Mr. Rogers, an ex-corporal from the Royal Marines, also contacted us on behalf of the Suez veterans forum to point out that there is a two-month backlog in the Army Medal Office stamping department. Even when the searches have been completed and the issue instructions delivered there is still a further two-month wait to have the names stamped on the medals.

Other veterans have expressed concerns about the issuing of the medals, including Mr. Ford, the constituent whom I mentioned earlier, who was dissatisfied with the quality of the clasp. He compared it rather unfavourably with the medals and clasps struck when the general service medal was first issued. I hope that the Minister will acknowledge that the UK armed forces have had a proud record in striking good-quality medals. It would be a pity if, for financial reasons, the quality of those awards were diminished in any way.

Dr. Julian Lewis (New Forest, East) (Con): What effect does the hon. Gentleman think the proposed closure of the Army Medal Office at Droitwich will have? My hon. Friend the Member for Mid-Worcestershire (Mr. Luff), in whose constituency the Army Medal Office is located, has expressed the gravest concern that that can only add to the delays that he has so eloquently described.

Mr. Laws: I am grateful to the hon. Gentleman for making that point. I am aware that the hon. Member for Mid-Worcestershire has raised his concerns about this. I do not pretend to be an expert in the reorganisation of the different medal offices within the armed forces. It would certainly be a risk if the consolidation of those offices led to a significant reduction of staff. It could worsen the backlog in the issuance of these medals. On the other hand, I hope that the Minister will also think creatively about the deployment of staff across the different medal offices. The admittedly small office that handles the Royal Marines medals has no backlog at all. The staffing of that office, in terms of full-time equivalents, is only half a person—which suggests that it deals with a much smaller number of cases. I hope that the Minister can consider the situation imaginatively.

The solution seems pretty clear. More resources need to be put into the issuance of the medal. Other medals are being dealt with by the medals office at present, and I assume that everyone wants to get their awards quickly. But I am sure that the Minister would recognise that this is a particularly sensitive case: veterans have waited for such a long time already, and there is a real chance that some will die between the Prime Minister's announcement that the medal would be issued and the processing of the applications. I am sure that the Minister would feel as strongly as I would that that would be wholly unacceptable.

I hope that the Minister can therefore tell us today how he will speed up the processing of the medals in a fairly dramatic way within his Department. I hope that he can set a target for processing all of the existing outstanding claims—for example, by Remembrance day this year. That is an incredibly ambitious target given that the Ministry of Defence estimates that it will take another two years to clear the backlog. But the armed forces have dealt with worse crises than this. If they cannot organise themselves and put in some extra resources to get these medals to the veterans who deserve them pretty quickly, they are not rising to the standards that they have so consistently set over hundreds of years of service to this nation.

I hope that the Minister can tell us what measures he is taking to deal with the situation. In some of his comments in recent weeks on the Floor of the House and in other parliamentary answers he has acknowledged that the length of the delays is unacceptable. I hope that he can therefore set out minds at rest today. Before I conclude, perhaps I may cite one further comment from a veteran who has contacted me within the last 48 hours to set out his concerns:

"The veterans have waited 53 years already, many will be dead before they get their medal. Surely he"—

the Minister—

"must realise that these are grandparents with many offspring who will be disenchanted with a Government who couldn't organize issuing issue Grandfather with his medal before he died."

This is an emotive issue. For many years, successive Governments resisted the award of this medal, and the Government deserve credit for making the award and

not hiding behind precedence. It would be a great pity if they now undermined the progress that they have made by failing to act rapidly enough to make sure that the veterans get the medals within a limited time scale.

3.45 pm

The Parliamentary Under-Secretary of State for Defence (Mr. Ivor Caplin): I congratulate the hon. Member for Yeovil (Mr. Laws) on securing this debate. Virtually the whole of his list of the Members who had been involved in the campaign consisted of Liberal Democrats, so perhaps I can put the record straight by saying that a lot of credit should go to my hon. Friends the Economic Secretary to the Treasury and the Member for Nottingham, North (Mr. Allen), who were heavily involved in the campaign.

As the hon. Gentleman made clear, there has been much interest in the Suez medal, and the issuing of medals generally, of late. I take this opportunity to reaffirm my commitment to improving timeliness in issuing medals, but I note that medals can be issued only when policy, and the associated eligibility, have been established.

I want to put the whole question of the Suez medal into context. Campaigning for the medal and demands for recognition began in the mid-1970s and increased significantly during the 1990s. However, our predecessor Governments declined to consider the issue again, because the Committee on the Grant of Honours, Decorations and Medals—the HD Committee—has a policy of not considering the institution of medals for service given more than five years earlier, because those who took decisions not to make an award at the time were in possession of contemporary evidence, and it would not be appropriate for the committee, at a much later date and probably with less evidence available to it, to second-guess why such decisions had been taken. That policy was strongly supported, particularly by the last Conservative Government, of whom the Leader of the Opposition was a very senior member. The claim for a medal was therefore resisted.

After further campaigning, and after our Government, who were aware of the circumstances, came to power in 1997, my right hon. Friends the Prime Minister and the Secretary of State for Defence requested a review of that policy in relation to the Suez medal. A small group was set up under the chairmanship of General Lord Guthrie, which took evidence from canal zone veterans and the relevant Government Departments. As the hon. Gentleman pointed out, it reported to the HD Committee at the end of 2002.

As far as possible, the sub-committee tried to make a judgment on the case for a medal not against current standards but against those of the late 1950s. It concluded that a medal was justified, endorsed the HD Committee's non-retrospection rule but agreed that there were unique exceptional circumstances in this particular case. It had been established that the Commander-in-Chief at the time had requested the award of a medal, but there was no conclusive evidence that the case had ever been fully considered or a formal decision reached.

As I have said before in the House, I am pleased that the decision has been reached. There is no doubt that an injustice had been done to those men, the vast majority of whom were on national service, and that injustice has now been corrected. The HD Committee accepted the sub-committee's findings, and the Prime Minister made the announcement in June 2003. Applications for the medal and clasp started to come in immediately, but could not be dealt with, as the criteria for the award had yet to be agreed. I made that announcement on 23 October, at column 45WS of *Hansard* and in Command Paper 5999.

Where are we today? As of last Friday, 39,805 applications had been received by the four single-service medal offices, and 10,054 medals and clasps had been issued. I recognise that there is a backlog in assessing eligibility and in issuing the canal zone and some other medals. The reasons behind the current failure to match output to demand are complex, but in part it is due to increased demand arising from the recent operational tempo, in parallel with a surge in requests for the Suez medal. However, an additional factor is that there are four separate medal offices at different locations, with their own procedures. That is why I have decided that this cannot be allowed to continue. The introduction of joint personnel administration will improve the situation.

Joint personnel administration is a key defence modernisation project that will transform the delivery of personnel administration to the armed forces. The platform of old information technology systems will be replaced with new responsive and flexible systems. Disparate single-service processes will be harmonised and simplified. The formation of a joint personnel administration centre is central to the delivery of joint personnel administration and will provide a single organisation from which entitlement to, and delivery of, future campaign medals will be administered and supported by the centralised database of information held on the joint personnel computer system.

The medal process is part of the modernisation process. One strand of the major overall improvements is the formation of the new Ministry of Defence medal office, which will bring together the current four single-service medal offices at a single site at RAF Innsworth. That will allow us to spread best practice, make the best use of staff by flexing people into the areas where demand is highest, and remove the separation between some of the assessment teams and the engraving and dispatch organisation. It will also provide access to the joint personnel administration centre inquiry service, which will provide a new and effective means of handling inquires. As I made it clear at Defence questions in the House last week, I am convinced that this provision will bring about substantial business improvements that will be to the ultimate benefit of veterans—and, of course, to today's serving personnel.

Although the new MOD medal office will be fully operational at Innsworth from early spring 2005, I have decided that all the medal offices will be under a single management structure in the near future. Of course, detailed discussions are taking place with our staff at the offices that will close. We had planned in the initial assessment for nine members of staff to transfer from Droitwich. In fact, 17 of the Droitwich staff have indicated that they wish to transfer to Innsworth. In addition, seven staff have yet to make a decision, and a further seven have recorded their desire to reserve the right to change their minds at some stage in the future.

[Mr. Ivor Caplin]

Nine members of staff from the RAF Medal Office have indicated their wish to transfer, along with two staff members from the Royal Marines Medal Office. The Armed Forces Personnel Agency will recruit any additional staff who are required as soon as possible, which will allow them to be trained alongside the experienced medal office staff, so the risk of any adverse impact of the move on the existing medals backlog can be minimised. However, steps are also being taken to reduce the backlog by increasing medal engraving capacity though the establishment of a second production line at Innsworth, utilising laser engraving technology.

I am committed to improving the service provided to serving and former members of our armed forces, and to ensuring their more rapid receipt of the medals to which they are entitled. Clearly, that will not be achieved through the medal system as it is currently organised.

I shall now answer the direct questions asked by the hon. Member for Yeovil. He asked whether there were more staff. Yes, there are. There are already nine more staff at Droitwich, and they are effective. He also asked whether there was a backlog in the engraving department. Yes, there is, as I have just said, particularly in the Army Medal Office, which distributes all the medals. Even when assessments are done elsewhere in the RAF or the Navy, the Army Medal Office at Droitwich is responsible for engraving and dispatch. I was sorry to hear about the quality of the medal. Of the 10,000 or so medals that we have issued so far I have only heard one or two people talk about that. I am sure that the hon. Gentleman will accept that that is a low percentage. Finally, the Army Medal Office has about two thirds of the total applications for all the medals requested for Suez.

I can update the House on the latest dates on which assessment is taking place. For the Navy, it is 3 December, for the Royal Air Force 18 November and for the Army 17 October. Nobody is happy with the figures, and that is why I outlined in detail how we intend to progress from this point.

Mr. Laws: I am grateful to the Minister for outlining some of the measures intended to speed up the process. Even from his recent comment about the current situation, it seems that there is a tremendous delay, particularly in the Army Medal Office. Will the measures that he is putting in place reduce that delay rapidly? In particular, is the two-year estimate that he made a few weeks ago about the time taken to clear the backlog still correct, or is he planning to bring that down significantly?

Mr. Caplin: I very much hope that we will reduce that figure. The aim of the changes that I outlined—both in the written statements that I made to the House and the questions that I have answered orally, in writing and in today's debate—are all about reducing the backlog and getting medals to veterans, particularly Suez veterans, much more quickly. The hon. Gentleman will forgive me if I do not put a timetable on that. I always think that it is probably best not to do that in such circumstances.

I am convinced that developing the new MOD medal office is the only sensible and practical way forward in both the short and the long term. I see it as the solution rather than the problem. I appreciate that forming a Ministry of Defence medal office will not allow us to accommodate the wishes of every individual in the dedicated work force, which I pay tribute to. They have been tremendous. Every effort will be made to handle the impact on our staff as sensitively and flexibly as possible, as befits a good employer such as the Ministry of Defence.

I conclude this short debate by paying tribute to all those who served in the Suez canal zone in the 1950s. I am sure that everyone in the House would echo those words. Those who served were national servicemen who campaigned for more than 30 years to have an injustice put right. It has been put right by this Government. I am grateful for the remarks of the hon. Member for Yeovil and the veterans that he has met that recognise that point. We need to match it with the determination to see through real reform of the medal offices so that delivery of all medals, not just those relating to Suez, can be speedy and efficient. I know that the House expects nothing less, and that is what the new MOD medal office will deliver.

3.58 pm

Sitting suspended.

Dame Shirley Porter

4 pm

Peter Bradley (The Wrekin) (Lab): This is not the first time that I have raised issues relating to Westminster city council here. I make no apologies for that. There is long-unfinished business. The deputy leader of the council recently described me as a "Shirley Porter obsessive". I am afraid that that is characteristic of his party's occasionally casual and often concerted attempts to undermine those who have been critical of Shirley Porter and her policies over the years, including myself and colleagues, community activists, and the district auditor when he investigated her affairs. It also shows a failure to understand the depth of feeling aroused by the issues that I want to debate this afternoon, and an inability to acknowledge the grievous wrongs done in Westminster in the Conservative party's name.

If I have an obsession, it was probably nurtured during my time as a councillor in Westminster. I am obsessed with probity in the making of public policy, in governance, and in the justice administered by the courts. I am not the only one with that obsession. When the Westminster objectors, of whom I was one—those who registered objections with the district auditor and set the whole "homes for votes" inquiry in train—sought to raise funds so that we could be legally represented at the public hearings, we collected £240,000 from people all over the UK. They were people with all kinds of political backgrounds or with none at all, but believers in democracy, who felt that the establishment should not always be allowed to get away with it. That was a humbling and inspiring experience.

That is why, some 18 years after the events of which we complained began, 15 years after we registered our objection with the auditor, 10 years after he produced his provisional findings of "disgraceful, improper and unlawful" gerrymandering in Westminster, eight years after he published his formal findings of "wilful misconduct", seven years after the High Court endorsed those findings, three years after the Law Lords pronounced on what they judged to be

"a deliberate, blatant and dishonest misuse of public power"

amounting to "political corruption", and a year after the European Court of Human Rights rejected Shirley Porter's final legal campaign as "manifestly ill-founded" and "inadmissible", we still seek justice and the vindication of our systems of scrutiny and redress in Government—in local government in particular. After all this time, we still despair of achieving either of those in full.

It is worth reminding ourselves that the "homes for votes" scandal was not just about gerrymandering electoral results; it was systematic political corruption to the point where the pursuit of power overwhelmed any sense of responsibility in the exercise of it. Chilling instructions were issued by political leaders to officers of the council to be "mean and nasty" to vulnerable people in the community—and they certainly were. Housing and planning policies in particular were bent to a political stratagem, which decimated long-established traditional working class communities and dispersed them to the four winds. Hostels intended for the homeless were sold off and gentrified. Homeless families were forced into asbestos-ridden tower blocks, in the name of building a stable Conservative majority in Westminster.

All that was obvious to Labour councillors, to community activists and to many journalists while it was happening. However, the administration was protected by secrecy, concealment and obstruction—as the district auditor found when he tried to investigate those affairs. The judges in the Court said that Shirley Porter and her acolytes had

"lied to us as they lied to the auditor."

The stratagem was reliant on the acquiescence, if not the active connivance, of the Government of the day. Now, when it seems that at least some of the £42 million surcharge for which Shirley Porter is liable will be recovered, we are confronted with the same lack of accountability, the same concealment and secrecy—and it is just as unacceptable now.

Over the past few years, Shirley Porter has defied public opinion, the findings of the auditor and the judgment of the courts, while she cruises between luxury apartments in Israel and Florida. On 24 April this year, in a statement released to the press just as the Sunday papers were going to bed, she said:

"I have decided that it is time to bring this case to an end, despite my belief that I did nothing wrong."

What breathtaking arrogance! She has now decided that she is prepared to pay £12.3 million of a £42 million surcharge. She is establishing a new legal principle that felons should set the tariff for their own misdemeanours. If we accept that precedent, we can negotiate our own sentences when we do wrong, and rip up our parking tickets if we object to them.

Westminster city council's chief executive said that hard bargaining had taken place on both sides, as if such bargaining were acceptable. It should be remembered that the bargaining into which Shirley Porter and her advisers entered was with her protégés on Westminster city council, because some of the leading figures in Conservative Westminster now were her lieutenants during her reign of terror in the mid '80s.

There is another important principle. Surcharge is not a sentence or a tariff, but a calculation of loss and deficiency caused by the unlawful policies that Shirley Porter pursued. If £12.3 million is accepted as a full and final settlement of a surcharge of £42 million, there will be a £30 million loss to the public purse.

I have had a lengthy, revealing and profoundly disappointing correspondence with the chief executive of the Audit Commission, Steve Bundred. He has confirmed that the Audit Commission was party to the negotiations between Shirley Porter and Westminster city council—not so much in the public interest, as in order to recover its own costs, which amount to about £1 million. Mr. Bundred told me in writing:

"I am fully satisfied that the settlement was equitable and a good outcome."

The question is: for whom is it a good outcome—for Westminster city council and its council tax payers, for the Audit Commission, or for Shirley Porter? Is it credible that £12.3 million is all that Shirley Porter has access to? I use the word credible advisedly; should we believe a word that she says? Her record is not impressive.

[Peter Bradley]

On 28 December 2001, the courts awarded a freezing order that obliged Shirley Porter to disclose her assets, and restrained her from

"in any way dealing with or diminishing the value of her assets worldwide whether in her own name or owned beneficially by her and whether solely or jointly owned up to the value of £33 million."

It warned her that if she failed to comply with the freezing order, she would be

"in contempt of court and liable to imprisonment, fined or her assets seized."

On 9 January 2002, Shirley Porter disclosed in a sworn affidavit that she had no more than £300,000-worth of assets worldwide. Then, according to the *Daily Mirror*, she went on a £90,000 cruise in the Pacific. The Metropolitan police are now investigating whether she committed perjury and are seeking the view of the Crown Prosecution Service on whether there is sufficient evidence to pursue a prosecution. Belatedly, in February 2003, a disclosure order was awarded that she should reveal her control of or interest in worldwide trusts. She failed to comply with that order. By July 2003, Westminster city council had paid lawyers some £400,000 to track her assets—and recovered £3,000 and a gold-plated toilet seat.

On 30 June 2003—exactly a year ago today—the "Today" programme broadcast evidence of sales of Tesco shares to the value of £1.2 million, in which Shirley Porter had an interest, which took place on 14 May 2002, just a few months after she had disclosed assets of no more than £300,000. The programme had come across e-mails that revealed offshore companies in the British Virgin Islands and what was assessed as £34 million in Guernsey bank accounts. Those e-mails also revealed that she had made loans to her son of £1.5 million and that he was asking for another $2 million to get him out of trouble. The "Today" programme had discovered more in two weeks than Westminster city council and its expensive lawyers had discovered in two years.

After that broadcast, and the reports that appeared in national newspapers, it was estimated that Shirley Porter's wealth was anything between £60 million and £400 million. Now we are told by Westminster city council and the Audit Commission that the proposition before the council is the best achievable deal. We have not been told that by Shirley Porter, and that is not surprising because she has done everything she can to evade justice and proclaim her innocence in defiance of the facts. Suddenly, she decides to hand over £12.3 million that she said she did not have, and we are expected to accept that the deal is in the public interest.

The problem is that we are in no position to judge, because Shirley Porter and Westminster city council have signed a confidentiality clause that obscures the details of the contract. The Audit Commission, with a remit to ensure probity, transparency and accountability in public finances, is a party to that clause. That means we can only speculate about the basis of the deal. I speculate that Shirley Porter recognises that the only way to unfreeze her assets is to pay off Westminster city council with a fraction of her worldwide wealth in order to release the rest for her to access. No doubt the trustees who sheltered her funds in the Virgin Islands and elsewhere have demanded the anonymity of the confidentiality clause to conceal their role in the affair.

I may be wrong, but by the time we know—if we ever do—it will be too late. The deal becomes unconditional on 1 July: tomorrow. When it does, it is a "full and final settlement"—a quotation from Audit Commission correspondence. If it transpires that Shirley Porter has again lied about her assets, it will be too late. If she inherits a substantial fortune, which is not impossible, it will be too late. None of that newly found or newly discovered wealth will be attachable to the deposit of £12 million on a £42 million liability. By then the clause will have served its purpose, and she will be laughing all the way to an un-numbered Swiss bank account.

I find it shocking that the Audit Commission should be party to that arrangement, entirely on the basis of the chief executive's sanction. As he has confirmed in correspondence with me, the commissioners, although advised of its progress, have not seen the terms of the agreement.

Section 15(1)(a) of the Audit Commission Act 1998 confers a right on individuals to

"inspect the accounts to be audited and all books, deeds, contracts, bills, vouchers and receipts relating to them".

On 19 July, Westminster city council's books will be open, and I and others will have the right to inspect them. Even if that statutory right sets aside the confidentiality clause, however, it will be useless because whatever we discover we will discover too late. Shirley Porter will have bought her freedom from any further liability. All parties to the deal, including the Audit Commission, know that.

I now turn to the role of the Conservative party in these affairs. I gave the right hon. Member for Suffolk, Coastal (Mr. Gummer) an opportunity, as I have done many times before, to attend and contribute to the debate, and I accept that he has a long-standing engagement that prevents him from being here. For that reason I will curtail my comments involving him.

David Winnick (Walsall, North) (Lab): As my hon. Friend has said, the deal is shameful. When we raised the matter repeatedly in the Chamber before 1997, Conservative Ministers and, indeed, the Prime Minister of the day, said that if Shirley Porter were found guilty after all legal processes had been exhausted, they would make a statement. However, they refused to condemn her in the meantime. Legal processes have now been exhausted, but there has not been one word from the Conservative party, and that, too, is shameful.

Peter Bradley: I thank my hon. Friend for his comments; he has anticipated the point that I am about to make. He gives me the opportunity to pay tribute to him and many other parliamentary colleagues for the support that they gave us before I was elected to this House, when we were fighting what seemed a losing battle against the establishment of the day to reveal the wrongs and to seek to right them. His role was prominent, and we are grateful to him.

My hon. Friend is right to say that one of the most extraordinary features of this long-running pitiful saga is the fact that in all the years since, and particularly in the 10 years since the district auditor published his

provisional findings, not once has a senior figure in the Tory party condemned what Shirley Porter and her administration did in the name of their party—not John Major, not the right hon. Member for Richmond, Yorks (Mr. Hague), not the right hon. Member for Chingford and Woodford Green (Mr. Duncan Smith), and not the current Leader of the Opposition.

It is a fact that the Conservatives in Westminster city council, that flagship Thatcherite council, could not have done what they did without the connivance of the Government of the day. Ministers at the highest level knew exactly what they were up to. Let me quote from a letter that Shirley Porter wrote on 19 December 1986 to Margaret Thatcher, the Prime Minister of the day:

"We in Westminster are trying to gentrify the City. We must protect our electoral position which is being seriously eroded . . . I am afraid that unless something can be done, it will be very difficult to keep Westminster Conservative!"

I do not consider that an appropriate letter for the leader of the council to write—on council notepaper, I assume—to a Prime Minister.

In March 1990, lobbyists employed by Shirley Porter reported to her that:

"John Gummer is the most alert of Ministers to political nuances . . . Gummer is said to be angry that the D of E officials had failed to understand the real and political consequences of the redistributive effects of the community charge".

Shortly after that, the anticipated community charge that Westminster was to levy was reduced from £429 to £195—much to the chagrin of other Conservative authorities throughout the country.

By the time the district auditor published his report, the right hon. Member for Suffolk, Coastal was Secretary of State for the Environment. He cannot have forgotten—nor, indeed, has my hon. Friend the Member for Walsall, North (David Winnick)—what he, and the then Prime Minister, said in the House of Commons. Let me quote three of the seven assurances that the right hon. Member for Suffolk, Coastal gave the House. In 1994, he said:

"In the end, if any of the allegations are found to be true, I will, as I have said unreservedly and without distinction between political parties, condemn them"—[*Official Report*, 13 January 1994; Vol. 235, c. 349–50.]

In 1996, he said:

"I have made it clear that I would condemn utterly any failure to meet the highest standards of propriety, whenever it is found and whoever is found guilty."—[*Official Report*, 9 May 1996; Vol. 277, c. 367.]

Again in 1996, in case we had misunderstood him earlier, he said:

"when wrong is done and proven beyond reverse, it should be condemned, and I would be the first to condemn it."—[*Official Report*, 14 May 1996; Vol. 277, c. 863.]

He may not have been the first to condemn, but today I tried yet again to give him the opportunity at least not to be the last. I accept that he cannot be here now, but I do not accept that he has had no opportunity to redeem his pledge, either in the past or during our lengthy correspondence over 18 months. If he did redeem it, as my hon. Friend and I have made clear, he would be unique in his party.

Finally, I want to put some direct questions to the Minister. Is she satisfied that less than one third of the surcharge imposed on Shirley Porter is to be collected? Is she content that, even if Shirley Porter is found to have more assets, or inherits more assets, they will not be recoverable? Does the Minister believe that this is the best deal that can be struck with Shirley Porter and, if so, on what basis does she think so? What does she know about the details of the deal?

What is the Minister's view of the Audit Commission's agreement to be party to the confidentiality clause, and on the way in which the commission has made its decisions? What has she to say about the rights of individuals to object to, and seek remedy for, the accounts of Westminster city council if the deal is done? Will she ensure that even at the eleventh hour the proposed deal is suspended so that she can be satisfied about this matter, and the current police investigation can be completed?

It is interesting that the title that has been chosen for this Adjournment debate is "Dame Shirley Porter". That is not the title that I gave it, but the House has decided otherwise. Is it not obscene that Shirley Porter continues to boast the award of the title of Dame of the British Empire on the basis of her services to local government? Is that not an insult to those who have earned their distinctions? When will that wrong be righted? Shirley Porter was responsible for the worst, most cynical and callous, and most costly, conspiracy of political corruption in this country in the modern age. Is she really going to be allowed to have the last laugh?

4.21 pm

The Parliamentary Under-Secretary of State, Office of the Deputy Prime Minister (Yvette Cooper): I congratulate my hon. Friend the Member for The Wrekin (Peter Bradley) on securing the debate, and on the huge amount of work that he has done to pursue justice on behalf of people in Westminster over many years.

The case of Dame Shirley Porter and her colleagues in the "homes for votes" scandal has been a blot on the reputation of local government. My hon. Friend has also set out clearly the failure of many senior Conservatives, at the time and since, to condemn the events that took place, and the deep unfairness and injustice of what happened to those who lived in the Westminster area at that time.

My hon. Friend and his colleagues have played an important role in the saga from the very beginning. They first raised an objection to the accounts of Westminster city council in July 1989, and have followed all the twists and turns of the case, through the auditor's consideration and judgment and the numerous legal cases, to the final decision of the European Court of Human Rights in April last year. That settled the last legal issues once and for all, and finally confirmed the auditor's judgment of wilful misconduct and the surcharge that he placed on those concerned. The amount of the surcharge reflects the scale of the misconduct.

All of the surcharge, including interest, is a debt due to Westminster city council, which has a duty to act in the interests of its taxpayers in pursuing the debts. I understand that it has reached an agreement with Dame

[Yvette Cooper]

Shirley Porter for a final settlement of £12.3 million, which is due to be paid tomorrow. An agreement with David Weeks, who was deputy leader of Westminster city council at the time, is still being pursued. I understand my hon. Friend's concern that the settlement does not reflect the full amount of the surcharge against Dame Shirley Porter. She originally faced a judgment debt of some £27 million, plus interest and costs. My hon. Friend has described some of the things that happened, and the fact that the council has needed to trace and freeze assets, many of which have been moved overseas, as part of the process.

My hon. Friend raised a series of questions in his speech. As he will know, my right hon. Friend the Minister for Local and Regional Government and the Under-Secretary of State, Office of the Deputy Prime Minister, my hon. Friend the Member for Corby (Phil Hope) deal with many of these issues in the Department. They are on the Front Bench for the debate taking place in the main Chamber as we speak, but I will do my best to answer the points made by my hon. Friend the Member for The Wrekin, and if I miss any issues, I will ensure that I raise them with my colleagues so that they can respond to him further if need be.

My hon. Friend asked about the nature of the settlement that has taken place. The Department has no powers to intervene in the settlement or the judgment. It is a matter for Westminster city council to make a judgment about the settlement and to decide its appropriate level. We have no powers to intervene, to influence the council's judgment or to compel the parties to provide us with information. It would not be appropriate, therefore, for the Government to take a view on the fairness or otherwise of the settlement.

Westminster city council must account for its decision. Its judgment will be subject to audit scrutiny in the usual way. That will fall to the current appointed auditor, Derek Elliot, who will follow the procedures for ensuring that his responsibilities are carried out. Should he determine that any matter should be reported in the public interest, he will need to take action. My hon. Friend expressed his worry about the chance for individuals to protest. I understand that it will be possible for individuals to express worries to the auditor at the appropriate time, as part of the audit scrutiny process, and I shall be happy to provide him with more information about that process.

My hon. Friend also referred to the Audit Commission's involvement in the settlement. I know that he has also raised the matter with the Audit Commission directly. As he will know, the appointed auditor at the time—John Magill—was the person responsible for investigating the objection to Westminster city council's accounts raised by my hon. Friend and his colleagues in 1989. Following a detailed investigation and a public hearing, he determined in May 1996 that Dame Shirley and her colleagues were guilty of wilful misconduct and subjected them to a surcharge of some £31 million.

The legal challenges to the appointed auditor's original judgment on the objection to the council's accounts in 1989 incurred significant costs; the Audit Commission is liable for those, and is supporting the appointed auditor in defending his judgment. The costs were added to the debts of Dame Shirley Porter and her colleagues in the court's final judgments. The Audit Commission has therefore been responsible for pursuing the debts and has done so completely separately from its responsibilities for appointing auditors to the council.

Rather than pursue its debts separately, the Audit Commission combined efforts with the council, and that has resulted in the Audit Commission being party to the settlement that will be reached tomorrow with Dame Shirley Porter. Of the £12.3 million of the settlement, about £1 million will go to the Audit Commission. As a consequence, the Audit Commission is also party to the other terms of the settlement, including the confidentiality clause.

Again, it is not appropriate for the Department to take a view on the matter, as it is something about which the Audit Commission must make its own decision. I understand that it is content with the outcome of the settlement, but of course, its view will also be subject to the usual scrutiny of its own auditor, which is the National Audit Office, so that will need to be scrutinised, too. My hon. Friend has raised a series of extremely significant issues during the debate, and some important questions need to be answered by Westminster city council as part of the process. He is right to say that the saga of Dame Shirley Porter and the "homes for votes" scandal has been long running. It has taken much time to pursue justice, and it is important that people consider that justice should be done. It is therefore important that my hon. Friend's questions should be answered. He will understand that the Government do not have a role, or powers to intervene, in this matter; nevertheless, I appreciate the importance of his having raised it this afternoon.

Question put and agreed to.

Adjourned accordingly at twenty-nine minutes past Four o'clock.

Westminster Hall

Thursday 1 July 2004

[MR. EDWARD O'HARA *in the Chair*]

Elder Abuse

[Relevant documents: Second Report from the Health Committee, Session 2003–04, HC111, and the Government's response thereto, Cm 6270.]

Motion made, and Question proposed, That the sitting be now adjourned.—*[Dr. Ladyman.]*

2.30 pm

John Austin (Erith and Thamesmead) (Lab): I apologise at the outset for the absence of my hon. Friend the Member for Wakefield (Mr. Hinchliffe), the Chair of the Health Committee. All those who serve on the Committee and hon. Members generally will recognise that my hon. Friend is passionate in his concern for vulnerable people and has demonstrated that in both his political and professional career. He is very sorry not to be here, but he has an important speaking engagement with the Health Development Agency in Leeds and is unable to be with us.

This has been a short inquiry. The Health Committee has now decided that, as a matter of policy and in addition to its major inquiries such as that on obesity and the one on which it is about to embark on pharmaceutical services, it will conduct a series of short inquiries on important topics of the day. That puts an additional burden on members and also the staff of the Select Committee. On behalf of the Committee, I extend our thanks to the staff for the additional work that we have put their way and for the excellent quality of service that has resulted in an excellent report. It is also important to thank our advisers, Melanie Kenwood and Chris Vellenoweth, who have served the inquiry well.

In our introduction to the report, we refer to the death of Margaret Panting, a 78-year-old woman who died after suffering unbelievable cruelty while living with relatives, but that event cannot be dismissed as an isolated incident. During our inquiry, we heard horrific stories of various forms of abuse by positive and deliberate acts and by neglect.

In my local newspaper this week I read about the coroner's verdict on the case of 70-year-old Jean Bore who died in a private care home in a constituency neighbouring mine. Mrs. Bore had been admitted to hospital following a stroke in May last year, and in September was transferred to the care home. The following month, her condition had deteriorated and she was re admitted to Queen Mary's hospital, Sidcup, where staff were surprised at the extent and size of her bedsores and the consultant was shocked by her condition. During her five-month stay in hospital, staff had been able to prevent any bedsores developing, but during a short period in a care home she developed bedsores that were so horrendous that the coroner said that they had contributed to her death. He said in his verdict:

"The development of and delay in diagnosis and treatment of sacral pressure sore contributed to Jean Bore's death."

No wonder her son is calling for better monitoring of private care homes and regular checks on their residents. BUPA, which runs the home, said that the care fell short of the standards that it expects. Mr. Bore was right when he said that

"if this could happen to my mother, there's every chance others have been treated in the same way".

All of us know of incidents of elder abuse in our constituencies. I know that my right hon. Friend the Member for Manchester, Withington (Mr. Bradley) will want to comment on the Rowan ward in the Manchester mental health care trust.

That is why we must raise awareness of elder abuse and why we need effective systems in place to prevent abuse from occurring. The Committee has received evidence of various forms of abuse: physical abuse, such as slapping, hitting, burning, scalding, pushing, inappropriate restraint, inappropriate use of medicine, withholding medicine as punishment, lack of consideration, roughness when handling or treating people or helping them to the toilet, changing dressings and so on; psychological abuse, such as shouting, swearing, frightening, threatening, withholding or damaging something with emotional importance, and failing to deal with elderly people with the respect and dignity that they deserve; financial abuse, including stealing and fraud; sexual abuse; neglect, including failure to provide food, heating, adequate care or bathing; and neglecting care, such as the example that I gave of Mrs. Bore.

In some extreme cases there should have been criminal prosecutions, but that is rare and some witnesses referred in evidence to the lack of effort on the part of the Crown Prosecution Service. I hope that hon. Members will raise some of those issues during their routine meetings with their local police and criminal justice boards, and their regional CPS offices. I hope that the Minister will raise those concerns with my right hon. and learned Friend the Solicitor-General.

Our evidence showed that most abuse—67 per cent. was the figure quoted to us—occurs within the home. That is not such a surprising figure given that the majority of older people live at home. Other research suggested that almost half the abuse within the home is by relatives or friends and about one third by paid workers. Abuse in the home is difficult to tackle, and more often than not it goes unreported. In some cases the abuser, possibly a partner or sibling, may themselves be elderly. Research by Help the Aged showed that three quarters of older people who live with the person for whom they care receive no regular visits from health or social services and only one in 10 older carers receives regular home care.

Action on Elder Abuse told us that figures from its helpline suggest that 13 per cent. of abuse is carried out by care staff, domiciliary carers and home helps. Over the past 10 to 15 years, the nature of domiciliary care has changed considerably as local authorities have been required to stimulate the private market and encourage the growth of private sector provision. It has resulted in an explosion of small, often locally based agencies with little by way of regulations or statutory standards.

[John Austin]

It is easy to see how abuse can take place within the home and not be seen. Part of the evidence from Action on Elder Abuse puts it better than I can:

"Domiciliary care by its nature is based upon one-to-one relationships between (often) single workers and isolated, dependent individuals. Many of these workers provide excellent services and are valued and respected by the older people in receipt of their support and it would be wrong not to acknowledge this reality.

However, it is intrinsic to this service that such relationships are difficult to manage within professional parameters, and are certainly difficult to monitor and inspect. Home care staff who subscribe to good practices, whether as a consequence of training or supervision or personal values, are statistically in the majority. However, the very nature of the home care service lends itself to the potential for abuse because of the relationships that are established, the opportunities that present, and the isolated one-to-one relationships that are inevitably created."

That is why we need adequate training, support and supervision of the domiciliary care market.

The vast majority of workers and voluntary care providers provide a good service that is valued by those who receive it. However, we must recognise the personal toll and stress that it puts on informal carers, who often neglect their own health and suffer financial loss. We must not lose sight of the need for care and support for the carers, too.

What we have seen with domiciliary care is what we saw with residential care in the 1980s—an explosion of small private homes, some excellent but some providing poor quality of care with untrained staff and little stimulating activity. My hon. friend the Member for Wakefield described it at one conference as "wall-to-wall geriatrica". That sector has changed over the years with increased regulation and inspection, and I hope that the new Commission for Social Care and Inspection will build on the work of the National Care Standards Commission and lead to more improvements that are long overdue.

Despite these regulatory controls, the Select Committee was shocked to hear evidence of serious abuse in many homes. It included the inappropriate use of medication, often used not for the benefit of the elderly but to provide a quiet life for the staff. We should not ignore the dedication, commitment and concern of many professional care staff providing high-quality care services, but the new regulatory agencies, local government, the Government and local authorities' health trusts must do much more to raise awareness of the problem of elder abuse.

We have been in denial for too long. It is only in the past 20 years that we have spoken openly and acknowledged the existence and extent of domestic violence and child abuse. There is a growing awareness that such things take place, and often in the least suspected places. Teachers, nurses, general practitioners and staff in accident and emergency departments, as well as those working in voluntary organisations, neighbours and friends, are getting better at recognising the tell-tale signs of abuse in children and—mostly female—younger adults. We need to create the same awareness about elder abuse, and I believe that our report will assist in that process.

We need the Government to act, and many of our recommendations are aimed at them. However, we need action at a local level, too, and in this case Members of Parliament have a role to play. Our report can be used locally to raise awareness. My constituency is served by two local authorities and two primary care trusts. One is a first-wave care trust, and I discussed the report with it, as I know other Committee members will have done in their areas. In both boroughs in my constituency there is a well established multi-agency adult protection working group, which was set up following the publication of "No Secrets" in 1999, and after the Government's White Paper, "Modernising Social Services", which highlighted the issue of protection.

The role of the working groups is to ensure that all agencies work together to establish a robust system for monitoring and for investigating complaints, and to provide training in adult protection awareness and multi-agency training in investigating abuse. I examined the last report of the Bexley adult protection monitoring group. In the past year, it investigated 38 instances of alleged abuse—a considerable increase on the 29 instances of the previous year. The allegations related to several different conditions involving vulnerable adults. Of the cases of abuse investigated, 24 were of physical abuse, two were of physical neglect, five were of psychological abuse, three were of financial abuse and four were of sexual abuse. Eighteen of those cases occurred in the individual's home, four occurred in someone else's home and 13 occurred in a residential or nursing care situation.

The potential vulnerability of people in their own homes confirms the importance of the training offered to domiciliary agencies. The fact that 13 of the instances were alleged to have taken place in residential or day-care settings suggests that the strategy of providing awareness training to staff in such settings is also of great importance. I hope that the Department will encourage all MPs to engage with their local agencies in promoting the recommendations in our report. The report is timely because it comes on the eve of the introduction of the new protection of vulnerable adults guidelines and changes in the legal regulations.

I come to the recommendations of our report and the Government's response, which, in the main, has been positive. I hope that the Minister will understand if I concentrate on the parts of the response that I regard as negative. I am sure that my colleagues on the Committee will want to expand on my points. I am sorry that the Minister felt unable to accept our suggestion that the "No Secrets" definition of elder abuse should be extended to include those who do not require community care services. Such persons can still be isolated and vulnerable to abuse.

The Government's response to recommendation 3 about the need for multi-disciplinary research is welcome but I am concerned that the Minister has reservations about the figure of 500,000 elderly people experiencing abuse at any point in time. Despite the measures that the Government have taken since the 1992 study, my guess is that this is an underestimate and not an overestimate. I believe that the figure will rise, and continue to do so. That is not necessarily due to higher incidences but heightened awareness, systems for reporting and monitoring and more reporting in general, as we have seen in cases of child abuse, domestic violence and hate crimes.

Regarding recommendation 6, I welcome the continued funding for the Action on Elder Abuse helpline, and the recent TV and press coverage of the problem. On recommendation 7, we look forward to the outcome of the Commission for Social Care Inspection's consultation.

I welcome the acceptance of the need to train care staff as set out in our recommendation 8, but I feel that the response to recommendation 21 is rather too neutral. I appreciate that the Minister is not responsible for the content of nursing training, but I would have hoped that the Department would be in discussion with the Nursing and Midwifery Council on that issue.

The Parliamentary Under-Secretary of State for Health (Dr. Stephen Ladyman): It may help my hon. Friend to know that we have an appointment with the Nursing and Midwifery Council in two weeks to discuss that very issue.

John Austin: I am grateful for that comment. If care assistants need training in identifying abuse and how to deal with it, so do other carers such as nurses.

On recommendation 11, I regret that the Government are not able to accept our suggestion for more frequent reviews of medication. On recommendation 22, I am sorry that the Minister does not share our view that the formal complaints procedures may be inadequate to support older people and enable them to complain. Personally, I regret the Government's rejection of our suggestion that the proposed equality and human rights commission should be given enforcement powers as well as powers to assist, and act on behalf of, abused individuals.

On recommendation 26, I regret that the Minister does not seem willing at this stage to consider amending the national service framework for older people in line with our thinking. I hope he gives that further consideration. I had also hoped for a more positive response to recommendation 30 and the urgent need for registration of domiciliary and other care workers, which is one of the key ways of improving the quality of care.

On the whole, I hope that the Minister sees the report as positive; in the main, the Government's response has been positive, which I welcome. I have raised the issues of concern to me and my fellow members of the Committee, and those concerns are shared by a number of organisations. I understand that the Minister had a meeting earlier this week with Age Concern, Help the Aged, Action on Elder Abuse, the Prevention of Professional Abuse Network and the Community and District Nursing Association. Certainly, the latter has echoed to me the concerns about the more negative responses that I have highlighted. I hope he will share with us the discussions that he has had with those bodies and the outcome of that meeting.

2.48 pm

Mr. David Amess (Southend, West) (Con): This is a very difficult and sensitive area, but as ever the Health Committee has done a magnificent job in producing a report in such a short time. I hope that no one thinks that the Committee is any sense suggesting that it is the norm for elderly people to be abused. Such abuse is the exception. I will come back to that later.

Before coming here, I checked whether my office thinks that its own Member of Parliament is guilty of abusing elderly people. I say that because the chap running my office is aged 81. I looked him straight in the eyes and asked how I am treating him. He said that he willingly comes to work and enjoys it, and that, as far as he is concerned, I have a good record on the matter. The constituency that I represent is No. 1 out of the 659 in terms of people aged between 100 and 112, so, on a personal level, I have a great deal to do with elderly people.

I hope that no one will seize on the idea that the majority of care homes abuse the elderly people they look after. Years ago, elderly people were not looked after in care homes, but that has all changed. The modern way of living means that there are many people in care homes, perhaps because there is one family member who makes a decision or there are no family members at all. I have visited all the care homes in my constituency and, by and large, they all do a splendid job, but then you would expect me to say that, Mr. Deputy Speaker.

Care homes figure heavily in the report, and to me it is unfortunate that the National Care Standards Commission has laid many duties on them, because the love and support that the proprietors and their staff give to elderly people is necessarily infinitely more important than whether the room is 2 in too small. The training of staff is also absolutely fundamental. I would be interested to hear from the Minister something further about whether the Government might look carefully at the training of people who work in care homes.

The overwhelming majority of people who work in care homes are not terribly well paid, but special skills are needed to look after elderly people. One must have bags of patience—what I am about to say will result in many letters being written—as they are a little like babies or the very young. Several bodily functions have to be attended to, and I have heard relatives complain about the care given to elderly people. Given the pressures and stresses, it is a challenge to meet all the demands of elderly people. That is why our report tries to define elder abuse. Perhaps we will hear later whether we have come up with the real definition and one with which the Government are comfortable.

We hear of children being abused, but we do not hear quite so much about elderly people being abused. Elder abuse is not a new phenomenon, as we have already heard. It has always existed, but there is more publicity about it now. Gary Fitzgerald of the charity Action on Elder Abuse gave evidence to the Select Committee inquiry, and made a sound point. He said that much is reported in the media about young children who have been abused—quite rightly so—but little is mentioned about elderly people who are abused even though such incidents are just as important and take place in private homes, care homes and hospitals each and every day.

Perhaps in one sense that is an exaggeration and a little tough, but the letters I get that are critical of hospital care tend to be about wards in which people are charged with looking after elderly people. Nine times out of 10, the complaint is that someone's mother wanted a commode but no one was available to produce one, or their dad had a cup of tea or a bit of food plonked in front of him and then half an hour or an hour

[Mr. David Amess]

later it was taken away and there was no one to coax him. Such services are not easy to deliver. Perhaps the Minister will touch on that point.

Mr. Fitzgerald stated that

"we know about Victoria Climbie, we know what happened to her, we know of the abuses, but many, many of us do not know about Margaret Panting and the difference between them is 70 years."

She suffered the same number of injuries and the same sorts of abuse, but her case was not publicised in the same way as the one involving a child.

The summary of the report states:

"Abuse of older people is a hidden, and often ignored, problem in society."

That was reiterated in the introduction to the report. Gary Fitzgerald stated:

"The voice of older people is rarely heard by those who have a responsibility for commissioning, regulating and inspecting services."

Towards the end of my speech, I shall tell the Minister about an excellent advocacy service in Southend, West.

Like other colleagues on the Committee, I was shocked to hear about Margaret Panting. The local community apparently knew about what was going on, but Mr. Fitzgerald raised a poignant issue in saying

"as a nation we do not"

know about elder abuse

"and that does pose the question: why is it that we do not know about these things with elderly people?"

We cannot ignore the issue, which is why I was delighted that the Committee decided to hold the inquiry. It was not my idea, but I think we produced a valuable document.

Our report says

"it is misleading to talk of elder abuse as a single phenomenon."

The Committee came to the conclusion that abuse takes place in all manner of environments and ways—in nursing homes, hospitals and the person's home. In 35 per cent. of cases, the form of abuse is physiological, in 20 per cent. financial and material, in another 20 per cent. physical, in 10 per cent. neglect and acts of omission, in another 10 per cent. discriminatory, and I am glad to say that it is sexual in just 2 per cent. of cases.

It is disturbing that 67 per cent. of all cases of elder abuse take place in the person's home. Quite how any Government can monitor that, I am not sure. The abuse happens behind closed doors, with a care worker or a district nurse providing one-to-one care—domiciliary care. That is the most common form of abuse, yet it is difficult to detect and to combat. All political parties now think that if an older person wants to stay at home for as long as possible, they should do so, yet here we are with those frightening statistics.

Another worry is that there must be far more cases of abuse than are reported to the authorities. The Committee recommended that awareness of elder abuse should be increased. Highlighting a problem is a way of combating it, as people would be more inclined to report abuse. Yes, all that is true.

I am delighted that the Government are taking abuse in domiciliary care seriously. The helpline run by Action on Elder Abuse, which the Government fund, is providing a central point for vulnerable adults to talk through and report their concerns. The draft Mental Incapacity Bill will make a new arrestable criminal offence of ill treatment or neglect of a person without capacity.

Elder abuse is being put in the public domain for the first time and I welcome that. Local and national newspapers and television also highlight such matters. On 27 April, *The Times* ran the headline, "The seasoned campaigner Erin Pizzey aims to stop the abuse of old people by their children or carers". The *Daily Record* came out with a similar report on 29 April in a letter from Mr. O'Hare. That is all in our report.

The BBC "Panorama" programme broadcast in November 2003 used an undercover reporter. Some of us may have doubts about that method of investigation, but there we are. "Panorama" showed how vulnerable elderly people who use care homes are. I saw the programme myself and it did not show matters in a good light. Newspapers and the television are certainly great avenues for highlighting the abuse, but as parliamentarians we have a serious duty to ensure that elderly people, who have done so much for us all, are properly protected.

The Minister gave evidence to the inquiry, saying:

"I do not dispute that it is a very significant problem and there is a very significant number of elderly people who are now abused."

He mentioned a figure of 500,000. During his evidence session with the Committee, he said that Ogg and Bennett used a very wide definition of abuse and that that is not helpful. He insisted that, because the figure of 500,000 is an extrapolation from the 1992 figures, it assumes that nothing has been done to improve the situation since 1992.

The Minister then suggested that the figure is probably lower than 500,000, but he did not dispute the fact that there is a significant problem. I must say that the Department of Health might have made more recent figures available if something has been done. No doubt there is an answer to that.

Given that 500,000 elderly people in England suffer abuse at any one time, and even if the figure is lower, as the Minister suggests, the Committee is right to be perplexed about why the Department of Health has not commissioned research to establish exactly how many elderly people suffer abuse. Recommendation 29 says that the Government should commission research to ascertain the extent to which elder abuse is a problem in our society.

We know that 500,000 elderly people are being abused, but those are only the cases that are reported to the authorities. I am therefore very pleased that the Government's response to the Committee's inquiry was recently to begin to fund Action on Elder Abuse and to explore the possibility of having a national recording system for the incidence of adult abuse. Before we can tackle the problem, we need to be clearer about its scale. Recording data would be a useful first step on the road to dealing with the problem, and I welcome the commissioning of that research.

The Committee strongly endorsed the suggestion that advocacy services for older people be made available to tackle elder abuse. The availability of such services throughout the country is hit and miss. The number of

people with Alzheimer's disease, senile dementia, or whatever else one wants to call it, and the number of people suffering from strokes is increasing, as is the number of elderly people in my area who have no relatives. Those people need advocates, and advocacy services should be made more available to them.

Southend, West is very lucky to have a wonderful service called the South East Essex Advocacy Service for Older People, which is funded partly by staff and partly by volunteers. The Health Committee recommended that the Government take steps to facilitate the network of existing voluntary and non-voluntary organisations. Those organisations do a marvellous job, but they constantly struggle to secure funding. So often, the local authorities make a grant, but say that they do not receive enough money to fund all the duties that are placed on them.

This is not stated explicitly in the report, but I hope that the Government will do all that they can to ensure that such organisations are given at least the hope of proper and adequate funding so that they can carry out their essential work instead of using their time to fight to secure funding so that they can stay afloat.

Elder abuse is a real problem. It should not be exaggerated, but we need to act now before it gets out of hand. The report is an excellent start, and we are all delighted with the Government's response. The problem of elder abuse is now in the public domain, and it is up to us, as parliamentarians, to keep challenging the Government to see how we can best tackle it before it becomes too serious.

3.4 pm

Mr. Keith Bradley (Manchester, Withington) (Lab): My contribution to the debate will be brief, because my hon. Friend the Member for Erith and Thamesmead (John Austin) has already laid out the Select Committee's recommendations brilliantly and has made the point that I specifically wanted to make about the appalling situation that arose at Rowan ward at Withington hospital in my constituency.

My hon. Friend spoke about carers. It is relevant that carers week was only a few weeks ago, when many hon. Members attended meetings, had visits and recognised, through a variety of activities, the incredible amount of informal caring that goes on. Informal caring is estimated to save the taxpayer about £60 billion a year—if that saving can be calculated. Therefore, in our discussions about care in the community, care in the family home and care generally, we parliamentarians have to recognise the huge amount of activity that goes on on our behalf. We must also do more to support carers, particularly by providing respite care, because they cannot keep caring for others at the level and quality that they do if they are not properly cared for themselves. I wanted to reiterate that point, because I do not think that we should ever forget the amount of caring that goes on.

What happened at Rowan ward was particularly appalling elder abuse—it was appalling for the patients and for their relatives. We must learn lessons from that where abuse is taking place in national health service establishments. Regardless of the arguments about numbers, I hope that the problem is not prevalent in the NHS, but we must look carefully at what happened at Rowan ward to ensure that it cannot happen in other NHS establishments.

Our report referred to Rowan ward. Recommendation 10 states:

"We recommend that the Department reviews the frequency and effectiveness of the inspection of NHS establishments providing care for older people. We also recognize the importance of lay personnel having an input into the inspection process and urge that further measures are taken to increase user engagement. We believe that lay visitors, by talking to residents informally and alone, are more likely to obtain information about abuse from embarrassed or frightened victims. Further measures may need to be introduced to make staff aware of their responsibility to report abuse and to allow them to do this in a confidential manner."

I believe that the Government are sympathetic to that recommendation, but we must turn that sympathy into real action, because if the essence of that recommendation had been implemented at Rowan ward, there would have been a far better reporting system there, which would have allowed the problems to be identified earlier.

Our recommendations should be considered in relation to the recommendations of the Commission for Health Improvement inquiry into Rowan ward and those of the internal inquiry into the standards of care at Rowan ward. The CHI report states:

"There is an urgent need to strengthen management capacity and leadership at every level in the trust"

and that there must be

"executive capacity and vision in clinical matters",

which clearly need to be strengthened. It goes on to say:

"In any further major capital projects or reprovision development, the trust and health community partners must ensure that vulnerable services are not left isolated during the process."

Given the danger that there might be many such cases around the country and that, as the nature of hospitals changes, we are to reprovide secondary and community services, we must not forget the situation that arose in Withington—the final element of in-patient care was one isolated ward of vulnerable elderly people, left in the middle of a building site. We must be much more sensitive and caring about how we ensure that reprovision is in place and that it can be smoothly managed, so that we do not get into further situations that leave vulnerable people such as those in Withington at risk.

The other recommendation in the report was:

"The Department of Health should evaluate the process for consideration of applications for care trust status."

An underlying problem, which was highlighted in all the reports, was the robustness of the trust when it was first established, and its capacity in a relatively short time to manage mental health services and social care services for the mentally ill in a city such as Manchester. There is a duty on the Department of Health—and on all of us—to ensure that new trusts have the capacity to undertake the job with which we charge them, so that they can make new services available to their communities.

I fully endorse the view of my hon. Friend the Member for Erith and Thamesmead that we must ensure that the way in which services develop is recognised in the community. I am pleased to say that

[Mr. Keith Bradley]

there is now a new leadership team at the mental health trust in Manchester, including a new acting chief executive, Laura Roberts, who will, I hope, become the chief executive in the near future. The new management team—a chair is going to be appointed—has introduced a robust action plan to try to tackle the issues that have been identified as a result of all the inquiries into Rowan ward.

As my hon. Friend said, it is incumbent on parliamentarians to involve themselves in the process. We must be aware of problems that arise in trusts, so that we can bring them to the attention of the Department. We cannot just stand back and assume that all is well in our communities. If we have learned those lessons, we have paved the way towards ensuring that, at least in Manchester, the mental health partnership can provide high-quality care. We need to discuss matters with it, as I have done as a result of what happened at Rowan ward, and address the points that it believes need to be highlighted, as we have done in our abuse report. Situations are not static and we must keep reminding ourselves of the key issues.

There have been no prosecutions as a result of the problems that arose in Rowan ward and the subsequent investigation. The management have changed and key staff members have left the trust. However, relatives concerned about future care still query why nobody was prosecuted. The trust is clear that it must work closely with the police at the earliest opportunity, consult on concerns or suspicions and agree an investigation process wherever possible. Health services need to build a relationship with the police in respect of vulnerable adults, so that, rather than merely reacting to situations, they have a protocol and procedure that involve consulting the police at the earliest opportunity. Manchester would welcome such a development.

We mentioned in our report the delays in the protection of vulnerable adults register, a fact that the Minister recognised when he gave evidence to the Select Committee. The earliest possible registration of health staff is still a live issue. We have been given assurances, but I want to re-emphasise that aspect of the report. We have already heard about the need for health and social care staff to receive professional training in abuse matters. Unless there is mandatory training, so that staff recognise abuse as a key issue, they will not feel the confidence or have the ability to engage in the reporting and investigative process. I welcome the Minister's intervention, where he said that discussions will be taking place on the matter. However, I urge speed and effective action to ensure that we introduce such training at the earliest opportunity.

Specific legislation regarding vulnerable older people is also an issue. The Minister recognises that. It is similar to the protection of vulnerable children issue. We need to look at the way in which child protection issues are handled to see how that can be effectively replicated for adults. We need to look at the range of possible legislation, to consider what is in place now, to see where the gaps are and to ensure that there is a continuum of legislative framework with which we can ensure that vulnerable people can be properly protected. I am sure that the Minister will give some more thoughts on that matter.

Rowan ward was an appalling example and, as I said, I hope that it was not typical of care in national health service establishments and certainly not typical of the care that people receive from the health services in Manchester. However, on behalf of those vulnerable people and their relatives and friends, we must not forget what those investigations found—the weakness of the management, of the protocols and of the interrelationship with other agencies—to ensure that Rowan ward does not happen again. We should ensure that we learn the lessons and that the practice and procedures brought in as a result of our wide-ranging report into elder abuse are effectively implemented by the Government.

3.17 pm

Mr. Paul Burstow (Sutton and Cheam) (LD): I rise to speak in this very important debate on a subject about which a number of hon. Members have already spoken eloquently. They have expressed particular areas of concern from their own experience of the inquiry.

I start by echoing something from the evidence that we received during the inquiry; it was a telling point about our attitude as a society towards the abuse of adults and particularly the abuse of elders, compared with our attitude towards the abuse of children. The hon. Member for Southend, West (Mr. Amess) referred to the matter, which is also referred to in the evidence.

The sole difference between the cases of Margaret Panting and of Victoria Climbié is the 70 years that separates them and not the abuse they both suffered. One case produced a major national inquiry, convulsed the whole system and led to substantial change as a consequence; the Laming inquiry report and the Children Bill, which is currently going through the House of Lords. However, Margaret Panting's epitaph seems to be less. The case is now perhaps recognised in part through the Committee's report, but we require a substantial shift; not only in terms of the Government's approach to and thinking on the issue, but towards its being a more widespread issue of concern in society.

During the inquiry we were told that, as a society, we are still probably 10 or 20 years behind in our attitude towards, alertness to and awareness of elder abuse. I feel strongly that that is true. I understand the point that has been made by those who are anxious not to tar good practitioners of care—whether they are care home providers or domiciliary providers—with the brush of the abuser. However, it is also incumbent on us not to downplay the issue to the extent that we do not manage to provoke the necessary action to ensure that we have a clear picture of how widespread the problem is.

Although we have the benefit of the work done by Action on Elder Abuse and of the survey research done in the early 1990s, which led to the figure that 500,000 were being abused, and although the Government response has suggested that work will be done on national data collection on reporting of incidents, none of that deals with the fundamental concern of giving us a fix on the true prevalence of elder abuse.

Until we have established the necessary sound research methodology to do that, we cannot be certain that the reporting mechanisms are a reliable way of identifying and protecting victims of abuse. The systems may not be as robust as we should like them to be. I shall

shortly discuss aspects of the matter to which "No Secrets" is relevant, and some of the systems that have developed from that, which are particularly important.

The debate about the abuse of older people and other adults is still in the realm of the taboo. We do not have reliable statistics and there is still much denial in the care sector, and more widely. Often abusers do not recognise their actions as abuse. Will the Minister say more today about this to give us some confidence and hope?

Work is to be done in connection with the data collection system being discussed with Action on Elder Abuse; but what will the Government do to set up the research to give us confidence in the Minister's contention, made in evidence to the Committee, that the figure, suggested by research, of 500,000 people being abused at any one time is not reliable? Before that figure ceases to be used, we need to know that research is being set up. A sense of the time scale for that would be useful. The data collection that is proposed will give a much better fix on the tip of the iceberg but will not reveal its entirety.

The "No Secrets" definition has been referred to, and it is important to draw out the concerns about it. The fact that that definition does not apply beyond formal care must be a matter of concern, not least because of the remarks that have been made about the valuable contribution made by informal carers, and the fact that a large amount of care—probably the bulk of it—is provided outside the formal care sector. In addition to the 6 million carers there are many others who probably never even label themselves as carers even when asked about it in the census.

The Committee made recommendations about the fact that the regulations on domiciliary care do not require instant reporting, which is required for residential and nursing homes. The Government response argued that that is more difficult in a domiciliary setting, because incidents may occur when there is no responsibility for domiciliary care, raising the question as to whether there is a burden on a particular agency to report them when another agency may already have done so.

Part of my response to that would be that that is surely something to be dealt with by the multi-agency co-ordination to be established by "No Secrets". At least if the safety net has a few additional cords to it, resulting in multiple reporting of the same incident, we will obtain the information. However, if everyone thinks that someone else might be reporting it, we will not. Will the Government think further about regulations to impose on domiciliary care agencies a duty to report incidents?

I want to underscore what other hon. Members have said about training and the importance that the Committee placed on the absolute value of more and better training for staff, and refresher training. I welcome the Minister's news, in an intervention, that he will meet representatives of the Nursing and Midwifery Council in a couple of weeks. Perhaps, rather cheekily, I want to ask the Minister to explain not so much what the details of the discussion will be but by what mechanism its outcomes will be reported, so that the Committee can find out whether our recommendations and this debate have had any purchase in moving matters on.

Not surprisingly, perhaps, I want to say a bit about the inappropriate use of medication. I have been concerned about the issue for some years, and particularly since 1997, when I read a report by the Royal College of Physicians about the medication of older people. The inappropriate use of medication can reduce a person's quality of life, shorten their life or, in some cases, take their life. Over the past few years, I have asked parliamentary questions about the issue, introduced Adjournment debates in Westminster Hall about it and published a couple of reports on how far the Government have got in dealing with it.

Studies in Manchester, Glasgow, south London and Bristol published in peer-reviewed journals have also contributed to my anxiety about the issue. What emerges from them is that, on average, a quarter of nursing home residents are prescribed anti-psychotic drugs, and eight out of 10 of those who receive such drugs are the victims of inappropriate prescribing. What do those who undertook the research mean by that? They mean that the prescribing bears no relation to the condition that the person has; in other words, they gain no benefit from using anti-psychotics.

The studies also consider the issue of poor record keeping, which makes it hard to see whether there was a real purpose to prescribing the drugs in the first place. Beyond that, the studies examine whether adequate attempts were made to reduce the dosage of the drugs that were prescribed and whether there had been a medicine review.

Medicine review is one of the keys to unlocking the problem of the inappropriate use of medication, and the Committee explored the issue with the Minister, officials and others. It is worth bearing it in mind that the national service framework says that older people who are on less than three medications should have a medicine review every 12 months; if they are on more than three medications, they should have a review every six months. One piece of research that I looked at, which was drawn to the Committee's attention, showed that about two thirds of GPs did not have adequate systems in place to deliver those NSF goals. There are some interesting comments about that on page 8 of the response:

"The National Service Framework for Older People required that, by April 2002, everyone aged 75 or over should have their medicines reviewed once a year—every six months for those taking four or more medicines"—

I apologise for saying that it was three medicines. The response continues:

"The Medicines Partnership Taskforce has undertaken a review of Primary Care Trusts to determine the extent of medication reviews carried out as per the National Service Framework requirement. Results will be available shortly."

I hope that the Minister can tell us whether those results have come through or, if not, when they might be made available so that we can get our hands on them. It would be useful to see them.

The concern about reporting comes through particularly in the evidence that the Committee received from the then National Care Standards Commission, after its first look at medication reporting. In its first full year, the commission found that 1 per cent. of care home providers exceeded the medicine standards, 45 per cent. met them and 42 per cent. almost met them. We had an

[Mr. Paul Burstow]

interesting exchange with the commission about precisely what that meant, and we deduced that about half of the care homes in the 42 per cent. that had almost met the standard could not be dealt with easily or quickly and that a programme of work would have to be put in train. Some 12 per cent. of care homes—about 1,600—completely failed to meet the medication standard.

The Government's response suggests that the evidence this year shows an improvement, which is good. Again, it would be useful if the Minister could share a little more of that information on that. However, the commission told us that the majority of prescribed medicines used in care homes are provided by a GP because care staff, not users, ask for a repeat prescription. That is an interesting and significant fact. As the Government move down the road of pharmacy repeat prescribing, we need to be absolutely certain that the new pharmacy contract is aligned properly with the GP contract, to ensure that it, too, incentivises medicine review and that critical thought is applied to those repeat prescriptions.

Sandra Gidley (Romsey) (LD): Recommendation 12 says that

"a review of the medication of care home residents should be conducted by their GP every three months".

Given what my hon. Friend said about the changing role of pharmacists, does he agree that they would be in an excellent position to conduct a review if the problem is one of resources?

Mr. Burstow: Resources must one of the constraints on a GP's ability to take on the increased work load that would flow from the NSF. The new pharmacy contract should be fully aligned with the GP contract in that respect, so that pharmacists who deal with repeat prescribing are mindful of the need to review the prescriptions as well. The issue is not only about the volumes, but about whether the individual benefits. Pharmacists could play a useful role in that.

My concern about aligning the GP contract with the pharmacy contract relates also to recommendation 11 and the Government's response. Among the indicators in the contract, there are

"two that specifically incentivise regular review of medication."

They are:

"A medication review is recorded in the notes in the preceding 15 months for all patients being prescribed four or more repeat medicines (worth seven points)";

and

"A medication review is recorded in the notes in the preceding 15 months for all patients being prescribed repeat medicines (worth eight points)."

The Government's response says 15 months, yet the NSF talks about 12 months for people on fewer than four medications and six months for people on more than four medications. How do the terms of the GP contract fit with the NSF? How can we be confident that we are sufficiently incentivising the delivery of the NSF on the basis of the Government's response? It would be useful if the Minister said more about that.

Protection of vulnerable adults has been mentioned. I look forward to hearing the Minister talk about the NHS, which will be brought into POVA in due course. We had an exchange about that in the Committee, so will the Minister say where the Government are on rolling that out? Can the Minister say a bit more about the timetable for the General Social Care Council? The Government say in the response that they will hold a discussion with the council. When will that take place? As the Minister knows, the council is due to register about 60,000 people a year. However, there are about 1.2 million people in the work force, which would mean we would have to wait until about 2023 before everyone was registered. Having a clear sense of what the next priorities will be—the Committee thinks that they should include domiciliary care—would be useful.

One of the most interesting and illuminating things about "No Secrets" was the memorandum of evidence that the Department submitted as part of our inquiry. The Department referred to work that it had commissioned from the Centre for Policy on Ageing. On page 45 the report quotes the memorandum, which said:

"The analysis indicates that by and large local councils have met the requirements required by *No Secrets* and that considerable progress has been made towards improving co-ordination between agencies when dealing with adult abuse cases."

I have had a chance to look at the survey to which the memorandum referred; it contains a useful table at the back, detailing whether or not local authorities are compliant with various aspects of "No Secrets". Those details add to my concern about whether "No Secrets" really is getting sufficient traction on the ground in making the difference that we all want it to have.

For example, the designated lead officer across the organisations is someone with whom the buck stops for delivering "No Secrets". However, when the survey was published—in June 2002, I think—61 per cent. of respondents did not have a lead officer. That is a worrying statistic. The situation may have significantly improved in two years, but we are as yet none the wiser.

We have talked about training, which is a serious concern. When asked about

"Reference to existence of adult protection training plan",

79 per cent. of respondents answered in the negative, and when asked about

"Reference to production of available public information"

about plans to protect vulnerable adults, 86 per cent. had nothing to say. The hon. Member for Southend, West rightly talked about how we make people more aware of the problem so that we, as a community, can safeguard people. "No Secrets" does not appear to have the strategies in place to ensure that everyone knows what they should do if they suspect abuse so that they can report it to the appropriate authorities, who can then take action. At least, such strategies were certainly not in place in 2002.

I am sure that we would all agree that we want to prevent abuse in the first place. "No Secrets" states that 79 per cent. of correspondents said that they did not have a dissemination plan for a preventive agenda. More disturbing is the evidence of service development priorities identified around the preventive agenda; some 91 per cent. said that they did not have any. I entirely understand that the Department wants to reassure us and to give us the impression that it has a direction of

travel and is committed to dealing with the problem. I do not underestimate the Government's commitment or their desire to deal with the problems of elder abuse, but the memorandum of evidence gave too glowing a picture.

The "No Secrets" table, and plenty of other statistics that I could have given, show that we cannot be confident that we are making the progress on the ground that we want to make. That is why I am worried by the Government's response to the suggestion of a joint inspection of adult protection along the lines of "No Secrets", which was, "Well, we might do that in the future, but there is a whole host of other pieces of work that we will do first." Again, will the Minister say what sense of urgency the Government have, and what the time scales might be?

The hon. Member for Southend, West was absolutely right about the need for advocacy. That point arose in the context of the draft Mental Incapacity Bill, which will provide an opportunity to explore the matter further as it passes through this House. The evolution of advocacy services in this country seems to have been piecemeal. We should examine more closely what is being done in Scotland, which has developed an advocacy strategy at national level and is working closely with local organisations to develop grass-roots advocacy services. At the moment, living in an area that has advocacy services of a quality that meets one's needs is happenstance and a matter of good fortune. Not every area has them. They need to be provided universally to meet the needs of vulnerable people.

As I said at the beginning, the wider debate is about the attitude that we, as a society, have to older people and the language that we use. Our language colours our acceptance and our willingness to be as concerned about the abuse of older people as we might be about the abuse of children. I think of the words that are bandied about in television programmes, such as "grumpy old", "boring old", "silly old" and "dirty old". In this place, we use language such as "demographic time bombs". We do not use the phrase "bed blocking" quite so often these days, but it has been used. All that serves to turn older people into a problem rather than what they really are, which is members of society; citizens who have made a contribution and continue to do so. The best way of safeguarding older people is to change and to challenge how we, as a society, think about them.

The inquiry and the report have cast a spotlight on abuse. I hope that, after today's debate and the Government's response, the spotlight does not move on to something else. Too much about elder abuse is still hidden. The spotlight needs to stay on elder abuse until it is all exposed.

3.38 pm

Dr. Richard Taylor (Wyre Forest) (Ind): I, too, express my regret that the hon. Member for Wakefield (Mr. Hinchliffe) cannot be here today, but I thank the hon. Member for Erith and Thamesmead (John Austin) for introducing the debate so well. That does not leave someone who gets left until rather late in the debate with very much to add, but I do want to make several points.

We discussed the definition of abuse, but we did not describe the definition of "elder". In an idle moment, I looked for the definition of the word in a dictionary or two, and picked out my favourite—the 1907 edition of "Webster's" dictionary, which defines it as "advanced beyond middle age." I then looked up "middle age". In 1907, middle age was 30 to 50. A slightly more modern edition of "Webster's" was not quite so definite. It defined middle age as being

"between youth and old age."

It went on to quote somebody called Harrison Smith, who referred to

"that increasingly elastic expanse called middle-age".

I was relieved last week to see that middle age now extends to 69. So, there are only 16 members of the House who qualify at the moment.

I shall pick out only a few points. Abuse at home has already been mentioned by several hon. Members. Like the hon. Member for Southend, West (Mr. Amess), I was staggered to find that 67 per cent. of the cases of abuse that are recorded occur in people's homes. It is worth reminding the House that the report picked out the risk factors that help people to spot the fact that abuse might be occurring in a patient's own home. The first factor is isolation. Elderly people who do not get out and do not see other people are particularly vulnerable. There is also often a poor quality long-term relationship in the house, a pattern of family violence, and dependence of the abuser on the abused. The abuser may have a mental illness or a personality disorder, or there may be an issue with drugs or alcohol. So, there are certain pointers that mean that, with more training, people who come across such cases can pick up on abuse.

Inspection has been mentioned by several hon. Members. It came to my notice when several of my constituents who are on the list of recognised lay inspectors came to a surgery. They were very concerned that, with the change from the National Care Standards Commission to the Commission for Social Care Inspection, they were being neglected and forgotten. I asked a parliamentary question on the subject in 2003. Apparently, there was a pool of 84 trained lay assessors in 2002. In 2003, the number had declined to 77. My constituents were worried that their expertise was going to be lost.

In the inquiry, I was pleased when one witness—Tessa Harding, senior policy adviser for Help the Aged—said:

"I would say that I think lay involvement is absolutely essential. What we should be aiming to do is encourage open cultures. It is the closed culture, the closed institution that breeds the potential for abuse, not always abuse but at least the potential for abuse."

I was pleased to note that the answer to recommendation 10, which the right hon. Member for Manchester, Withington (Mr. Bradley) drew attention to, states:

"The Government values lay inspectors as do residents of care homes."

Lay inspectors are very important and I ask the Minister to push the new organisation, CSCI, to say how it will involve lay assessors and use the pool of trained lay assessors who are not necessarily being used at the moment.

Physical abuse by over-medication has also been mentioned by several people. General practitioners can gain points under the new contract for reviewing drugs, but I think that it says that the review has to be entered in the notes. How is it planned to check on that? Will there be a random or a systematic review of notes?

[Dr. Richard Taylor]

In recommendation 13, we raised the possibility of making more use of local consultant psychiatrists and physicians with an interest in the elderly. They should perhaps have had a more regular input into what is happening in residential and nursing homes.

We mentioned the possibility of GP specialists. I am worried about that, however, because whenever we have an inquiry we recommend that GP specialists should take on more of the load.

I was pleased about the mention of pharmacists, because they visit hospital wards more and more and check on medication. A visit from a pharmacist to a nursing home to go through the drug charts and pick up incompatibilities would be very useful.

Recommendation 40, while I am discussing the professional side, refers to GP retainer fees. I was rather puzzled by the Government's response, the final sentence of which states:

"However, where the management of a care home that provides nursing care requires the professional services of a doctor or other health care professional to assist in the management of their business, the Government believes that it is reasonable for the business to bear that cost."

My understanding is that GPs are not retained to assist in the management of the business.

On the complaints process, I support what has been said. It is quite unrealistic to think that an elderly person who is alone has a chance of talking to the patient advice liaison service or the independent complaints and advocacy service. In my area, ICAS representatives will go around and talk to people, but elderly people must know how and have the ability to get in touch with ICAS. That brings me back to the importance of lay visitors who go in during an inspection and see some of the residents on their own without anyone else being present.

Training was mentioned by almost every witness as being by far the most important single factor to come out of the inquiry. There should be better training in the recognition of elder abuse.

My final point concerns what happens in ordinary NHS hospitals. The hon. Member for Southend, West alluded to abuse by omission when food is just put in front of a patient who cannot eat it. I have had distressing examples drawn to my attention. One was of an elderly gentleman who sat sideways on a trolley, trapped in position by the cot side of the trolley. The only reason for that was that the overworked staff on the ward could not control that poor old chap in any other way. Elderly people are shut in side wards where they cannot get out.

I remember from my own experience real difficulties in controlling elderly, confused people who were wrongly placed on an acute ward. For the good of the other patients, who had recently had heart attacks and desperately needed a quiet night, the only way of controlling elderly, confused patients for the duration of the night was sedation, which, in the circumstances, was probably given not for the good of the patient concerned, but for the good of the other patients on the ward. There certainly needs to be more training in how to cope with such problems. A physician or psychiatrist who is interested in the elderly could be called in the next day to provide expert help.

The report has raised many important issues and has provided some good answers and some inadequate answers. I remind the Committee of the book by the hon. Member for Newport, West (Paul Flynn) entitled "Commons Knowledge" in which he sets out 10 commandments for Back-Bench MPs. The best is:

"Neglect the rich, the obsessed, the tabloids and seek the silent voices."

These really are the silent voices—the elderly and abused who live on their own in their own homes. If we can draw attention to these silent voices, we shall have achieved something.

3.50 pm

Sandra Gidley (Romsey) (LD): It is nice to be back with Health Committee members. I have missed you lot—life is not quite the same without our weekly get-togethers.

I recall a letter I wrote in my dying moments on the Committee. Someone wrote to me about a subject and asked me to put it forward as a suggestion. I wrote to him to say, "I'm sorry. I'm off the Select Committee now, but I will pass the suggestion on." I told that person to be of good cheer, because my successor is my hon. Friend the Member for Sutton and Cheam (Mr. Burstow),who is passionate about the subject. Without doubt, he will make a strong case. I do not know whose decision it was—

Mr. Simon Burns (West Chelmsford) (Con): The Committee's.

Sandra Gidley: I thank the hon. Gentleman. I am sure it was the Committee's decision, but the inquiry is nevertheless welcome.

Hon. Members have drawn comparisons between the Margaret Panting and Victoria Climbié cases. It struck me that cases of elder abuse may make the local paper—it is not seen as much of a story—but child abuse is headline news. Social workers are hung out to dry, people ask how such a thing could happen and so on. Sadly, society treats the two cases very differently. That is something we must address.

I am very impressed by the Health Committee's report, which contains some thoughtful and strongly worded recommendations. I would not have expected anything else. Am I being a little churlish in thinking that the Government response is just a little complacent and wishy-washy?

Mr. Burns: Very churlish.

Sandra Gidley: The hon. Gentleman says from a sedentary position that I am being very churlish. Well, I am not alone.

Mr. Burns: As a member of the Health Committee, I said that because I do not think that by any stretch of the imagination one could describe the issue as party political—except, perhaps, in respect of the Liberal Democrat party. There are times in politics when, if

only for one's self-respect, one should give some due credit if the Government issue a response that is meant to be helpful and is constructive in advancing the situation.

Sandra Gidley: I was intending to give some due credit to the Government, but I think that their response is not good enough. It may have its heart in the right place, but I do not think it is committed to enough action. I shall go through some recommendations and responses, and perhaps the hon. Gentleman will agree with me. In case he thinks that I am alone, I refer him to this week's *Community Care* magazine. The opening paragraph of one article says:

"The government is being urged to tear up its response to the health select committee inquiry into elder abuse and start again."

I am being quite mild compared to that. Action on Elder Abuse said

"the lacklustre reaction indicated a failure to 'hear or fully understand the difficulties and shortfalls within the current system'."

Dr. Ladyman: Like the hon. Member for West Chelmsford (Mr. Burns), I do not want to make the matter party political, because I think it is one where we share a lot of common ground, but the article the hon. Lady is referring to was no doubt prompted by the press release from Action on Elder Abuse of 23 June. Perhaps if she had done a little more research she would have seen its press release of 29 June, which is headed:

"Organisations Welcome DH Response at Meeting on Elder Abuse."

It pointed out that, having discussed the report, the organisation has revised its view and now realises that we are making major progress. It also said:

"We have all commended Stephen Ladyman's commitment to the protection of vulnerable adults and support him in the work he has undertaken so far."

Sandra Gidley: I wait with bated breath to see what next week's press release says. If that organisation is not enough, Gordon Lishman said that the response was "a bitter disappointment" and that

"the Government had taken the view that the existence of advice and helplines was an adequate response to the select committee's call for advocacy."

I do not wish to be churlish and I do not seek to make party political points, but we must examine the Government's response. There are cases where we all agree that the problem must be dealt with and we can legitimately question whether enough is being done. By asking those questions I got a positive response, such as the one a few moments ago. There is no problem with raising some of those issues.

I will canter—unless I get held up by interventions—through some recommendations that received an inadequate response. The hon. Member for Erith and Thamesmead (John Austin) agreed that extending the definition of elder abuse is a good idea. The Government's refusal to widen it means that they fail to understand the wider problem. As the hon. Member for Southend, West (Mr. Amess) pointed out, the Minister is unwilling to accept the figure of 500,000. The Government's response states that

"the Department of Health will continue to express reservations about the figure"

because of the wide definition.

I accept that some work has been done since the definition was produced, but we are into a circular argument because if one widens the definition, one increases the number of people who are suffering abuse according to the official description. The problem is that there are categories of abuse that the Government are unwilling to consider. The categories are, nevertheless, abuse at some level. It may be a low level, but if we do not intervene at that level how do we know that a higher level of abuse later on would not be prevented?

Recommendation 6 acknowledges that a great deal of abuse takes place in domiciliary care. The hon. Member for Southend, West legitimately highlighted the fact that the Government are rightly trying to encourage more people to receive care at home, if they wish. By the same token, those people are put in a vulnerable position. It becomes even more important that people in their own homes have almost greater protection than those in a care home, because in a care home—unless there is institutionalised abuse, which, I hope, is being eliminated—there are usually other people around to see what is going on, which adds checks and balances to the system. The same may not be true of a vulnerable older person away from their family who sees only the domiciliary care worker. Indeed, they may not have any close family.

I am not saying that all care workers are a problem. We must acknowledge that a small number pose a problem, however, and they should not be given any opportunities to abuse. I welcome the introduction of the protection of vulnerable adults scheme, but the work force lack knowledge of it. That was highlighted by a constituency case where something inappropriate happened not to an older person, but to a younger person. Nevertheless, none of the workers seemed to be aware that such a programme exists, so I would be interested to hear from the Minister what measures are being introduced to ensure that staff dealing with people are aware of it.

The Select Committee rightly acknowledged some inadequacies in regulation. It said that

"the failure of the National Minimum Standards for domiciliary care to require reporting of adverse incidents is an anomaly that should be removed."

That is one of the responses that I am very disappointed with. The attitude seems to be, "Well, hmm, let's not do this." For example, there could be an adverse incident that has nothing to do with the domiciliary care agency that is providing support. It could be inappropriate and burdensome for that agency to have to report the incident, particularly when family members or other agencies, including health professionals or the police, might have taken the necessary action. However, they might not.

[Sandra Gidley]

Would we take the same attitude towards children? I return to the opening gambit of many of today's speeches, because that attitude seems to be at odds with the response to recommendation 10, which talks about producing

"a policy pack to provide support to organisations in developing and/or reviewing whistle-blowing policies and procedures."

I think that we live in a culture where we sometimes look the other way and think, "Oh, somebody else will pick up on this problem." I want the onus to be on people to report a problem if they believe that there is one. As has been mentioned, we are talking about vulnerable people. We should provide every protection rather than providing get-outs.

I will briefly touch on training, which is often cited as a cure for the problem. The attitude is, "It's okay, because everybody will be trained." Of course training is good and I am delighted that the Government want staff, particularly in care settings, to be trained to NVQ level 2. In care, that level includes a compulsory unit covering elder abuse. That is good, but in relation to a parliamentary question I asked on 4 May the Government have no idea how many home-care workers have achieved that level and how many have yet to achieve it.

Work in various publications has highlighted the gap, and it could be some years before all staff have managed to access that training. We must bear it in mind that the care home sector is in a state of churn because of the low wages that have been alluded to. There is high staff turnover and an ongoing need for training. If the Government have any up-to-date figures on the percentage of workers in the field who have been trained, it would be useful to know what they are.

My hon. Friend the Member for Sutton and Cheam spoke at length about medication and covered some points that I was going to mention. There are two aspects to medication abuse. When I worked as a pharmacist years ago, the problem was intentional abuse—the administering to older people of medication to keep them quiet. We have come a long way since then. If people think that things are still bad, they should know that, in the early 1980s, nursing homes were able to order packets of 500 sedatives and dish them out willy-nilly, supposedly under the care of a GP. The previous Government rightly changed that. All prescriptions now have to be on a named patient basis.

Working with one particular home was illuminating for me. It had a high rate of dispensing—that was great as it provided lots of income for a pharmacist—of those medications. The home was taken over by new owners, who decided to review the medication. Practically overnight, they took most of the elderly patients off the sedatives. There were no adverse effects; the older people did not need them. Those medications were just being used as a chemical cosh. Clearly, that is a separate issue from the standard medication reviews of older people.

My hon. Friend rightly highlighted the fact that, last year, only 45 per cent. of care homes met the standard. He also rightly emphasised that the incentives for doctors do not match the criteria for older people in the NSF. We did some research to find out whether the situation has changed and sent out a survey to all the primary care trusts. We received a good response, but found out that 48 per cent. of the PCTs that responded were unable to provide information on the frequency of the review. Of the 50-odd per cent. that did, 65 per cent. said that they gave annual reviews to over-75s, and 72 per cent.—slightly better—said that reviews took place every six months if the person over 75 was taking four or more medicines.

I understand that the Government are to produce some new findings on that, but it is disappointing that this issue simply is not being addressed at the primary care trust level. I do not know whether that is because the target is not linked to money, but it is clear that the NSF is not having an effect in delivering care and the right services, which we all genuinely want people to receive.

Recommendation 16 deals with physical restraint. Again, I find no fault with it, but I was a little disappointed by the Government's response, which seems half-hearted. They say that it is up to the Commission for Social Care Inspection to publish findings and that further clarification would be helpful. Forgive me if I am wrong, but I do not believe that that is a very strong response. Perhaps the Government are active behind the scenes or perhaps it is the wording, but something inappropriate is being touched on and I would like a strong commitment from the Minister that efforts will be made to discover the extent of the problem, if it exists, and to address it.

I have already discussed mandatory training, but I want to mention nurses. Recommendation 21 says that all nurses and care workers should receive mandatory training of some sort. Again, I feel that the Government's response could have been better:

"Qualified nurses progress into specialist areas such as elder abuse services by undertaking post-registration specialist training."

All well and good, but that completely ignores the fact that someone who goes into medicine today and works in the acute sector will treat a much larger proportion of elderly people. The Government should make a strong recommendation to the Nursing and Midwifery Council that relevant training be a core part of the curriculum. In many ways, as with child abuse, people do not always know what to look for. Training on how to identify problems would be helpful in ensuring that adequate safeguards are put in place when people who may have been subject to abuse of some sort in a home setting return to that home.

I quote at my peril a comment from a discussion that I had with Dame Deirdre Hine, who is passionate about these issues. She said that anyone going into medicine these days needs to accept that geriatric medicine, as we used to call it, will be a core part of their business, because, on the whole, that is what they will deal with as people become healthier.

We may not have liked the patient advocacy changes, but some, although they are in a bit of a muddle, work well at a local level. However, I return to a figure that has been quoted a number of times: 67 per cent. of abuse takes place in victims' homes. I am not sure who is the advocate for those receiving domiciliary care services. I am particularly concerned because of the increased move towards direct payments, and the fact that those

do not seem to be adequately covered. It has been recommended that people providing services via direct payments be registered, but there is no compulsion.

People who access services by direct payment receive back-up of variable quality from county and city councils, depending on the individual dealing with them. Some are proactive and keep closely in touch, but—as I know from case studies that I have received—others leave people feeling slightly abandoned. They have been persuaded to go on to direct payments, but have found those difficult. They have coped initially, but when the person being cared for has deteriorated, the practicalities have made the situation more difficult. It is hard to know who the advocate is in such cases.

While I am on the subject of domiciliary care services, I have concerns about the consultation on relaxation of checks through the Criminal Records Bureau. In a care home, where people are appointed to oversee what is happening, there are checks and balances; other staff will spot a rotten apple. To allow a worker to go into a domiciliary care setting after minimum supervision, and then only ad hoc, is a matter for concern. It may be that the consultation has picked that up and it will not happen, but I would be grateful if the Minister clarified the situation regarding CRB checks in relation to domiciliary care. We need to provide more such checks and balances, not fewer.

May I talk briefly about the single assessment process? It is a good thing but, in the recent survey of PCTs, many reported problems in completing it. A couple of years ago, only one in five were completed within two days, about half in two weeks and just over 70 per cent. within six weeks. Only 44 per cent. of care packages were received within two weeks. If the Minister has figures to show that the situation has improved, they will be very welcome, because I believe that joining the services in the way that is planned can only be to the good. However, there are clearly concerns that delays in the system might tempt people to take short cuts.

Finally, I am delighted to learn that the POVA initiative will be implemented on 26 July. However, as the deadline has slipped a number of times, can the Minister confirm once and for all that that will be the date?

4.14 pm

Mr. Simon Burns (West Chelmsford) (Con): Like my hon. Friends and colleagues on the Select Committee, I welcome the report. The Committee was unanimous in its decision to embark upon it, following private discussions to which the hon. Member for Romsey (Sandra Gidley) was not privy. However, Liberals never fail to try to jump on a bandwagon and gain credit if they think that they can get away with it.

This is an important debate because, as many have said, at all levels—Government, police, newspapers and possibly here, too—the difference in the response to cases of child abuse and to cases of elder abuse is staggering. I suspect that that is partly due to naivety on all our parts. We simply do not, or did not, believe that elder abuse could be going on—certainly not on the scale that it seems to have been happening. That is why it is important that the report, debates such as this, Government responses and interested parties outside this building have focused attention on the matter. Together, we can seek to come up with ideas, and means and mechanisms by which to try to minimise or even to eradicate—if that is humanly possible, though that may be a little idealistic—the problem, which is a stain on any civilised society.

I shall concentrate on three main areas: definition, prevalence and the role of the CSCI in moving forward and seeking to minimise the problem in society, as it has an important part to play in that. Much has been said about the "No Secrets" report and its six definitions of elder abuse. I have noted the Government's response. I wish that they would be a little more adventurous with such definitions. The obvious ones—physical, sexual and psychological abuse, financial or material abuse, neglect, acts of omission, and discriminatory abuse—will come to everyone's mind but, as has been pointed out, the majority of care of the elderly is domiciliary, and that is potentially far more dangerous in terms of opportunities for abuse.

At least in a care home there are lots of people working together and lots of residents, so people are more aware of others' actions. It is much easier, for various reasons, for abuse to be carried out or perpetuated in a one-to-one situation in someone's home without anyone discovering the nature of that abuse. It may not be discovered because of victims' feelings of fear, low self-esteem or shame, even though the abuse is no fault of their own, and because they would rather keep quiet and have the matter swept under the carpet than face the difficulties that would come with exposing the perpetrator of the abuse.

Another form of abuse is the rapid change of people providing domiciliary care. That is a form of abuse because there is no continuity or security of service by one individual, who can build a relationship of trust and understanding with the client.

The Government are right not to expand the definition, so that it becomes almost meaningless because it has been diluted so much, but I ask them to remain open to the possibility of expanding, or fine-tuning the definition if and when it is thought to be relevant and useful to do so. I agree with the report's recommendation that the definition should be expanded to include individuals who do not require community care services but may have some assistance, particularly if they live alone in their homes. Abuse is not contained by any Government definition. That would be helpful.

The extent and prevalence of abuse is another problem. That is partly because people will not speak out for various reasons, and partly because of the nature and setting of abuse—with domiciliary care, in an individual's own home, for example. It can be difficult to detect, expose and stop abuse in such situations. That does not mean that we should not seek to do so, and to put in place mechanisms and procedures to expose such abuse, but it makes it much more difficult.

While we were taking evidence and during this debate, a lot has been said about the figure that has been bandied around of half a million cases of abuse. I have considerable sympathy with the Minister and the evidence that he gave to the Select Committee. It is intellectually ludicrous to use the figure of half a million as a fact when that figure was discovered, for want of a

[Mr. Simon Burns]

better word, in 1992 as part of a survey and was then extrapolated. That is no sound or scientific basis on which to try to quantify a problem.

The important thing is to move on from the figure and the way in which it was concocted and to ensure that there is proper research to reach a meaningful and realistic identification of the scale of the problem. If we do that on scientific and factual evidence rather than extrapolations that are 12 years out of date and were nighly suspect from the beginning, that will help to guide us on the ways in which we can move forward to the far more important issue. Rather than bandying around statistics, it is far more important to come up with procedures, policies and mechanisms to minimise the problem.

That is why I have more sympathy with the Minister than the recommendation in our report did—although I did sign up to the report. I welcome the Department's response to the matter, the money that it has given to Action on Elder Abuse, and the other measures that it has taken to try to expand our knowledge on a more factual basis. Anyone with any common sense would agree that that is the right way forward.

It is not simply a question of numbers and arguing about that. We must spend more time gleaning information on the ground to establish across the board the depth, extent and scale of the problem. In one of those areas, a great deal can be done. That is spelled out in paragraph 160 of the report, which states:

"We recommend that the shadow Commission for Social Care Inspection, the successor body to the National Care Standards Commission, should review its care home inspection methodology and ensure that where possible more conversation takes place with service users to validate their findings."

That is crucial. Often, as I go around the country visiting care homes, their owners, those who work in them and the residents, I hear their complaints. One of the complaints that comes up time and again, particularly from care home owners—it is a valid complaint—is that, under the National Care Standards Commission, when the inspectors went to inspect the homes, they spent far too little time speaking to the clients in the home, who of course have the greatest experience of the way in which they are being looked after.

It is interesting that paragraph 159 of the report states that Action on Elder Abuse

"recognised the contribution the Commission made to improving practice but considered there were inherent limitations on what could be validated through an inspection process. In their view, much of the inspection work of the NCSC focused on processes rather than outcomes."

That is a crucial observation. The report continues:

"They illustrated this by citing the NCSC survey of 100 inspection reports, randomly selected, which showed that in only 7 per cent. of cases had the inspector sought to validate what was being said by homes staff through conversations with service users. A similar view was put to us by Frank Ursell of the Registered Nursing Homes Association, who argued that the NCSC has been driven by reporting on policies, not by seeing if policies work."

That is a perspicacious comment, and there is a great deal of truth to it.

There is a danger that those involved in regulation and inspection go native and become more concerned with filling in forms and reporting on policies than with the more important issue of whether those policies are being carried out in the way that Parliament, the Department and its Ministers intended and are having the greatest impact on raising standards of care.

I have had discussions with the Commission for Social Care Inspection. I found it refreshing to come across an organisation—it is a new organisation, although a great number of its staff have many years' experience in the sector—with such a sense of openness. It is quite open about the fact that it is interested in raising the standard of care, so that individuals benefit, rather than in ticking off this and that on a checklist and stamping X hundred pieces of paper when they have been dealt with in the right way. Ultimately, the quality of the care given to residents is the most important thing.

It is important that we have a regulatory body that is responsible for inspection and that has an open mind. It is good that we seem to have a body that recognises, as it told me long before this debate, that speaking far more to residents in care homes and recipients of domiciliary care is critical to fulfilling its functions and achieving its aim of raising standards. In that way, it can find out about their experiences—what they get from the service, what they are happy or not so happy with, and how the service can be improved. It is good that CSCI, rather than just talking about such things, is actually prepared to go out and do something about them. Given its determined rhetoric, I have no reason to doubt that it will be successful. It is refreshing that, for the first time in a very long time, we have a body that has refocused itself on what I think we all agree should be its crucial role.

Sandra Gidley: I am grateful to the hon. Gentleman for giving way. He may be surprised to know that I agree. I have had similar conversations with CSCI, and I was similarly impressed. However, it is early days, and I have not yet managed to pick up a sense of whether the rhetoric and the ambition at the top are being translated into action at the grassroots level. Has he managed to reach any preliminary conclusions about that?

Mr. Burns: I am grateful to myself for giving the hon. Lady the opportunity to put her comments on record, because they show that she is following where I lead. I have spoken to CSCI's senior management, who deeply impressed me with their views about its direction, but I do not confine myself to talking only to the generals—I like to talk to the troops on the ground, too.

It is only early days and we should not forget that CSCI is a new body. However, it was taking on the role of an existing body, as well as some additional responsibilities, so its staff were not brand new when it started up and many of them have many years' experience in the care sector. Although it is early days, the message is going out loud and clear to the whole organisation that it is not the National Care Standards Commission but a new body, with some new responsibilities and a new head. The news is filtering down that it means business and means to work differently from the normal, stereotyped regulatory inspection body. It means to try to make a difference by

putting the interests of the clients first without compromising quality or standards. It will be concerned with ensuring that minimum standards are achieved, and with what is over and above that. That is heartening.

I do not want to prolong the debate unduly by rehashing what many others have said, but I have one more point to make. It is a plea about the protection of vulnerable adults. I assume that the Minister will confirm the commencement date of 26 July, given that it has slipped a month—what is a month between friends? However, I urge Ministers, as I have in the past, to be very careful. I think that they have learned from the experience of the Criminal Records Bureau.

No one doubts that safety is of paramount importance, along with the checking and vetting of people, so that unsuitable people do not work with a frail and vulnerable group. We are all united on that aim, but we may differ on how to achieve it. In the case of the CRB, the Government were warned that they were biting off too much too quickly and that there was not the manpower to carry out checks in the times that Ministers in Committee optimistically told us were enough.

Problems arose immediately and the CRB could not meet deadlines and targets and provide the necessary service. If checks that people need take ages and it is possible to earn more money per hour at Tesco, with less responsibility and fewer unsocial hours, most people will do that. To be fair, there have been improvements in recent months, after a rocky start, and more has been done to ensure that time scales are reduced for unproblematic checks.

To sound a cautionary note, I hope that, having learned from the problems with the CRB, we do not encounter similar problems with POVA after 26 July. I hope that it will be a seamless service that will run efficiently and smoothly, to the standards and at the levels that are anticipated.

We are all interested in what the Minister has to say in response to the issues, which, as we shall see if we read *Hansard* tomorrow, boil down to broadly similar ones for most hon. Members. We must never forget that we are concerned with a frail, vulnerable and elderly group in society, which deserves the respect, care and protection that the state can offer. We must ensure that, when the debate ends, the report, the Government's response, the high hopes and the calls for action do not gather dust on a shelf in the House of Commons Library and in the bowels of the Department of Health. We must carry on and ensure that the problems that have been highlighted are tackled, so that we can remove this stain on our society.

4.34 pm

The Parliamentary Under-Secretary of State for Health (Dr. Stephen Ladyman): Seldom have I agreed with so much that the hon. Member for West Chelmsford (Mr. Burns) has said; it is a pleasure to follow his speech. I shall make a few comments on it in a moment, but I particularly wanted to refer to what he said about the CSCI, which was also mentioned by the hon. Member for Romsey (Sandra Gidley). Both hon. Members are right; the CSCI is going to be a little more flexible and open, and focused on outcomes, in addition to fulfilling its regulatory responsibility. It has wider responsibilities than its predecessor. It inspects not only the providers of care, but the commissioners of care, which is a completely new arrangement. That gives it considerably more power and an extra opportunity that was not available to its predecessors.

The CSCI's predecessor, the National Care Standards Commission, has often been unfairly criticised. We sometimes forget that it took over the inspection regime that local councils ran previously. Each local council had its own set of regulations and inspectors, and took its own decisions about how rigorously it would enforce those regulations. The commission's job was to pull all that together and try to create one organisation, yet it had only two years for that; indeed, it was two weeks after the commission was established before an announcement was made. In the period in which the commission operated, it did a remarkable of job of pulling those operations together.

The structures that the commission created might have seemed rather rigid. Also, there may have been problems with people's attitudes to regulation, especially where people had not been exposed to regulation before and had never had to work with any minimum standards, let alone the new minimum standards. However, the National Care Standards Commission did a remarkable job. The commission was concerned with inspecting, writing reports and dealing with them.

The CSCI takes over that and inherits a situation that is far better than the one that the National Care Standards Commission faced. The CSCI has the opportunity to grow up a bit and take the evolution to the next stage. That was what the hon. Member for West Chelmsford detected when he spoke to the senior management. The chair and chief executive of the commission are both focused on exactly what the hon. Gentleman described; a new openness, a willingness to talk, to be flexible—but still to demand that the national minimum standards are met—to inspect rigorously, and to try to drive forward the standard of care.

The chair and chief executive will, without question, have an impact on the subject that we are discussing, just as their predecessors did. One or two hon. Members who have commented have perhaps forgotten that the domiciliary care sector has been inspected only since 2003. The process is new to the sector. Whatever abuse or bad practice might have gone on prior to 2003, one would hope that people are now starting to address it.

There is no one in the Chamber who does not think that the problem is a scar on our society. Elder abuse is an awful thing. Hon. Members are right that we have closed our eyes to the problem in the past, that we have tried to think that it does not happen and that we have not given it enough attention. However, that is not to say that nothing has been done. In that lies my objection to the figure of 500,000 and the prevalence statistics on which it is based. As the hon. Member for West Chelmsford said, that figure was based on a survey that was conducted in 1992. The survey covered only 2,000 people, of whom only 600 were old, and used a very broad definition of abuse, which included raising one's voice to an older person. The attitudes of those 2,000 people were extrapolated to the entire population and

[*Dr. Stephen Ladyman*]

were extrapolated from the older population in 1992 to the older population today. The survey assumed that nothing had changed since 1992.

The issue is not party political, so I am happy to say that things were happening even back in 1992, under the last Conservative Government. In the middle of the 1990s, the National Health Service and Community Care Act 1990 started to kick in and major improvements were made. The hon. Member for West Chelmsford had my ministerial portfolio for a period. I am sure that he would be horrified to hear it suggested that nothing was done and that the matter was not taken seriously. I have no doubt that major improvements were made, even between 1992 and 1997.

Since 1997, there have been many improvements, with the National Care Standards Commission and the work that the Care Standards Act 2000 has brought about. The Criminal Records Bureau checks have created opportunities, the national minimum standards have been introduced and significant new investment has taken place. The "No Secrets" guidance has been issued. We can discuss whether its definition is right or wrong or whether we can make improvements, but all that has been done since 1992 and it is nonsense to suggest that it cannot have had some impact.

If the figure was 500,000, we must assume that it is less than that now. It may have been much higher than 500,000 in 1992 for all I know. We do not have good figures, which is one reason why I welcomed the Committee's report. The figure was perhaps helpful to the Committee and those of us interested in raising the profile of elder abuse, because it at least captured the headlines and got the country talking about elder abuse.

The Government's problem with the figure is that we have to make plans, and a 500,000-person problem requires one set of plans and a 1,000-person problem requires another and a different way of thinking. We do not yet know where we need to be, which is why I agree with the Committee that we must do the research and obtain some decent figures. We have asked Action on Elder Abuse to review the "No Secrets" guidance and the information that is held throughout the country under the "No Secrets" rules to see where its figures lead in relation to 500,000.

When I receive those results I will reflect on them and no doubt we shall debate them. We shall then decide where we go with the next piece of research. Without knowing the results of the review by Action on Elder Abuse, it would be foolish of me to commission further research, because I would lose the opportunity to guide it in the right direction. It is more sensible to obtain the first research, with a new figure and new guidance and then, if need be, commission further work to ensure more certainty about those results. We can base on our planning on that.

Sandra Gidley: That is very good news, and I am glad that the Government have commissioned the review, but will the Minister tell us when the results will be available? What time scale are we looking at?

Dr. Ladyman: Offhand, I think that the results will be available in the next few months, but I am happy to write to the hon. Lady with the exact time scale.

I will try not to be overly party political, because we had a little hiccup in cordial relations in the Chamber earlier. However, I must point out the conflicts in the hon. Lady's comments. In one part of her speech, she talked about the need for more regulation, more data collection and more inspection of the domiciliary care industry; in another, she talked about the fragility of the industry and the staff churn.

When I make decisions about matters such as the relaxation of CRB checks, I have to resolve such conflicts. I would dearly like to say that nobody could start work in the care industry without a thorough and enhanced CRB check. However, when the National Care Standards Commission decided that as checks were taking only four weeks, it could adopt that position, we discovered that it became impossible for the social care industry to recruit staff, who are by and large lowly paid. If they cannot start work the following Monday, they go and work for somebody else. They are not prepared to sit around for a month waiting for work.

I would dearly love to address the training, skills, qualifications and pay structure of that work force. I am working on those areas; I have made speeches and organised conferences about them and tried to make employers realise that they must drive up standards to create a skilled work force. I have talked to commissioners and organised national conferences to explain to them that they must be prepared to pay extra for the use of services provided by employers who take those attitudes. It will, however, take a long time. If we introduce these things too rigorously, we will not be able to recruit staff until we have done all that work.

We must also consider the balance of risks. I have to balance the risk of older people not receiving the care that they need tomorrow morning because there are no care workers to provide it against the possibility that a few people might carry out acts of abuse under the radar. Balancing those risks is not an easy job. The hon. Lady might not have realised that the Commission for Social Care Inspection and its predecessor, the National Care Standards Commission, returned to the interim guidance that allowed people to start work without CRB checks so long as their pre-employment checks had been done and the CRB check had been applied for. CRB checks are done only where necessary. At the moment, however, that means that people could be working in domiciliary care for four weeks before their CRB check comes through.

It is still my intention to begin POVA on 26 July, although legally it is quite complex; there are one or two legal problems still to resolve. I hope to lay the regulations before the House next week, which will allow it to begin on 26 July so that Parliament will get an opportunity to discuss it if it so wishes. POVA proscribes anyone from working in this industry without a satisfactory POVA check. In other words, people will have to have a completed POVA check before they can start working. If they have to wait four weeks for that, we will be in exactly the same position that we were in with the CRB checks.

We are trying to put in place something called POVA First, which means that we will try to secure an immediate response to a POVA application so that an employer can find out within two or three days whether the person whom they want to employ is on the POVA list. That is followed by a period of induction training.

after which the person can start work. That is an improvement on the current interim guidance because, for the first time, a check will be in place before the person starts work. However, there will not be a full CRB check in some cases, because that will not be available until a week or two later. I put my hand up and admit that that is a compromise. The situation is not as I want it to be, but the alternative is that no one starts work until the CRB check is in place, the industry grinds to a halt and older people do not receive the care that they need tomorrow. That would also be abusive, because they need that care to survive and to operate, so we need to make compromises.

One or two hon. Members talked about the "No Secrets" definition of abuse. I have a feeling that there is confusion about "No Secrets" and to whom it applies. "No Secrets" applies to people who are eligible for social care. It does not matter whether the council provides them with social care; they may be self-funders, but they are still eligible for social care, so "No Secrets" applies to them.

The hon. Member for West Chelmsford touched on a possible problem when he talked about the definition of elder abuse. I am happy to say that I will keep an open mind on that definition. I have no reason to be restrictive about it but, from a planning point of view, it may be about where the responsibility for it lies. It is clearly abuse when an older person is mugged while walking down their street, but one would not expect social care to be responsible for that form of abuse. A form of abuse for which social care is responsible is abuse in a care setting, by an informal carer, a relative or a person providing professional care.

"No Secrets" is concerned with abuse in a care setting, rather than the wider forms of abuse that might be suffered by people who do not otherwise have a care need, or who are not in a care setting. We can debate that. Maybe we have it wrong; I am prepared to listen to arguments. If we think that it would be helpful to widen the scope, then we can do so.

A spectrum of abuse has to be eliminated. At one end is criminal activity; horrendous forms of abuse in response to which none of us would have any doubt about what to do. We should catch the person who did it and put him or her in jail. That is one end of the spectrum. At the other end is a form of abuse that is, effectively, neglect; bad or incompetent caring. That is unacceptable as well. However, we may need different tools to detect the abuse at each point of the spectrum. The tools needed at the end of the spectrum that involves neglect and incompetent caring are training—to qualify the staff to look after people—regular inspection, management and leadership. My right hon. Friend the Member for Manchester, Withington (Mr. Bradley) spoke of management and leadership.

We often overlook in parliamentary debates the importance of management and leadership to any organisation. In an organisation concerned with care and the quality of care, management and leadership are vital. Some people think that abuse started when we brought the private sector into caring. That is nonsense. Why should people be more abusive because they work for one organisation or another? Others imply that the commercialisation of care is part of the problem and that if the state were providing all the care, abuse would not occur.

However, where was the worst example of abuse of which I have heard in recent years? It was in the constituency of my right hon. Friend the Member for Manchester, Withington, in a national health service ward; the Rowan ward. That was the worst place. It was an atrocious example of abuse. I do not know whether hon. Members read the report into that case. I read it over a weekend, and I am a pretty hard-boiled son of a bitch, yet I had tears in my eyes to think that that went on in this country in a care setting within the national health service.

We have to ask ourselves what went wrong. I have had meetings this week with the Community and District Nursing Association. One of the questions that I have put to it and to other organisations representing nurses is, "Why did no nurse report that?" They have a code of conduct that says that they are supposed to report such things. They have a professional and ethical duty to report them, but not one of them reported anything, so far as I am aware; not one of them did anything about it. Nor did any doctor. It was not low-paid staff who ignored the abuse, highly paid, highly skilled, highly qualified people working in a national health service ward ignored that form of abuse, and we have to ask ourselves why.

The reason is a lack of management and a lack of leadership. The culture of the ward was not one in which people felt confident to go and report that sort of abuse. That is a difficult situation to be in. If one sees bad treatment or abuse going on at the hands of one's colleague, one has to find somebody to tell. I do not believe the excuse, "We did not know who to tell." Everybody apart from the Prime Minister has a supervisor, and even the Prime Minister answers to the public and to Her Majesty. Everybody has a line manager to whom they can turn, or a policeman they can go to, or a matron or a chief executive. Everybody can find on the internet the Action on Elder Abuse helpline. Anybody could have written an anonymous letter and nobody did. We have to ask ourselves why nobody did so and why, whenever we hear of abuse in a care home, it becomes clear that, very often, it is not one person doing it—if it is one person doing it, other people know about it—and nobody does anything.

The problem is about management and leadership. It is about getting an ethos into places that allows people to report things and to say, "I won't take second best. I won't accept this and I'm going to do something about it." We are a long way from achieving that.

One of the things that I have been doing, and one of the reasons I am delighted that we are having the debate, is making a series of speeches about the new vision for adult social care that I announced that we would write in April. In those speeches, which have got widespread support on all sides of the House and in all sectors of the social care community, I have been saying that we have a model of social care that was essentially designed in the 1980s and 1990s and was appropriate for those decades. We are not in those decades anymore. We need a model of social care for our decade and the next one.

That model of social care must be about empowerment and about generating independence rather than creating dependence. It must be about putting structures in place that will not accept abuse and—more than that—will empower the people who receive care not to accept abuse.

[Dr. Ladyman]

That model must be so different from the way in which we deliver care at the moment. At the moment we say, "Somebody decides what care you need, puts a plan in place and does it to you". We need to get to a situation where we say, "You decide what care you need, with assistance and advocacy if necessary. You access the care, you are in control of it and when that care is not working for you, you can say, 'Stop, I want something else'."

That is why the hon. Member for Romsey mentioned direct payments. I think that direct payments are fundamental to the new vision of social care because they empower people to plan and deliver their own care and to say when that care is not working. Direct payment will allow us to put in place structures that empower older people to say when things are not working for them. With the regulatory regimes that we put in place—such as CSCI, the CRB checks and POVA—perhaps we can start making an impact on the problem.

I have also said that, in the new model of social care, we need to go beyond that. On Monday, I told the *Local Government Chronicle* that if we want to deal with these things fundamentally, we must start designing communities for ageing. Why are town planners and urban designers not involved with social services when we decide where to put accommodation for older people? Why, when people want to build sheltered housing, is the response not, "No, we don't want sheltered housing, we want extra care housing and we want you to put it in a certain place and design it in such a way that older people can remain part of their communities"?

If that happened, we could rebuild those informal networks of care that my hon. Friend the Member for Erith and Thamesmead (John Austin), who introduced our discussions, mentioned, did as the hon. Members for Southend, West (Mr. Amess) and for Sutton and Cheam (Mr. Burstow).

Today I made a speech to the Salvation Army, in which I pointed out that those traditional forms of care—those informal care networks—are increasingly disappearing, because we are handing responsibility to the state to do our caring for us. We expect the state or commercial care to step in where previously family, neighbourhood and community were responsible for care.

The state cannot afford to do it all, simply because it would cost about £70 billion to replace all those informal care networks. So, in the new vision of social care, we must find ways to support carers and those informal care networks—neighbours and communities—that want to provide care. We must recreate some of that old-fashioned tradition.

I am not one of those people who think that everything was wonderful back in Victorian days. I was wandering around Broadstairs parish church a few months ago, reading the book of the parish guardians, which told of some chap who came in and asked for a shilling to support his destitute family for the next month. The parish guardians said, "We won't give you a shilling, we'll give you two shillings, so long as you get out of the parish and never come back." Those were Victorian values.

I do not hanker for such values, but I do hanker for some of the traditional, informal caring networks that allowed neighbourhoods and communities to say that abuse of older people was not acceptable and said that such things were horrifying. In such networks, leaving people on their own was not acceptable and not doing shopping for them was inappropriate. As children, we realised that we had duties to mum and dad, just as they had duties to us. It is only when we have done those things and realised that new vision for social care—one where we are genuinely trying to generate independence, put people in charge of their own care and create communities that care about older people—that we shall start making inroads into the levels of abuse of elder people.

In the mean time, we have to rely on many of the techniques and tools we have already put in place. We have to refine and review them in order to make them work better. We have to make the CSCI and POVA work better and ensure that the national minimum standards are right. We have to ensure that commissioners are commissioning for quality when they buy services, that care providers are aware of their responsibilities and that training levels, qualifications and management and leadership are right. That is how we shall start making inroads in the short term.

I welcome the debate, the ideas in the report and the opportunity to continue working with the voluntary sector and others necessary to ensure the agenda comes together. The Government are not complacent; we know we have only scratched the surface of the problem. Whether the figure is 500,000, or 100,000, or one, it is too high. I know that, the Government know that and all of us here know that, but let us not kid ourselves that we can wipe it away through a few recommendations in the report. It will take long, hard work and a lot of money.

Question put and agreed to.

Adjourned accordingly at two minutes past Five o'clock.

Westminster Hall

Tuesday 6 July 2004

[MR. EDWARD O'HARA *in the Chair*]

Cyprus

Motion made, and Question proposed, That the sitting be now adjourned.—*[Derek Twigg.]*

9.30 am

Mr. Andrew Dismore (Hendon) (Lab): Perhaps I may say kalimera, Mr. Deputy Speaker. For those who do not know, that is Greek for good morning. I declare an interest by drawing attention to my entry on visits to Cyprus in the Register of Members' Interests. I am also Labour vice-chair of the Friends of Cyprus organisation, which works with both communities. I am pleased to see you in the Chair, Mr. Deputy Speaker. Given your long interest in these matters, I know that you would have liked to participate in the debate.

The debate is timely, given the failure of the referendum on the Annan 5 plan, Cyprus's accession to the European Union and this week's discussions on EU support for Turkish Cypriots. Perhaps most important is the fact that this is, almost to the day, the 30th anniversary of the Turkish invasion of Cyprus, which is the root cause of the problems. The immediate context of the debate is the fallout from the referendums. The Turkish Cypriots have been portrayed as the good guys to be rewarded for voting the right way; the Greek Cypriots are seen as the bad guys to be punished for voting the wrong way. That is shown by an article published by Lord Hannay. The title gives the game away: "Greek Cypriots Must Pay the Price of Folly".

The reality is that, in the diplomatic dance leading to Annan 5—which involved pressures from the international community and ill-informed press coverage buying too much anti-Greek Cypriot spin—the basic facts were forgotten. Thirty years ago, hundreds of thousands of Greek Cypriots were driven from their homes by an illegal invasion and cannot return, and the Turkish Cypriots have lived under military occupation, which has denied both Turkish and Greek Cypriots human rights for all that time. There are real stories of human tragedy and loss, and the appalling verbal assaults from people who should know better have left Greek Cypriots bitter and angry—with some justification, in my view.

Let me give an example. During the London mayoral elections, Ken Livingstone came to my constituency to visit Burnt Oak. Coincidentally, the first person we came across was an old Greek Cypriot lady, who said that she was no longer voting Labour, although she had done so all her life, because of the Annan plan. Obviously, I tried to chat her up in my best Greek and persuade her otherwise, and I hope that I made some progress, but there is no doubt that many people in the Greek Cypriot community feel disillusioned with our Government. That view is mistaken, because we have achieved a great deal, not least in securing Cyprus's entry to the EU without preconditions—a position that was not adopted by the previous Government. In addition, although we have not yet secured a result on reunification and a settlement, there has been progress towards that.

I do not want to dwell on the failure of the Annan plan, but it is important to take stock of where we are and make suggestions for the way forward. First, however, we need to consider some of the realities and myths surrounding that failure. The first myth is that it is all down to the perfidious Greeks breaking promises and a lack of leadership, especially by President Tassos Papadopoulos. I think that that is incorrect, as is perhaps shown by the fact that Mr. Anastasiades, the leader of DISY, the largest party in Cyprus, campaigned for a yes vote. His supporters simply did not follow him. The exit polls also reject the thesis that the failure was all down to lack of leadership.

The second myth is that Greek Cypriots are not prepared to compromise. That ignores the fact that, over 30 years, they have made major concessions already. The proposal of the bi-zonal, bi-communal federation as a strategic solution is an example. That was banked and forgotten about by Mr. Denktash, in his usual style, and by the international community. The nature of the proposed constitution—described as the Swiss or Belgian model—with power sharing is a further concession. I know from all my discussions and dealings with Greek Cypriots that they were prepared to accept painful concessions, especially on a personal level in relation to private property rights and some of the rights of settlers who had been there for some time.

Myth No. 3 is that Greek Cypriots do not want a settlement because they are sitting pretty in relation to the EU accession. I remind hon. Members that the EU accession process was without preconditions. The decision of the accession negotiations was that the Greek Cypriots should not be punished twice: once for losing to the Turks in the occupation of 30 years ago and again by not being allowed to join the EU because their country is under occupation; 1 May became an artificial deadline—in fact, it became part of the problem, not part of the solution. It was seen by many as imposing a precondition by the back door. However, my experience and knowledge of the community, both here and in Cyprus, is that it definitely wants a settlement, but not at any price, as all the polls show. Greek Cypriots, as well as Turkish Cypriots, want a settlement that is workable and fair. Solution and reunification remain the goal of both communities.

The fourth myth is that the Greek Cypriots want to keep the Turkish Cypriots isolated, but again that is not true. They certainly do not want recognition of the so-called Turkish republic of northern Cyprus, which was acknowledged by the European Court of Human Rights as a subordinate organisation of Turkey in the Loizidou case, but they have taken economic and trade measures to ease the position. The Greek Cypriots responded positively to the opening of the green line by Turkish Cypriots, and people cross backwards and forwards visiting their old homes, even under occupation, and making new friends on both sides of the line. The visits by Greek Cypriots to the north have been well respected and reflected by Turkish Cypriot hospitality, even by people occupying their family homes.

[Mr. Andrew Dismore]

The republic of Cyprus has agreed that Turkish Cypriots should receive €259 million of European money to improve administration and infrastructure. It certainly wants trade links to improve.

The fifth myth is that the Turkish army is prepared to keep out and to allow proper and free negotiations, but the analysis that I have seen suggests otherwise. The best example is a monograph by Gregory Copley, president of the International Strategic Studies Association and editor-in-chief of the Defence and Foreign Affairs publishing group. He said in summary:

"It was clear that Turkish concerns, beginning in 2002, over the direction of the US-led Coalition war in Iraq, and fears for the impact of the outcome of that war on Turkish security, played the most significant and continuing role in the TGB's"—

the general staff's—

"insistence that the United Nations' Annan Plan for the resolution of the Cyprus problem be deliberately made to fail. As a result, the Turkish Government of Prime Minister Recep Tayyip Erdogan was clearly instructed by the TGB to continue to escalate Turkish demands on the Annan Plan until it was no longer a meaningful document which the Greek Cypriots could accept."

That is his basic thesis. The paper is well argued and well researched, and I commend it to hon. Members. The argument is that Turkish strategic concerns require, as the general staff see it, an indefinite military presence in Cyprus because of developments in the region.

The general staff pressed Mr. Erdogan to escalate Turkish demands on the Annan plan as unacceptable to the republic of Cyprus. There is mounting evidence of that effect, including the United Kingdom working document that recently fell into the hands of *The Cyprus Weekly* and was widely reported in the Cypriot press here.

The reality is that both Greek Cypriots and Turkish Cypriots want a settlement free of Turkish military interference. That is best exemplified by Haris Sophoclides, the well-respected president of the Greek Cypriot Brotherhood, who said that the two communities voted for the same thing: to get rid of the Turkish military influence over their lives. For the Turkish Cypriots that meant a yes vote and for the Greek Cypriots it meant a no vote. The fundamental objections of the Greek Cypriots were about security and the continued presence of the Turkish army for ever under Annan 5.

The international community bears a lot of responsibility also for the failure of the Annan plan. It got used to focusing on Turkey and the Turkish Cypriots, and in particular Mr. Denktash, as the obstacles to progress. It finally found a negotiating partner in Mr. Erdogan and Mr. Talat, who were prepared to engage, at least to an extent, but took its eye off the ball because the settlement also needed to be acceptable to the Greek Cypriot community. It accepted Cyprus without preconditions for the European Union, but 1 May, nevertheless, became an artificial deadline. When it was clear that the referendum campaign was not going well in the south, although Mr. Christofias of AKEL, the president of the House of Representatives, asked for more time so that the arguments could be developed, that was not granted. A progressive party such as AKEL could see what was happening, but the international community could not. The United Nations Secretary-General, Mr. Annan, has now acknowledged that more time might have been appropriate.

The pressure from the United States, the United Kingdom and the European Union was also seen on the island as counter-productive, and that is illustrated in an article by Shlomo Avineri, professor of political science at the Hebrew university in Jerusalem who said that to the

"Greek Cypriots in the South . . . it appeared that the UN and the European Union were bent on legitimising at least some of the consequences of the Turkish invasion of 1974, because the EU wanted to take the Cyprus issue off the table in order to facilitate negotiations on Turkey's accession to the EU."

There is a real lack of understanding of the Greek Cypriots' position, which is exemplified by Lord Hannay's article, to whose title I have already referred. I do not want to engage in personal attacks, but some of his language is vitriolic towards the Greek Cypriot leadership, so some mild criticism is appropriate. His article is one-sided and lacks appreciation. It is no wonder that the Greek Cypriots have been concerned for years about his involvement. He refers to

"every stop being pulled out in an appeal to the emotions"

of the Greek Cypriots, but entirely ignores the activities of Mr. Denktash senior, who had lost the Turkish Cypriots, effectively campaigning in the north for a no vote in the south, by, for example, inviting Mr. Ecevit, the architect of the 1974 invasion, to visit at a crucial time. There were also the activities of the Grey Wolves.

Looking at the content of the plan, there clearly were some improvements for the Greek Cypriots in Annan 5 compared with earlier versions. Notably, the 30-month period of joint transitional government envisaged by Annan 3 was reduced to two months; the UN was to be involved for a brief period before each tranche of territory was handed back; and there were better financial provisions, replacing earlier provisions that would have bankrupted Cyprus from the first day on which the plan came into force. Of course, there were phased reductions of Turkish troop numbers; the return of just over half of Greek Cypriot refugees to their former homes under Greek Cypriot administration; Turkish de-occupation of some territory, with its return to the future Greek Cypriot constituent state; and a form of federal government loosely linking the two parts of the island. However, there was no guarantee that Turkey would implement the advantages. The Greek Cypriot public feared for their security, and feared that the plan would be unworkable and that Turkey would continually intervene, possibly even militarily. They feared that the collapse of the plan's envisaged arrangements would inevitably be followed by total uncertainty over the future, leaving two entities—the former constituent states—to struggle for international recognition.

Looking at the security fears, whereas the third version of the plan provided that all Turkish troops would leave Cyprus in 21 years or when Turkey joined the EU, whichever came first, the final version stipulated that Turkish troops, ultimately reduced to the levels of the 1960 treaty of guarantee, would remain for ever. The

presence of the settlers is also important. I think that everyone on the Greek Cypriot side accepted that there were human rights issues involved and that long-standing settlers should be allowed to stay in some way, but under Annan 5 all illegal Turkish settlers—between 115,000 and 120,000 people, 13 per cent. of the total Cyprus population—would be able to stay. Provisions permitting a permanent flow of Turkish nationals were inserted into the plan, and the settlers would control the Turkish Cypriot constituent state, becoming a majority of its voters.

There would be limitations on the political rights of Greek Cypriots who chose to resettle in the Turkish Cypriot constituent state, who would not have the right to participate in federal elections. The return of refugees was significantly limited under Annan 5 compared with previous versions. Under Annan 5, wherever in Cyprus Greek Cypriots chose to live, those living in the Turkish Cypriot constituent state would be restricted to 18 per cent. of the population, compared with 21 per cent. in Annan 3, for a transitional period of 19 years or until Turkey joined the EU. Even after that, permanent restrictions were envisaged. That change disturbed the balance in the core bargain proposed in earlier versions of the plan between the number of returning Greek Cypriots and the size of the Greek Cypriot constituent state. No additional territory would be placed under Greek Cypriot administration to reflect the reduction in the number of returning refugees.

The provisions on property and compensation, already complex and burdensome in earlier versions, became even more problematic in Annan 5. At Turkey's insistence, only up to one third of the property of individual Greek Cypriots was to be reinstated, the right to keep long-term ownership by entering into 20-year leases was removed, and Greek Cypriot taxpayers were required to guarantee the compensation to Greek Cypriots for property that they had lost. That effectively made the losers pay twice.

Most important, there were no safeguards on the implementation of the plan. Whereas the economic and financial benefits and rights of participation in the government of all of Cyprus would immediately accrue to the Turkish Cypriots when the plan came into force, Turkey's obligations to implement the plan would be phased in over an 18-year period. It contained no safeguards to ensure that Turkey would honour her obligations to remove the troops and de-occupy the island within the terms of Annan 5—still leaving troops—or would allow individual Greek Cypriots to reclaim their property or return, under the strict quotas that I have mentioned, to live in the Turkish Cypriot constituent state.

The exit poll of Greek Cypriots conducted after the referendum by the Mega TV channel illustrates their concerns: 75 per cent. gave security as their reason for voting no. Only 7 per cent. said they voted no to support the President's position, which gives the lie to the argument that it was all down to Mr. Papadopoulos not working hard enough. Five per cent. of Greek Cypriots cited economic cost as their reason, and only 13 per cent. said that they preferred to live separately—in other words they would reject any solution.

Where do we go from here? The important thing is to build on the positives. The Erdogan Government in Turkey are prepared to discuss Cyprus, and engage with further Turkish integration into the European Union community. The sidelining of Mr. Denktash is a positive step, which is due to the election of Mr. Talat as the so-called Prime Minister of the TRNC last December. However, he is now head of a minority Government, and there is a risk of further elections. I disagree with the Republic of Cyprus Government that it was wrong of our Government to invite Mr. Talat to Britain. He was invited as leader of the community of Turkish Cypriots, not as the so-called Prime Minister, and it is important that we are seen to support people who represent progressive forces that are working towards a settlement. It is instrumental to note that political pressures in northern Cyprus do not come from those who wish to reject a settlement, but from those who wish to move more quickly, such as defectors from Mr. Talat's own coalition and Mr. Akinci and Mr. Izzet Izcan, both of whom are pushing him to stand up harder to Turkey and the military. Whether there will be future elections depends on a vote in the Assembly of the Turkish Cypriots in two or three weeks' time.

However, the real question is the extent to which the Turkish Cypriots have room to manoeuvre. The fact remains that the Turkish "deep state" is still in operation and has a heavy influence in Turkish Cypriot politics, particularly from the army. The response to the Greek Cypriot proposal for 10 new green line crossing points was instrumental in that respect, but the so-called Government of the north has suggested only two additional crossing points. I note that one of the 10 proposed is at the Paphos gate, and that may well be rejected because it is suggested that the Turkish army have a military base there.

Another positive sign is the way that the green line opened. In my view, there is now no going back to the division of the past or the isolation of the two communities. The good relations at a personal level, which I have already mentioned, show that that is the case. The fact that Turkish Cypriots are increasingly taking up Republic of Cyprus citizenship is also a good indication of progress. A Turkish Cypriot whom we have worked with in Friends of Cyprus got his Cypriot birth certificate recently and is about to get his republic passport. He says that for the first time in 30 years he feels like a real person with an identity. It is welcome that Republic of Cyprus citizenship is being given to children from marriages between Turkish Cypriots and Turkish—that is, settler—families.

We have to acknowledge the democratic voice of the Greek Cypriots. It is not for castigation; it is unjust and counter-productive to blame them for what happened, and for exercising their democratic freedom. We have to understand why they rejected the Annan 5 plan, and note that their fears and aspirations were not addressed. We have to recognise that the proposed Swiss-Belgian constitutional model, which they accepted, would have been rejected by nearly every previous Government of the republic. The achievements of rapprochement between the elected leadership of both sides, and on a personal level, are important.

The plan has significant financial burdens. The International Monetary Fund produced a report for the donors conference, which I am not sure has been published. Perhaps it would be helpful to do so to inform the debate. However, the question of a lack of respect for human rights still remains, which is

[Mr. Andrew Dismore]

illustrated by the suggestion that the European Court of Human Rights should throw out individual cases en bloc if there was a settlement under Annan 5.

We must acknowledge the progress that has been made by both communities. The technical committees did sterling work in laying down the foundations of the detail of the settlement, and those involved were rightly congratulated by the United Nations Secretary-General. The civil society contacts go from strength to strength: all bread-and-butter issues needed to make a future settlement work.

The European Union has a positive role to play in education, for example, helping both sides come to terms with the difficult parts of their past. On security, the EU can provide reassurance to Turkey—while respecting its general staff's concerns—that security can be achieved without having to occupy another member state of the European Union. It can also provide reassurance over their fears about the rapprochement between our Government and Iran, the consequences, concerning the Kurds in particular, of the war in Iraq and Turkey's overall concern about instability in the middle east.

Part of that reassurance must involve giving Turkey a date for accession to the European Union. We must maintain engagement because that is our only hope of any progress, and the Republic of Cyprus supports that position. Equally, however, we must maintain that the Turkish general staff keep out of politics and out of civil society. The recent imprisonment and fining of journalists and newspapers was a retrograde step, and I raised the issue in a parliamentary question with my hon. Friend the Minister for Europe. I know that he feels strongly about it, given his personal background.

We should help the Turkish Cypriots, but we should not act precipitately or in a way that is likely to make things worse. We should work with, not against the Republic of Cyprus Government, who are supportive of efforts to help the Turkish Cypriots. It is not just a question of the recognition of the TRNC, which is one fear of course; there are practical implications, too.

The conclusions of the 26 April General Affairs and External Relations Council meeting provided for the end of the isolation of the Turkish Cypriots by facilitating the reunification of Cyprus through the encouragement of the Turkish Cypriot community's economic development, an emphasis on the economic integration of the island and the improvement of contact between the two communities and the European Union. The only two specific measures referred to were the use of the €259 million grant and the adoption of the green line regulation. During the consultation leading to its adoption, it was always understood that the movement to the EU of goods of Turkish Cypriot origin would have taken place through points under the control of the Republic of Cyprus. It was an explicitly shared assumption between the authorities of the Republic of Cyprus and the European Commission during the drafting of the resolution.

The conduct of direct trade from the northern part of the island is not a measure that serves reunification, the economic development of the Turkish Cypriot community or the economic integration of the island; on the contrary, such a measure would help to solidify and deepen the divisions. The same goes for direct flights.

We should allow adequate time to see whether the green line regulation can work. Time and again, we have seen proposals from the Government of Cyprus to try to make it work, and it would give them the opportunity to demonstrate their readiness to work with the Turkish Cypriots to facilitate trade from Cyprus with EU countries through the green line and legal ports of entry. It would build the necessary confidence that would contribute to reunification. I float the possibility of opening the port of Famagusta with Varosha as the jointly controlled port between the two communities. It could build confidence and help both communities.

Mr. Andrew George (St. Ives): Will the hon. Gentleman give way?

Mr. Dismore: I am about to conclude my remarks.

We must also consider the position of Turkey vis-à-vis the Republic of Cyprus. Turkey still does not recognise Cyprus as a state, let alone as a member state of the European Union, yet Turkey wants to join the European Union. There are real contradictions there. The customs union extends to the 10 accession states, but so far not by Turkey to Cyprus.

Under the Annan plan, the exclusion of the Montreux treaty effectively meant that Cyprus ships would not be allowed to use the Bosphorus. The reservation on the Cyprus/Egypt economic zone treaty could prevent mineral exploitation, and the Annan 5 removal of any provision for a continental shelf for Cyprus could deepen the problems between Turkey and Greece and export them to the European Union. Working with Turkey and the communities through the European Union, there is a lot that we can do to make progress.

On Sunday night, we saw Greece's magnificent victory, winning the European championships 1–0. Cyprus feels that it has lost the European Union 23–2. The Cypriots feel as let down and cheated by the reaction of the international community as England supporters do by the decision of the Swiss referee—a decision and reaction made too far from the action and with a blind lack of understanding of what was happening on the ground.

However, like England's footballers, all those who care for Cyprus—Greek and Turkish Cypriots alike and their many friends throughout Europe and the rest of the world—must take stock and accept what happened. We must look to the future and devise a way to win the prize of a just and fair settlement that reunites the island and provides a home for all Cypriots to live together in harmony.

9.55 am

Sir Sydney Chapman (Chipping Barnet) (Con): Mr. Deputy Speaker, like you, the hon. Member for Hendon (Mr. Dismore) speaks Greek fluently. I well recall addressing a public meeting in this very Room some time ago. The person speaking before me was the hon. Gentleman, who spoke in fluent Greek. I was then called on to comment on what the hon. Gentleman had said. I had not understood a word of it, but I made a judgment that turned out to be correct. I looked at the body

language of those in the audience and it was clear that they were full of approbation for what the hon. Gentleman told them.

I wish to make a brief contribution and I can do so because I agree almost entirely with everything that the hon. Gentleman said. I pick him up on one point, which is minor but, I think, important. I may have misunderstood him. I pay tribute to the present British Government for facilitating the accession of Cyprus to the European Union in every way possible, but that long path was triggered by the previous Conservative Government. I am sure that the hon. Gentleman and the Minister will acknowledge that.

This is an issue that transcends petty party politics. When I read the Annan 5 proposals, I was greatly surprised. Of course those proposals demand give and take on both sides but I agree with the hon. Gentleman, who said that the Greek Cypriots had already given much to get the Turkish Cypriots and their representatives to the negotiating table.

This is subjective, but I think that there were two reasons why the Greek Cypriots felt that they had to vote no in the referendum. Incidentally, while two thirds of Turkish Cypriots voted yes in the referendum and three quarters of Greek Cypriots voted no, it is worth putting on the record that two thirds of all Cypriots voted no. I think that those two sticking points were Greek Cypriot doubt as to whether the Turkish Cypriots could hold to what they were agreeing to and the vexed question of the continued presence of Turkish troops in Cyprus.

On the first point, I say simply this: when one considers the politics and the problems of Cyprus since the illegal invasion of that island—now almost 30 years past—the Turkish Cypriot leadership performed a Damascene conversion at almost the 59th minute of the 11th hour. It is understandable that the Greek Cypriots said, "Well, they were saying almost the opposite until very recently. Can we be satisfied that they will keep their word?" I am sure that the Turkish Cypriots will keep their word but I think that the doubt of the Greek Cypriots was perfectly understandable. After all, Mr. Denktash and Mr. Talat were, to use the modern jargon, not singing from the same hymn sheet.

The question of the Turkish troops greatly surprised me. I accept that the number would be reduced in time but, having read Annan 5, my understanding is that there would always be a permanent brigade of about 600 or so on the island. I question why that is necessary and why it had to be included in the plan because there are already United Nations personnel on the island—put aside the two sovereign British bases that contain a number of British armed personnel. If there is a yes to a referendum, or successful negotiations, and the island is reunited, all of it will be an integral part of the European Union. I have grave doubts about setting up a European security and defence policy and the impact that it would have on NATO, but if ever there were a case for an ESDP presence on the island, that would be it. I hope that when negotiations begin again, Turkish Cypriots will consider that point and be reassured by the safeguards that at least the EU, if not the British Government, would be able to give.

I share the hon. Gentleman's view that a reason for the no vote in the referendum was that the question was put to the Cypriot people far too hastily. As he said, there was obviously an attempt to beat the 1 May deadline for the main part of Cyprus—the legal part—joining the EU.

The illegal occupation of Cyprus took place four years after I was first elected to this House. I have announced that I am not standing at the next elections.

The Minister for Europe (Mr. Denis MacShane): Shame.

Sir Sydney Chapman: The Minister may be able to help me, as I would like to know the date of the next election. He might like to take this opportunity to confirm that it will be held on Thursday 5 May next year. It is still my dearest hope that the beautiful, wonderful island of Cyprus will be reunited before I depart the Westminster stage.

10.2 am

Mr. Andrew Love (Edmonton) (Lab/Co-op): I add my congratulations to my hon. Friend the Member for Hendon (Mr. Dismore), not only on securing the debate but on giving an honest and accurate summing up of the current situation. Like the hon. Member for Chipping Barnet (Sir Sydney Chapman), I agreed with everything that he said, particularly his congratulations to Greece's national football team on its excellent victory on Sunday night. Many of my constituents and, I suspect, those of the other two Members who have contributed to the debate, shared in that victory. I refer to my entry in the register in respect of my membership of Friends of Cyprus and my frequent visits to Cyprus at the invitation of various organisations.

This is a timely debate, as it comes almost immediately after the referendums' results. Sadly, a considerable number of people predicted this aftermath, given what happened during the period leading to the referendums. We failed to see the likely reaction—or perhaps overreaction—to the results of the referendums. I believe that most informed opinion, certainly on the Greek Cypriot side, predicted for a considerable period prior to the referendums, on the basis of the negotiations and the likely outcome of the negotiations in Switzerland, that it was very unlikely that the Greek Cypriot community could be persuaded to support that outcome.

I was saddened not only by the fact that after such a long time and such intense negotiations we were unable to find a resolution that met with the approval of both communities, but by the hard criticisms—indeed, some would say the condemnation—with which the outcome of the referendum in the Greek Cypriot community has been met. I also refer to the article by Sir David Hannay, a noted expert on such matters, and some of the injudicious language that he used in it.

I make that suggestion because if we consider the history, we will find that in the 30 years that have elapsed since 1974 it has been the Cyprus Government and Greek Cypriot community that have kept Cyprus on the international agenda. They have insisted that all the international institutions—from the United Nations through the European Union to various other bodies—address the continuing division of the island and find a solution. To condemn the Cyprus Government when they were trying their hardest to find a solution is a criticism too far.

[Mr. Andrew Love]

During those 30 years, the Cyprus Government have made significant concessions to reach an agreement. I can look back to the high-level agreements of 1977 and 1979, in which the Cyprus Government accepted the bi-communal and bi-zonal nature of a future Cyprus. That was a major concession at the time. The UN Ghali plan in the mid-1980s also saw similar concessions to try to reach agreement, and the various versions of the Annan plan, from 1 to 5, show how the Cyprus Government were asked to make further concessions.

When we look back at the referendums and at what went right and wrong, we must recognise that for the past 30 years, it had been an unwritten assumption that Mr. Denktash and the Turkish Cypriot community were the major obstacles to finding a solution while the Greek Cypriot community and the Cyprus Government were the major proponents of finding a solution. It seems somewhat at odds with the reality to find ourselves now criticising the Cyprus Government and lauding the Turkish Cypriot community.

Part of the reason why the negotiation process and referendums were ultimately unsuccessful is the psychology of how we reached the point at which they took place. I do not believe that the problem lies within the Annan plan. In the early part of the negotiations in New York, there seemed to be bipartisan agreement to move on to the second stage of the process. The statements made by both the Turkish and Greek Cypriot communities and their leaderships show that the outlines of the Annan plan were supported by both communities.

It all seemed to go wrong in the final stage of negotiations in Switzerland. We can examine the various additional requests and demands—or whatever we call them—made by the Turkish Government in those negotiations to find where the agreements began to unravel. That unravelling can be put down not to one cause but to the psychology of concession followed by concession and the idea that the Greek Cypriot community had reached the stage of a concession too far. It was the psychological impact of Switzerland on the Greek Cypriot community that led ultimately to the failure of the referendums.

How do we move forward from here? We have done enough navel gazing since the referendum results, and we need now to look forward rather than continue to look back and recriminate with each other. We must first all recognise that the dust must settle on this stage of the negotiating process. The referendums have been held, the results have been announced and we must now let the situation settle. We can do that, first, by ensuring that all the abuse and criticism ends. It is not helpful to the process and certainly not helpful in getting the Turkish Cypriot and Greek Cypriot communities to start to build a consensus that will ultimately lead to a solution. Secondly, we must respect the democratic result. I have been pleased that representatives of the Government, the Opposition and the international community are now coming round to recognising that the referendums were democratically held and that the results must be respected.

Thirdly, we must all recognise the significant progress in the Turkish Cypriot community and, most important, in Turkey, towards finding a solution. For the first time in the past 30 years, the Turkish Government have been positively engaged in finding a solution, and we must build on that. Similarly, the Turkish Cypriot community has elected its representatives to those negotiations. Its sidelining of Mr. Denktash is a recognition that the Turkish Cypriot community is ready to find a solution. That is borne out by all the studies that have been carried out in the community; they were very much in favour of the referendums. We must maintain that momentum, and that is one of the critical, salient issues that we must now consider. Once the dust has settled, we must move on to a positive agenda.

The accession of Cyprus to the European Union is a positive step. I pay tribute to the British Government's actions since 1997, when it became official Government policy to sponsor and support Cyprus's accession to the EU. Nobody at the time thought that an island that continued to be divided could become a member state. We have seen that through, with the full support of other EU members, and the sceptical and somewhat less than 100 per cent. support of others. We kept to the task, and the international community must recognise that Britain and Greece played significant roles in ensuring that Cyprus acceded to the EU. That provides a major opportunity, and the EU now has a major role in carrying the issue forward.

There is continuing pressure on the EU: in its membership, there is now an island that remains divided, which cannot be acceptable in the medium to long term for the EU. It was instrumental in moving the process this far along the road, and it is incumbent on it to continue with that process. It must keep Turkey involved. We are leading up to the decision in December, and I am pleased that the Government have been positive about entering accession negotiations with Turkey. That will maintain their interest not only in Europe but in finding a solution to Cyprus. We must do everything possible to ensure that that happens.

We must also assist the economic development of the island. Over the past 30 years, the economy of the northern part of the island has undoubtedly suffered significantly from its exclusion from the international community and world markets. Living standards in the north are significantly below the EU average and those of the Greek Cypriot community. We have to assist that process, not just because it is the right thing to do, but because it will be a signal to the Turkish Cypriot community that positive benefits will arise from membership of the EU, and that membership can be guaranteed if we can find a solution to the division of the island.

Although we have to accept that the dust will settle on what has gone before, we must also accept that time will be of the essence. To use an engineering metaphor, centrifugal forces are at work in the current situation, and if nothing happens in the medium term, we will move further away from, rather than closer to, a solution. We cannot allow that to happen.

I suggest that it is a priority for the EU and for Britain, as a leading member of the EU and a country with a strong and long-term historical relationship with Cyprus and the eastern Mediterranean region, to try to find the elusive consensus that will be the way forward. I hope that my hon. Friend the Minister will respond to

that point in his summing up of the debate. Such consensus cannot be achieved by those involved not talking to each other. It must therefore be recognised that the first and most important thing is for dialogue to start, with the involvement of both communities, the Government of Cyprus through the EU and the United Nations. I accept that the UN is less than enamoured of the process as it was concluded with the referendums, but it would be a negation of its obligation as the primary international body to walk away from the current situation.

We need to get down to the hard act of establishing the dialogue and the framework on which we can make progress. That framework remains the Annan plan, with all the compromises that have gone into it, and with all the concerns about the outline that have been raised subsequent to the referendums. However, it was accepted at New York, and we must recognise that it is the only acceptable starting point on which to base a consensus.

I hope that dialogue can be established—not immediately, but in the short term—and that we can get the communities to focus on and build on the areas of agreement rather than disagreement. I also hope that we can introduce the sorts of confidence-building measures outlined by my hon. Friend the Member for Hendon, which have been well-established for a long time but not implemented. I believe that, with the support of the EU and the UN, there is the good will in the Turkish Cypriot community, the Greek Cypriot community and in the Cyprus Government to move the current negative situation in a positive direction. I therefore hope that in a future debate we will be able to start talking about the terms on which a final settlement will be agreed.

10.19 am

Mr. David Chidgey (Eastleigh) (LD): I congratulate the hon. Member for Hendon (Mr. Dismore) on securing this debate on a topic that is important in terms of Britain's relationships within and outside the EU. I also congratulate the hon. Members for Chipping Barnet (Sir Sydney Chapman) and for Edmonton (Mr. Love) on their mature, thoughtful and constructive contributions to the debate.

The UK has a special relationship with both communities on the island of Cyprus, and it is therefore right that we in Parliament take a close interest in its affairs and in the efforts made to try to resolve the differences between the two communities.

I shall refer to the work of the Foreign Affairs Committee, of which I am a member. Only two years ago, as part of the inquiry into relations with Turkey, we had to examine the situation in Cyprus and visited the island. It is perhaps worth recalling our report's concluding remarks, published in April 2002, which state on page 27 that

"after so many frustrating years there is at last a possibility that a settlement can be reached between the Greek and Turkish Cypriot communities, bolstered by a certain urgency on both sides. A settlement is very much in the best interests of all concerned, and the obstacles that remain seem, from the outside at least, eminently surmountable."

It was suggested to us in our inquiries that the perception by Turkish Cypriots that Greek Cypriots had no need to compromise because they would benefit from the unilateral accession to the European Union anyway was misplaced.

Similarly, it was suggested that fears among Greek Cypriots that Mr. Denktash would not act without permission from Turkey were also misplaced. Progress on Cyprus at that time was seen as essential to overcoming objections to Turkish accession to the EU. It was thought that if Cyprus joined the EU as a divided island it would be a serious setback to Turkey's hopes of accession. In his evidence to the Committee, Mr. David Barchard told us that

"if southern Cyprus, the Republic of Cyprus, is admitted into the European Union in 2003/2004 before negotiations are opened with Turkey, it will certainly use a vote of veto for the foreseeable future to prevent Turkish negotiations being opened."

Recent events, particularly the outcome of the Greek Cypriot and Turkish Cypriot referendums on the Kofi Annan plan, have done little to lighten that somewhat gloomy perspective.

I shall comment on the work done by the Robert Schumann centre at the European Institute, and on the possible outcomes beyond the results of the referendums. We must remember that the Greek Cypriots rejected the Kofi Annan plan, 75 per cent. being against it, but the question is why. Perhaps it is because the Greek Cypriots' perception is that the plan would legitimise the consequences of the Turkish invasion. They are concerned that only about half of the 200,000 former Greek Cypriot refugees will be able to return to their former homes. They are worried, as we all are, that Turkish forces would remain in the north, perhaps until accession to the EU or beyond. Many see that as an infringement of Cypriot sovereignty. Greek Cypriots are not free to move or settle in the north, which conflicts with the EU principles of freedom of movement. It was feared that Turkish Cypriots would not deliver on the commitments that they would have accepted under the Kofi Annan plan.

There is also the issue of higher living standards and, possibly, unconditional accession for the Republic of Cyprus, lessening the need to compromise with the Turkish Cypriots. There is a perception that a better plan might be available, especially if the Greek Cypriots could use EU membership to negotiate over Turkish accession. In that regard, there is a longstanding belief in the moral and legal superiority of the Greek Cypriot cause. However, Turkish Cypriots voted in favour of the plan against the advice of their political leader; such is the way of politics. It contrasts with the previous negotiations, in which Turkish Cypriots were traditionally seen as the obstacle to a settlement, especially when Mr. Denktash was in control.

Changes in Turkish Cypriot attitudes have been attributed primarily to the deteriorating economic situation in the north of Cyprus. That is creating the desire for EU-generated prosperity and for help to stop migration from the island, which is a serious problem for the Turkish Cypriots, who fear that migration from the island will eventually lead to the disappearance of their community. It is estimated that there are more Turkish Cypriots in London than there are in Cyprus because of migration—caused, stoked and fuelled by economic failure.

The present situation has led to an increasing reliance on Turkey, which has created fears that the Turkish Cypriots' independence in the island of Cyprus is also being compromised. Overall, the Turkish Cypriots felt that the Annan plan would provide a satisfactory

[Mr. David Chidgey]

solution. There is also a need to acknowledge in this view of Cyprus's future the important changes that have taken place in Turkish attitudes, which began in the run-up to the referendums. There is no doubt that the policy shift, which was due to the change in Government and an acceptance that the continued division was no longer acceptable, was an important milestone in the process.

The stick, which is that Cypriot accession to the EU without a solution to the division is likely to be seen as an obstacle to Turkish EU membership, is balanced by the carrot, which is that Turkish EU membership became more likely with a change in its position towards Cyprus. The irony is that although Greece was committed to the yes vote for the Annan plan as part of its commitment to improving relations with Turkey, it became increasingly more hands-off in the run-up to the Greek Cypriot referendum and, consequently, had less influence over the outcome of that vote.

It is clear that the Greek Cypriot rejection of the Annan plan for reunification meant that Turkish Cypriots were excluded from accession to the EU. However, we should place on record and acknowledge the fact that the EU has sought to reward the Turkish Cypriot community in a number of ways. In particular, I am sure that the Minister will want to comment on the fact that the EU has agreed a number of greenline measures, which I believe the United Kingdom Government played a major part in securing. Those measures allow Turkish Cypriot goods to be exported into the EU in order to end the north of the island's economic isolation, which fulfils a promise that was part of the recognition of its support for the Annan plan.

We have started discussions in the EU about introducing direct flights to the north of the island. I believe—I am sure that the Minister will confirm this—that EU Foreign Ministers have recommended that the £172 million that was intended for the reconstruction of the north, which was dependent on the Annan plan, be disbursed in any event, which is of course good news. However, I understand that the EU's efforts to end the isolation of northern Cyprus have run into fierce resistance from the Greek Cypriots, as reported in the *Financial Times* on 2 July this year. Will the Minister give us the latest position of the Greek Cypriot Government on the situation of the Turkish Cypriots in the negotiations that he and others are having?

The Minister will recall the issues that have been raised about access and travel across the green line from the north of Cyprus. He will remember responding to a letter that I sent him on 16 June about a complaint that I received from Mrs. Gill Allis, one of my constituents, who was arrested last year when she crossed the green line from the north of the island. The Minister pointed out in his response that the Greek Cypriots, or the Government of the Republic of Cyprus, have continued to consider it illegal for EU nationals to enter the southern part of the island from the north and have reserved their right to penalise EU and British nationals by fining them should they so do.

I am sure that the Minister can assure us that he is continuing to negotiate with his counterparts in the Republic of Cyprus to remove that offensive restriction on EU nationals. The Minister will remember that the Greek Cypriots made a ruling in May that Turkish Cypriots would have to cross the green line to register a vote in the European elections. As a result, Turkish Cypriots have in effect been barred from taking part in the elections. He will remember also that six seats were up for election to the European Parliament, two of which were to be reserved for Turkish Cypriots. That has not happened. It is reasonable to ask the Minister what has been the outcome in the European Parliament of what is in effect gerrymandering of the MEP seats in Cyprus. What are his views on that?

I am coming to the end of my remarks and I would like to consider the reactions that there have been since the referendum results. The Foreign Secretary recognised that we will respect the choice that the Greek Cypriots made, but we hope that they will continue to reflect on whether it is the best choice. The Minister has said that the Annan plan remains the best way forward for a united Cyprus in the EU, so will he tell us specifically what the Government are doing to re-engage the two sides, recognising our special relationship with and responsibilities to the island of Cyprus?

Similarly, the Secretary-General of the United Nations, Kofi Annan, has made the point that we must respect the outcomes of the two referendums, but he rightly says that an historic and unique chance to resolve Cyprus's problem has been missed. He applauds the Turkish Cypriots for approving the plan, notwithstanding the significant sacrifices that it would have entailed for many of them, and he regrets that they will not enjoy the benefits of EU membership. What discussions are the Government holding with the Secretary-General in their attempts to persuade the Greek Cypriots to re-engage with the unification process?

The Liberal Democrats recognise that the Turkish Cypriots should be praised for their commitment to peace and for the way that they have campaigned for the issue. We fully support UN and international efforts to resolve the differences between the two communities, especially the Annan plan, which we see as the best such resolution. There is no doubt that it is in the interests of both communities that the whole island should achieve membership of the EU. Will the Minister tell us how the United Kingdom can take the measures forward?

10.32 am

Mr. Richard Spring (West Suffolk) (Con): I warmly congratulate the hon. Member for Hendon (Mr. Dismore) on an extremely comprehensive speech. It was well put together, detailed and it added to our knowledge of the situation in Cyprus. I also congratulate the hon. Member for Edmonton (Mr. Love) on his speech, which reflected considerable knowledge of the subject. It is greatly appreciated that both of them contribute to these debates.

It goes without saying that my hon. Friend the Member for Chipping Barnet (Sir Sydney Chapman) has had experience and expertise of the situation in Cyprus for many years. He made a measured and sensible contribution and will be greatly missed when he leaves the House. We have various ways of recognising people for their service in this country and he has justifiably received a knighthood. I would like to think that if we were living in Japan, he could be appropriately described as a national living treasure.

Earlier this year we celebrated the accession to the European Union of Cyprus and nine other countries. In the case of Cyprus—a valued Commonwealth member—the accession was particularly warmly felt in this country. However, amid the celebrations of enlargement there was a note of sadness. As other hon. Members have said, it is a shame that it proved impossible for Cyprus to enter the European Union on 1 May as a united island.

The Annan plan, drawn up after tortuous and painstaking negotiations by the UN Secretary-General and his team, offered a way to move matters forward. In essence, it advocated a loose federated structure for a united island. The plan was put to the people of Cyprus on 24 April and we know the result. In "The Case Against the Annan Plan", a publication by two academics, Dr. Kyriakides of the university of Hertfordshire tellingly points out that the

"final version of the Annan Plan did not see the light of day until the day before the referendum."

Despite the fact that much of the plan was in the public domain, that was not satisfactory.

While we all hope that a settlement to the division of the island can be found sooner rather than later, the many attempts to date, including the latest one, serve as testimony to the complexity of the dispute and the strongly held views and concerns of both communities. However, what comes through from this morning's debate is that the door must be left open; everyone has said that we must move forward positively from this point. Now is a time to reflect on the issues and the situation and not to proceed with too much haste.

The areas of contention and concerns, particularly among the Greek Cypriot community, need to be thrashed out and addressed before a long-term solution can be found. The Greek Cypriot community voted in a certain way for reasons of which we are aware, but their concerns need to be addressed. The roots of the problem are to be found in the history of the island. It has special links with Britain and we have a particular responsibility, as a guarantor power and with our military bases on the island, to assist the people of the island to resolve the dispute. It is also evident in the vibrant and thriving Cypriot communities, both Greek and Turkish, which enrich our national life and our towns and cities with their culture and enterprise. They are cultures that can co-exist successfully here and provide our country with the added links of kinship to the island of Cyprus.

Only 14 years after independence in 1960, Turkish troops invaded Cyprus in 1974 and occupied the northern part of the island, their stated reason being the protection of the Turkish minority. It is worth recalling that the 1983 declaration of independence by Turkish north Cyprus went unrecognised by the international community and the dispute has given rise to many UN resolutions condemning the island's division. Talks between the island's divided communities have occurred on and off since 1980, but the fundamental sticking points remain.

The problems relate to the Turkish settlers from mainland Turkey, who now occupy land and property in northern Cyprus; to the right of return to their former lands claimed by Greek Cypriots who fled in 1974; and, for obvious historic reasons, and most important for Greek Cypriots, to the permanent presence of Turkish troops in northern Cyprus. That is an emotional and practical issue, which must be resolved if a solution to the situation is to be found.

There is, however, hope. Although the Annan plan may not have proved acceptable to some on the island, it came closer than before to offering a solution. What is clear is that the final solution of the dispute can come about only from the two communities on the island themselves, although—without hindering a process of reconciliation—other countries can and must play important roles. I have already touched on our own special link with Cyprus and its people. Can the Minister set out the steps that the Government are taking to help to restart the peace process and to work with the two communities to evolve a further plan that will lead to a resolution?

Turkey has been mentioned several times this morning and, of course, it is another key player. It deserves due credit for the progress that it has made, what it has done to try to resolve the matter, and the changes that it has made in its stance. The prospect of EU membership, which I very much support, for Turkey, has undoubtedly served as an important spur to change and to its attitudes to the Administration in north Cyprus.

The poor economic circumstances faced by the Turkish Cypriot community, and their poor communications links, undoubtedly foster resentment, both on the island and in Ankara. Many countries have ended their economic embargoes of northern Cyprus since the Turkish community declared its support for the Annan plan. The EU has pledged to release some £170 million to northern Cyprus to end its economic isolation and to allow development to take place to raise living standards, improve the economy and foster a continued desire to work towards a long-term solution, rather than seeing such assistance as any sort of incentive to postpone a settlement. That is an important point. Undoubtedly and understandably, the cost of upgrading the north is also a concern for the Republic of Cyprus, which is prosperous and successful. There is an echo in the minds of many Cypriots of the economic circumstances that arose after the Berlin wall came down. Can the Minister elaborate on the Government's policy on the Turkish Cypriot community in northern Cyprus, and set out what steps the UK is taking to aid northern Cyprus's economic prospects and growth?

I should like to raise one further question here today—that of missing people from both sides of the green line; Greek and Turkish Cypriots alike. The problem has been with us for 30 years, which causes understandably huge anguish to the families and friends of the missing. Although I appreciate the reasons for tackling the issue on a parallel but separate track, what progress has been made, to the Minister's knowledge, since the most recent talks began in 2002? I recall that, when we last debated the subject in November 2002, I had found a statement on the Foreign and Commonwealth Office website to the effect that our high commission in Nicosia was working with both communities on the matter. Is that still the case? What steps are the Government taking to help end the pain of those families who want to know what happened to their loved ones?

[Mr. Richard Spring]

A solution to the long-running dispute is in everybody's interests, most obviously in the interests of the two communities in Cyprus. Such a solution should focus on the concept of a bi-zonal or bi-communal federation. It must grow from a sense of shared purpose and trust on the island, something that can be aided from outside but must begin and end on the island. We must play our part in restarting talks and in doing anything we can to facilitate their progress.

Having come close on this occasion, none of us can give up. I look forward to a united Cyprus, at ease with itself and its neighbours in the future. That beautiful, friendly island deserves no less, not least the spread of prosperity to all parts of it.

10.41 am

The Minister for Europe (Mr. Denis MacShane): I am grateful to my hon. Friend the Member for Hendon (Mr. Dismore) for raising this important Adjournment debate because it allows me to set out the Government's position on Cyprus. It is a country that is dear to many in the United Kingdom and of great concern to many hon. Members, as we heard in the fine speeches, including that of the hon. Member for Chipping Barnet (Sir Sydney Chapman). It will not, I hope, be his last distinguished contribution to the House before the general election, whenever that may be. It will certainly be before July 2006.

I also thank my hon. Friend the Member for Edmonton (Mr. Love), who is a great champion of the rights and needs of all the people of Cyprus and very popular in his constituency as a result, and the hon. Member for Eastleigh (Mr. Chidgey), who drew attention to the important Foreign Affairs Committee report on Cyprus. Finally, my opposite number, the shadow Minister for Europe, the hon. Member for West Suffolk (Mr. Spring), made some important points and asked questions that I hope I can reply to because, as has been said in the debate, there are not sharp party political divides on the issue.

We are enjoying a wonderful year for both Greece and Turkey, highlighted by the victory of the Greek football team in Lisbon—one of the Greek players was rejected by Sheffield United, but, there we are, Sheffield's loss is Greece's gain—and we all look forward to what we hope will be a positive vote in Turkey's bid to start EU membership negotiations. On those vital issues, there is no party political divide.

I take the opportunity to place on record the Government's—and, I am sure, the House's—thanks to the great work of Her Excellency, the Cyprus high commissioner, Myrna Kleopas, who has served her country and her island with great distinction in London for the past four years. We wish her well. Let it be noted that, under the Annan 5 plan, two of the five major diplomatic posts that the Cypriot Government would have to send representatives to—Ankara, Greece, London, Washington and Brussels, I believe—would be reserved for a Turkish Cypriot diplomat. So, one of these days, her successor may be a Turkish Cypriot.

I debated the Cypriot referendum result in another Adjournment debate on 26 May 2004, when the issue was raised by the hon. Member for Congleton (Ann Winterton). I commend the hon. Lady's passionate and vivid speech to all hon. Members. She made a great case about the wrongs done to Turkish Cypriots over the years. To an extent, she reflected the absent voice that was not represented in this morning's debate. When replying to her, I noticed that none of the hon. Members who raised the case from the Greek Cypriot point of view was present in the House. One of the difficulties is that we do not put the partisans of both points of view together in the House to exchange their views.

I will refer to just one quote that the hon. Member for Congleton gave. She quoted Mr. Nicos Sampson on 26 February 1981, a propos the events of summer 1974 when he led a fascistic coup to install an authoritarian Government in Nicosia, as saying:

> "Had Turkey not intervened, I would not only have proclaimed Enosis, but I would have annihilated the Turks in Cyprus".—[*Official Report*, 26 May 2004; Vol. 421, c. 1689.]

I give that quote not to enter into the rights and wrongs of the different positions on the island but to try to convey to the House the deep passions that exist. It has been said, perhaps rightly, perhaps wrongly, that no Turkish Cypriot remembers what happened after 1974 and that no Greek Cypriot recalls what happened before 1974.

In a sense, our task as a Government and as a House is to try to invite all Cypriots and their friends in Greece and Turkey to look to the future, and to build a Cyprus for the 21st century rather than settle the wrongs of the 20th, although there have been deep wrongs, and reference has rightly been made to the 1974 invasion. Churchill put it well when he said that if we want to live in the past, and allow the present to be conditioned by the past, we will build no future. Right across Europe, particularly in the new united Europe, there are many communities and groups that, while looking to lands, properties or power that they once had, now accept that they will not return on similar terms to those that caused great distress when their countries were separated or divided.

I shall try to answer some of the points and questions that have been put. Much reference has been made to the number of Turkish troops on the island, but under Annan 5 the Turkish troops at the end of the process will be reduced to the number that they are entitled to be under the treaty of guarantee: 650. That is hardly more than those of our troops who march out to do the changing of the guard every morning in front of Buckingham palace. That is a solemn treaty, which will not be superseded by any settlement. Pacta sunt servanda—treaties must be obeyed. Under all possible Annan proposals, unless we have a complete rewrite of the international treaty of guarantee, those troops will be able to be there. In flying time, Turkey is only four minutes from the island of Cyprus, and the need to meet its perceived security concerns for Turkish Cypriots can be sustained in my view without anything like the present number of troops. However, we should not make that a key issue.

I believe that the Turkish Government and Mr. Erdogan have made that clear to the Turkish general staff, because part of the terms for any Turkish accession to the EU will have to be that the military is 100 per cent. under the control of the civilian

authorities. As I said, the Government hope that membership talks can begin once a date has been agreed later this year.

Sir Sydney Chapman: In fairness, the Minister makes an extremely good point about the brigade strength that will eventually be left. However, what concerns many people is the time span for reducing the 40,000 or so Turkish soldiers now present to—at a rather distant date—the brigade that he has mentioned.

Mr. MacShane: I have to deal with European Union politics in which five years is a nanosecond and 10 years merely a slip of the tongue. The idea that the island should have just the 650 troops at the point at which Turkey would join the European Union—in some 10, 15 or more years—should not be a breaking point. I accept that Turkey could have offered to have fewer troops on the island as part of the negotiations, but I am not convinced that change on that single issue would have moved the Greek Cypriot leadership to offer to their people a decisive and clear lead in urging a yes vote.

I was asked about the resumption of talks. I deliberately chose not to visit Cyprus as Minister for Europe with responsibility in the Foreign Office for the island during the Annan discussions. Contrary to what my hon. Friend the Member for Edmonton said, I believe that Lord Hannay and the distinguished team of facilitators from the Foreign Office have worked tirelessly to achieve a settlement. They are friends of Cyprus, and it is wrong to criticise them. I have also heard from other hon. Members unworthy ad hominem remarks about British diplomats.

I am happy to inform the Chamber that I intend shortly to visit the island, and I will seek to ascertain what the Government can do to move the situation forward. However, the United Nations has said that it will not resume talks until both sides demonstrate the necessary political will, and so far the Government of Cyprus and the Greek Cypriot community have not approached the UN to seek resumption of the talks. Alas, the last word is still the no of the referendum in the south.

The British high commission in the island is active in conjunction with the British Council in building civil society on both sides of the island, and we seek to bring them together at every opportunity. The Foreign Secretary and I have had positive discussions with Mr. Talat, and we stressed to him that the way forward is not to set up new demands but to work constructively.

I am grateful to the hon. Member for West Suffolk for mentioning the tragedy of the disappeared people dating from the 1970s. Let me assure him that I am ready to place technical help at the disposal of the communities on both sides of the green line, particularly in connection with non-governmental organisations that work on DNA identification. We have seen forensic pathologists at work in Guatemala and the western Balkans—the right hon. Member for Kensington and Chelsea (Mr. Portillo) has considerable knowledge of that—and it is increasingly possible to identify through DNA testing the remains of buried people and who is responsible for their killing.

It is vital that the concept of habeas corpus—that nobody can be detained without the knowledge of their nearest and dearest—also applies to the dead. Their relatives should be allowed the dignity of knowing when they were killed, under what terms and who lies in the many graves. If the expertise that our non-governmental organisations have built up in DNA testing can be of service in the island, I will be happy to help with that.

The hon. Member for West Suffolk referred to the fact that the final version of the Annan plan was published only just before the vote, but that version had been tweaked only slightly. To draw a rough comparison, we now have the final version of the EU constitutional treaty, but a linguis juris version will be published in November just before the treaty is signed. Everyone in Cyprus knew where they were and had done so for many years—the version was Annan 5. Hon. Members may feel that just around the corner there may be a perfect Annan 6, 7 or 8 that satisfies both the Greek and Turkish Cypriot communities. I have to disabuse them of that view.

The current situation leaves the Turkish Cypriots disfranchised. Hon. Members asked me about the representation in the European Parliament. I assure them that when a solution is reached, under Annan 5, two of those MEP seats will be reserved for Turkish Cypriots. It is not fair that all five—I believe it will soon be six—seats for Cyprus are occupied exclusively by one community on the island.

I was also asked about entry from the north. It is true that the sovereign Government of the Republic of Cyprus—let us be clear that it is the sovereign Government recognised by the UN and by Britain—have said that they must have some regard for people who cross into the territory under their control from territory that they regard as occupied.

Mr. Chidgey: I accept the point that the Minister makes about the right of a sovereign nation to protect its borders, but I specifically refer to EU nationals—citizens of the EU and the UK, who carry passports to that effect—who should be treated with the normal courtesies given to residents and citizens travelling throughout the EU. Cyprus is an EU country.

Mr. MacShane: I made that point in the House. The Government of Cyprus have made it clear that they will not seek to delay or hinder the passage of EU nationals. If they were to do so, that would not be a problem for Britain alone, but would affect all 24 member states.

On 26 April, in response to the referendum, the General Affairs and External Relations Council stated:

> "The Turkish Cypriot community have expressed their clear desire for a future within the European Union. The Council is determined to put an end to the isolation of the Turkish Cypriot community and to facilitate the reunification of Cyprus by encouraging the economic development of the Turkish Cypriot community."

The council recommended that the €259 million already earmarked for the northern part of Cyprus in the event of a settlement should now be used for that purpose. The council invited the Commission to put forward comprehensive proposals to that end, with particular emphasis on the economic integration of the island and on improving contact between the two communities and with the EU. The Commission's proposals are expected today and will go to the college—the collective Commission—tomorrow, so we will soon know what

[Mr. MacShane]

those recommendations are. The British Government's view is that we must now seek to facilitate economic, trade, travel and tourist links with northern Cyprus.

I was asked whether the Government of Cyprus might interfere with Turkey's ambition to join the EU. We have received solemn assurances from the Cyprus Government—I, personally, have received such assurances from the Foreign Minister, Mr. Iacovou—that Cyprus will not place any obstacle in the way of Turkey being given a start date for negotiations on EU membership. I accept those assurances, and hope that hon. Members will be reassured on that point.

Our approach to Cyprus continues to be governed by two principles: we want the reunification of the island as a bi-zonal, bi-communal federation. Having lived and worked for some years in Switzerland, I can think of worse fates for Cyprus than to become as rich and successful as the Swiss confederation. With that in mind, we will maintain our policy of not recognising the north of Cyprus as a separate, independent state, but we will maintain good contact with the leaders of its community.

I have no solution to hand. Such a solution will require leadership from both communities. There is no Annan 6—no magic solution from Her Majesty's Government or from Brussels. It is up to all the people of Cyprus to say yes to the unity of their island. The best way forward will be to return to the negotiating table and to vote for Annan 5 or Annan 5.5.

Assyrian Christian Minority (Iraq)

11 am

Mr. Stephen Pound (Ealing, North) (Lab): It is a pleasure and an honour to appear before you, Mr. Deputy Speaker, and also a delight, as you are one of the few hon. Members who speak fluent demotic and classical Greek and, for all I know, Akkadian Aramaic, too. If I occasionally lapse into Aramaic, it is not as a result of watching Mel Gibson films, but a tribute to your learning, Sir.

One purpose of the debate is to place on the record some facts about the Assyrian community as it is now and will be in the future, and about its extraordinary past. It is not just as old as civilisation, it has measured civilisation. The Assyrian community may be known from the unfortunate Biblical reference to the Assyrian coming down like a wolf on the fold, but as we are in the year 6754 in the Assyrian calendar, it gives us some idea of its longevity.

Who knows when the Assyrian civilisation began, but 2400 BC was the beginning of the first golden age of Assyria, which lasted until 612 BC, followed by a dark age from 612 BC to 33 AD, a second golden age from 33 AD to 1300, a second dark age from 1300 to 1918, and then the diaspora from 1918, which is why I have raised the matter today.

People in this country know little of Assyrian culture, language and history, although we may recognise the names Sargon II, Sennacherib, Esarhaddon and Ashurbanipal, but are we aware that the Assyrian empire at its peak stretched from the Caspian to Cyprus, from Anatolia to Egypt? It was a vast civilisation, not just the cradle of the modern world and modern civilisation, but the exemplar of how a state and an empire could be run, with learning, culture and an indigenous language that survived the vicissitudes to which I have referred.

The early Assyrian civilisation gave us, today, in this country, an enormous number of gifts: its people invented locks, keys and the measurement of time—the sexagesimal system was an Assyrian invention. They were responsible for the first postal system, the first paved roads, the first use of iron, the magnifying glass, the first libraries and, more prosaically, but equally usefully, the first plumbing and flush toilets. They invented the first electric battery, the first guitars, the first aqueducts and the first arches, although they are perhaps best known for two of their most famous inventions, both of which have made a great difference to my life: the wheel and lager. Those are the extraordinary achievements of a group of people from a country that is recognised in the epic of Gilgamesh; it is the site of Noah's flood, and its civilisation is inextricably linked with our own.

For the purposes of this debate I want briefly to mention the defining moment in Assyrian history: 33 AD, when the apostle Thomas, with Thaddeus and Bartholomew, converted the Assyrian nation to Christianity; the Assyrian Church of the East is the first and oldest Christian Church. Many hundreds of years later, when Marco Polo arrived in China, he found Assyrian Christian missionaries, which had followed the silk road. The entire Assyrian nation converted to Christianity in 33 AD, held true to its tenets and beliefs and suffered grievously for it.

At the height of the golden age from 33 AD to 1300, Assyrians founded the world's first university, with departments of theology, philosophy and medicine. The school of Nisibis became the model on which early Italian universities were founded.

Rather than go through Assyria's entire history, tempting thought that may be, I shall rush forward to 1918—the age of the diaspora. From 1300 to 1918, the Assyrian Christian community in Iraq, and those in Lebanon, Turkey, Syria and surrounding areas were viciously persecuted. Genocide was a regular feature. The Islamic conquerors of that part of the world imposed a tax, and many families had no alternative but to convert to Islam out of sheer financial necessity, regardless of their own theological beliefs.

The Assyrian diaspora has spread throughout the world. Switzerland was mentioned earlier; it has 10,000 Assyrians. There are 80,000 in Brazil, 100,000 in Lebanon, 50,000 in Iran, 23,000 in Canada, 20,000 in Holland, 2,000 in Mexico and 8,000 in Greece, which was the subject of the previous debate. Particularly dear to my heart and to the business of the House is the 8,000-strong Assyrian Christian community living in this country, many of whom I am privileged to welcome to my own community in west London. It is a long way from Nineveh to north-west London, but the Assyrian culture and the belief in the language have been constant throughout.

Earlier this year, I celebrated the Assyrian new year at the Assyrian centre in South Ealing road with one of the Minister's colleagues, who was extremely well received—he is always welcome, should he wish to return. We were delighted to see evidence of the strength of this community in our part of the world—a community that has thrived and given us a great deal.

One reason why the community is so well integrated in the UK is the long tradition of service for the British, predominantly in what we call modern Iraq. I am delighted that with us in Parliament today is Awiya Khamo, the son of Rab Emma Nimrud Khamo—Rab Emma is a title roughly translatable as flight lieutenant—who served in the Royal Air Force Levies in Habbaniyah. I could happily speak for hours on the history of the Levies' contribution and the Assyrians' participation, but I doubt whether people could happily listen for hours. I will say only that during the last war, 40,000 Assyrians fought in the Levies, and the Assyrian Parachute Regiment fought hand to hand with German forces in Crete, Greece, Albania and Italy.

I am delighted that my hon. Friend the Member for Ealing, Southall (Mr. Khabra), my constituency neighbour, in whose constituency the Assyrian centre is located, is here to support the debate. We speak as one on this matter. Although the centre is in his constituency, I do not begrudge him that; I welcome it.

Today, we have a desperately unhappy and tragic situation. I am referring specifically to the situation in Iraq, to which the title of this brief debate refers. Article 7 of the constitution of Iraq states that Islam shall be the official religion of the state. One consequence of that and of the large amount of Islamic cultural and social material that is played on radio stations and is in the newspapers has been a marginalisation of the Christian community. In addition—I do not say that this is a result of article 7, because it has lasted for many thousands of years—there is a campaign of murder and harassment against Christians in Iraq, which I deeply regret. An exodus on the scale of the 1918 diaspora is taking place. A recent message from a deacon at a church in Iraq states that its people are spending more time filling out the baptismal forms needed to leave the country than on arranging Christian services.

It is a desperately difficult situation, and harassment of Assyrians, principally—but not solely—by Muslims is now so serious that people are talking about whether article 54 of the transitional administrative law could include some sort of protected homeland for the Assyrian Christian minority. I shall mention that again in a moment.

Last month, two Assyrian sisters, Janet and Shatha, who were working for Bechtel, were killed just outside Basra in a drive-by shooting. They were identifiable Assyrian Christians, slaughtered for no discernible reason. Why would two young women be killed on the streets in that way? The family are quite convinced that the murder took place because of their religion. In the new year, several bombs exploded specifically in Christian areas.

The loss of Bashir Toma Elias, who was slaughtered on Christmas eve, just outside Basra, is a matter of grave concern to many people in the Christian community. Bombs exploded outside Christian churches and in the Christian district of Baghdad, and it is felt that some of the militia groups, who have names like "God's Vengeance", have stated that they will not rest until all Christians have left Basra or converted to Islam—that information comes from the well-authenticated and respected Barnabas Fund—and 2,000 Christian families have already fled.

On 7 June, four masked men drove into the Christian Assyrian quarter—Hay Al-Athuryeen—of the Dora district of Baghdad and opened fire on Assyrians on their way to work. Three men and one woman were killed immediately. It was a specifically targeted attack by masked gangsters on the Assyrian Christian community. We have now reached the stage where the Holy Apostolic Catholic Assyrian Church of the East, in the form of the Diocesan Bishop of Europe, Mar Odisho Oraham, has actually written to the Foreign Office, calling attention to the present plight of the Assyrian Christians. With the charity for which he is known, he recognises that the previous dictatorial regime in Iraq has gone, but he asserts that security and stability have not yet been established.

For many Assyrian Christians, the UK is a country for which their fathers and their families have fought. It has welcomed them and seen them grow into a stable, hard-working, law-abiding community, which has made an enormous contribution. My hon. Friend the Member for Ealing, Southall and I can point to many examples of the contribution that it has made locally. The concern is that many of the Assyrian Christian community who have followed a well-trodden path to the United Kingdom will be forcibly repatriated to Iraq without the specific pressures and the condition of the Christian community in Iraq being considered.

Mar Odisho Oraham has urged the Foreign Office, not to give a blanket exemption to all Assyrian Christian asylum seekers from Iraq from any repatriation—that would be unreasonable—but to take into account their

[Mr. Stephen Pound]

specific circumstances. I ask for that today. When decisions are made, the long history of genocide against the Assyrian people—the continuing and contemporary slaughter of Assyrians for no other reason than their Christianity—should be taken into consideration. I have spoken this morning to one of the leading members of the community, Andy Darmoo, whose father served for 31 years in the RAF. Speaking for the Assyrian community in the UK, he lists a long, bloody and heartbreaking catalogue of murders, attacks, assaults, land confiscation and denial of human rights currently taking place.

Andy Darmoo said to me this morning that, in addition to the historical linkage between the Assyrian Christian community and the United Kingdom, there has been a long-lasting relationship of mutual respect and support. He referred to the participation of the British forces after the great war and how virtually everyone in the Assyrian centre has some relationship with the British armed forces. He also referred to the positive contribution that they have made to this country.

My hon. Friend the Member for Ealing, Southall can speak for himself, but I hope that he will allow me to say that he and I come from a part of north-west London that has many communities. Many different streams of people come together to make up what we relish and cherish as our multiracial and multicultural community. One cannot say that one community is better, stronger or weaker than another, but of all the dozens, if not scores, of communities among whom I live and work, few have made as great a contribution in such a positive, community-conscious and law-abiding way as the Assyrian Christian community. The fact that half the referees in the Middlesex FA are Assyrians is neither here nor there—I can forgive them for that. That community makes an enormous contribution.

I asked for this debate because I am concerned about the fear in the Iraqi Christian community of the consequences of article 7 of the constitution for the temporary administration in Iraq and of the possibility of forced repatriation, and about the effect that that is having on that community, which, to coin a phrase, has stood shoulder to shoulder with us for many centuries. While we cannot repay such loyalty, we can acknowledge and respect it.

I call on my hon. Friend the Minister, who is well known and widely respected in the Assyrian community, simply to accept the realities of life in Iraq when any decision is made. I am sure that he will do so. If I apologise for placing this matter on the record and for taking parliamentary time to do it, I do so in recognition of the fact that it is important that the voice of our Assyrian brothers and sisters is heard in this place, that some of their history is placed on the record and, more importantly, that their present and future are made safer and more secure by the actions of this House.

11.18 am

The Minister for Trade and Investment (Mr. Mike O'Brien): I thank my hon. Friend the Member for Ealing, North (Mr. Pound) for raising this subject for debate today. I also thank my hon. Friend the Member for Ealing, Southall (Mr. Khabra) for coming along to listen to the debate.

I begin by assuring my hon. Friends that the Government intend to take into account the circumstances of the Assyrian Christians in Iraq when we make asylum decisions. I shall pass on their concerns to the Home Office and the Foreign Office.

My hon. Friend the Member for Ealing, North is right to say that the roots of the Assyrian Christians in the region perhaps go deeper than those of any other community in the middle east. They are rightly proud of their history and culture. However, like all the people of Iraq, the latest chapter of their history has been one of misery. They have endured decades of oppression under Saddam's regime. Many were forced into exile, as were many others during the great Assyrian diaspora of decades before. I know that many Assyrians live in my hon. Friend's constituency and that he has worked hard during his years as a Member of this House to highlight their cause, and it is right that he should do so.

There are also thousands of internally displaced Assyrians still living in Iraq, driven from their homes during Saddam's "Arabisation" scheme. The forced movement of Kurds, Turkomans and Assyrians is one of the worst legacies of Saddam's regime. An Iraqi Property Claims Commission has been set up to deal with the way in which people were forced out of their homes and to examine whether the disputes over property can be resolved in a legal and controlled fashion. Offices are now open throughout Iraq, with particular emphasis on the Kirkuk district, which saw the worst cases of forced displacement.

The British Government have worked tirelessly over the past year to secure basic human rights for all of Iraq's minorities—rights that Saddam denied. Iraq now has human rights legislation encapsulated in chapter 2 of the transitional administrative law, agreed by the Iraqi governing council in March. This legislation provides a legal framework for Iraq during the transitional period. It states that all Iraqis are equal before the law and that discrimination on the grounds of ethnicity, religion or gender is illegal. It states that torture in all its forms is prohibited in all circumstances and it guarantees the right of all Iraqis to educate their children in their mother tongue, including Syriac, the language of the Assyrian people.

It is the first time in Iraq's history that such an impressive package of human rights legislation has been passed, and Iraq's different communities have universally welcomed it. I know that the Assyrian community in particular were pleased with article 53 of the law, which guarantees their administrative, cultural and political rights, although of course they would have liked more.

The British Government will continue to keep in touch with the full spectrum of different ethnic, religious and tribal groups that make up Iraq's rich tapestry. Foreign Office officials regularly meet representatives from Iraq's Assyrian community, both in London and in Iraq. We will actively continue with such engagement. We are very aware of the Assyrians' unique place in Iraq's history. Appropriately, they have a representative in the new Iraqi Government, Ms Pascale Isho Warda, who is Minister for Displacement and Migration.

All indications from the new Iraqi Government are that they will continue to further minority rights. That is not surprising—after so many years of suffering the

Iraqi people crave a Government who will further their collective and individual rights. Many individuals in the interim Government have personal and direct experience of human rights violations under the former regime.

Of course, the drafting of human rights legislation in Iraq is only part of the battle. Respect for human rights must be seen in action, too. We have a moral duty to support the Iraqis in the implementation of the laws that they have passed. As my hon. Friend said, there have been reports of attacks against the Christian community in Iraq, including kidnappings, assassinations and intimidation of practising Christians. It is not just Christians who are affected. Shias in Sunni areas, Sunnis in Shia areas, Kurds and Arabs—men and women—have all been affected by terrorist attacks. A small minority who aspire to provoke and exploit divisions between religions and ethnic communities carry out the attacks.

The British troops currently serving in Iraq are working with the Iraqi security forces to prevent those attacks and create stability in the country. It is only by building up the Iraqi security forces and ensuring that they enforce the human rights laws that their Government have decreed that we can create the conditions in which the most basic human rights—security, stability and democracy—can be implemented.

The handover of authority on 28 June was a milestone that has profound importance for the Iraqi people. It has been welcomed throughout Iraq, regionally, and worldwide. With the support of the United Nations, Iraqis are preparing for the next steps in the political transition—elections to a Transitional National Assembly and Transitional Government by the end of January, followed by the drafting of a permanent constitution, a referendum and then elections on the basis of the new constitution.

We hope that the elections will give Iraq's minority groups an opportunity to be represented at all levels of government in Iraq. Furthermore, it is the elected representatives to the Transitional National Assembly who will draft the permanent constitution in 2005, so all Iraqis, including the Assyrians, will be able to identify with the values and institutions enshrined in that new constitution.

There is a long way still to go. There are obviously difficulties in dealing with terrorism, reducing the level of violence, and ensuring proper respect for human rights. It is also clear that the hatred that is building up among some in Iraq is targeted not only at coalition forces but at various minority groups, including the Assyrians. We must ensure that the security forces are strong enough to deal with the problems, and that respect for human rights is embedded in a new Iraqi constitution so that the duly elected Government respect those rights. To some extent the coalition can help, but it is up to the Iraqi people how they vote in elections.

Mr. Piara S. Khabra (Ealing, Southall) (Lab): Under a constitution, or whatever political system is set up in a country, there is a guarantee of civil liberties and rights to the minorities. However, despite the fact that the law may not allow it, religious fundamentalists in many countries behave as they want to, as has been experienced by Christians in Pakistan. How can the difficult situation in Iraq be resolved if the authorities are unable to control the fanatics, who like to intimidate and persecute minorities in a country that is predominantly made up of one religion?

Mr. O'Brien: My hon. Friend is right: we have seen the growth of fanaticism in a number of countries in and beyond the middle east. There have been attacks based on religious hatred in Pakistan, India and many other countries. The Governments of those countries must deal with that level of fanaticism, the teaching of hatred and the fact that some people seem to think that they have a God-given right to murder others because of their different beliefs.

Iraq presents us with particular problems because of the aftermath of the war and the creation of the new Government. There has been a concerted attack not only by outside extremists—some no doubt influenced by al-Qaeda—but by those involved with Saddam Hussein in the past. Others, for various tribal and domestic reasons, have also become involved in terrorist action and violence. The religious hatreds that my hon. Friend identified have fed into that situation.

Over the coming months, we shall seek to embed the idea of respect for human and individual rights into the operation of the Iraqi Government. I repeat that it will be up to the Iraqis what sort of Government they create. We can help and encourage them, and show that we believe that respect for minority religions is enormously important. We will continue to lobby the Iraqi Government to implement human rights legislation and we will continue to provide troops for the multinational force in line with Prime Minister Allawi's request. We will also continue to lobby the new sovereign Iraqi Government after the implementation of the constitution to ensure that human rights are firmly anchored in their permanent way of dealing with people. We want to see a free, democratic, stable Iraq, at peace with herself and her neighbours, and with respect for all religious minorities, including the Assyrians.

11.30 am

Sitting suspended until Two o'clock.

European Constitution

2 pm

Mr. William Cash (Stone) (Con): I want to dispose of one myth about the European constitution straight away—that is, its length. I have seen repeated references to the length of the treaty, but, having got the full text, to my considerable astonishment I discovered that, far from being 331 pages, which is in itself excessive, the figure, including protocols, is 676 pages. I have the documents here—I got them from the Library this morning—and the two together come to that extraordinary total. That is an indication of its scale.

The Minister for Europe (Mr. Denis MacShane): This is a friendly debate and I thank the hon. Gentleman for giving way. I have the official Foreign Office draft treaty establishing a constitution for Europe here. It is 248 pages. Can we swap, because we must decide on the number of pages? This is the official Government version; perhaps he is referring to some other treaty.

Mr. Cash: No. I can only refer the Minister to the documents that were given to me this morning by the Library. One is dated 25 June 2004 and the other, which is described as an addendum, contains the other provisions. It may be that the Library is mistaken, in which case we will be required to produce further and better particulars.

I do not have a copy of the document that the Minister referred to, and I would be glad to have one, but there are so many such documents and, in any case, we are told repeatedly that the whole thing is subject to the expression "toilletage", so we will not have a final text until much later in the year.

The important point is that this is one of the most important documents to have been presented to the people of Europe and, in the European elections only the other day, we discovered exactly how little genuine interest there is in certain countries. That was described as apathy, but I prefer the word "rejection". When people are given an opportunity to take part in a debate on the scale of the one that took place during the European elections, I would expect a much larger turnout if people are properly informed. The problem is that the information that has been made available has simply not excited people's attention.

To start with, I will identify exactly what the provisions before us represent in terms of the text that we had beforehand. I think that that is a convenient starting point. It is a myth that the European constitution has been put to sleep until after the next general election. The reality is that it is already being implemented. That stage was reached even before the Prime Minister signed the final agreement on 18 June.

On 14 June 2004, the European Defence Agency, which is referred to in article III-212 of the constitution, was established. Indeed, preparations for the European Union diplomatic corps—the so-called external action service—should be taking place even as I speak under a declaration annexed to the relevant article of the treaty establishing the constitution and requiring the member states to get going as soon as the text is signed.

Furthermore, despite the assurances of the Prime Minister about an opt-out on asylum and immigration policy, several building blocks for the common European asylum system have been put in place, including the Dublin II regulation on responsibility for asylum claims. Furthermore, there is a directive on reception conditions for asylum seekers and a directive on temporary protection in the event of a large influx.

Directives on the definition of a refugee and on common asylum procedures are already well advanced. Indeed, the longer the delay in holding a referendum, the more of the 25 per cent. of the treaty establishing a constitution that the Prime Minister admits is not contained in previous treaties will have been implemented. That will make it even easier for the Government to press their false claim that a no vote is really a vote to leave the European Union—another underhand tactic from an underhand Government.

An honest Government would hold a referendum immediately. The British people could then reject this predatory, jargon-ridden, dirigiste constitution before it took hold. The constitution is a victory not for the Prime Minister or for the new Europe, as he suggests, but for the corporatist, Franco-German placemen who drafted it. It is the wrong prescription for an ailing Europe and it will not serve its interests. It should be torn up and thrown away.

The leader in *The Economist* of 26 June, "The right verdict", states:

> "That lack of subsidiarity, of control, above all of any real sense of constitutional stability are the fundamental flaws of this treaty. The European Union does need a smoother, more efficient decision-making process, both for its own sake and so that it can enlarge itself even more in future ... But if voters are to feel comfortable both with that efficiency and that enlargement, they need a constitution"—

I question whether we need a constitution in any event, but that is the view of *The Economist*, and this is what it prefers—

> "that stabilises and controls the process properly."

It goes on:

> "It needs to be demanded by voters. That is why the best result in all the ten referendums would be a resounding no vote."

That is the view of a journal that, going back only a few years, was positively advocating the accumulation of treaties, but which has come to the conclusion that the constitution is a disaster area.

The Prime Minister, in accordance with his habit, has defended this monstrosity, which I think he has never believed in, with posturing and windy generalities. What he likes to call myths are most often real dangers that have been averted, and the aversion often owes more to lobbying than to the efforts of his Government. I am not talking about straight bananas, but things such as oil supplies. It should be noted that energy remains a new competence of the Union under the agreed text of the constitution, despite the best efforts of those in the oil business.

The real myths are the claims the Prime Minister makes about the constitution, which he dare not call a constitution because he knows that the British people are opposed to the imposition of a constitution in principle. He says that the constitution makes clear where the EU can and cannot act. What it does in fact is divide up the Union's expanded powers into exclusive, shared and complementary competences. A shared competence is one where the member states retain their powers in so far as the Union has not exercised, or ceases

exercising, legislative power. This is, therefore, not a matter of equal sharing. There is a list of exclusive Union competences, but no list of competences expressly reserved to member states.

That issue was dealt with by the House of Lords European Union Committee when considering the role of the European Court of Justice, which led to a debate in the House of Lords on 21 May. I intend to refer briefly to a number of matters that arose in that debate because they go to the very heart of the fundamental question facing the people of this country, which is, who in fact is to call the final shots? Is it to be the voters in the general election or the European Court of Justice, adjudicating in areas that one would have assumed in a democracy to be the province and the right of the voters of this country? It is precisely because the European Court of Justice is given such overarching powers over matters of government that I oppose the constitution as a violation of our democracy.

The change in the nature of competences creates myriad grey areas that will be subject to the rulings of the European Court of Justice, which itself is not an impartial tribunal, but an integrating institution of the European Union. We already know about the political influences within the European Court. Almost as soon as the texts had been agreed, one of its most senior judges made it abundantly clear that the treaty would expand their powers at the expense—although he did not say this—of the voters of this country and of the whole of Europe.

One of the fundamental objections that we all should legitimately have to the constitution is the structure that it creates throughout Europe. Far from improving stability, it will generate tension but—with the low growth and high unemployment that are characteristic of the European, or certainly the French and German, landscape—not prosperity of the sort that has been claimed for the new proposals.

This morning, I heard on the "Today" programme an interesting altercation between Derek Simpson of the TUC and the Secretary of State for Trade and Industry. Mr. Simpson complained about unfairness in the European Union because of the state aids that are prevalent in France and Germany, and about the fact that we are now getting a diet of temporary workers and low-quality manufacturing. As far as he—and I take it, therefore, the TUC itself—is concerned, the TUC is inverting the attitudes that prevailed under John Monks, his predecessor, because it recognises that the way in which the European Union is moving is not in the interests of the social Europe to which the Minister referred in a speech a few days ago.

This Europe is not working; it is not successful. As I said a few days ago in an exchange with the Chancellor of the Exchequer in the European Scrutiny Committee, there are features of the British economy outside the present arrangements that have benefited this country. There is no doubt about that. However, the manner in which the economy has been constructed is despite, not because, of the arrangements that the Government have entered into.

The Government's commitments in principle to the single currency and the European constitution are not just theoretical abstractions; they involve essentially practical matters. When one finds that the Labour heartlands and the TUC turning against the way this European Union is functioning, one can understand why, when compared with the previous European parliamentary elections, the Labour party lost a 19 per cent. share of its vote in the most recent elections.

When the Secretary of State for Trade and Industry replied to the interviewer on the programme this morning, she described herself as being passionate for manufacturing and said that 3 million to 4 million manufacturing jobs had been created under this Government. Unfortunately, however, the problems relating to the new constitution that are now becoming clear will further diminish the effectiveness of that Government policy, which exists despite, not because of, their policy on the European issue.

Together with other colleagues on the European Scrutiny Committee, I cross-examined the Secretary of State on competition policy on 16 June. It is important to bear it in mind that competition policy is absolutely essential to the potential effectiveness of enterprise and productivity in the United Kingdom and throughout Europe. It may come as a surprise that the Government's original intention, as expressed by the Leader of the House when he was playing a role in the prospective treaty and by others, was to insist that competition activity would be at most a shared, but not an exclusive, competence.

The exchange that took place in the European Scrutiny Committee included this astonishing remark on competition policy by the Secretary of State:

"As far as the IGC is concerned, it did come up though I could not tell you at exactly what date, I am afraid. This, as I have said earlier, was not one of our first order issues. It was one of my Department's many concerns about the original proposals and earlier drafts of the Convention but it was not a first order priority and, certainly once into detailed ministerial meetings, there simply was not time to worry about second order priorities".

That demonstrates the Government's complete lack of comprehension and perspective on something so fundamental as how we as a nation are to be absorbed into the European Union and the inevitable effect on our jobs, our competitiveness, our productivity and our growth if we are locked into an arrangement in the European Union by which it has so much control over how questions of competition are to be defined.

As I and other Committee members from both sides said to the Secretary of State, we were simply not convinced by her arguments on why we ended up with competition policy being in effect an exclusive competence. I also asked her how she would deal with the avowed policy of France and Germany, which has recently been announced, to establish industrial champions. Quite clearly, that will be a highly protective measure, taking us back to the 1970s, which will be counter-productive and generate more problems internationally than one would possibly have imagined only a few years ago when all that talk was abandoned.

Having just been to Birmingham, Hodge Hill, where the by-election is to be held, I note that GEC Alsthom at Washwood Heath in that constituency has been closed. There was a discussion on the "Today" programme this morning about the problem of making trains. The GEC Alsthom experience, which I witnessed when I was the Member of Parliament for Stafford, was part and parcel of the failure to control the industrial champions policies that have had such disastrous effects on British

[Mr. Cash]

manufacturing and employment. The French and Germans, for example, will be pursuing their industrial champions policy in the face of international competition from the world as a whole, as I told the Secretary of State for Trade and Industry. There is a fundamental flaw in that aspect alone of the direction in which the European Union is going. The difficulty facing us is also tied up with the extent to which the treaty provides for economic co-ordination.

I want to return to the question of the European Court of Justice. Lord Scott of Foscote, who is a Law Lord and chairs the European Union Committee, had some important things to say during the debate, and as far as I can see, the Government are not succeeding in or even attempting to repudiate the points that he made. He said:

"There is very little said in the proposed treaty about the role of the"

European Court of Justice. He said that in their response to the Committee's report, the Government said:

"'The court's jurisdiction and role will remain essentially the same as under the European Community Treaty although the scope of the Constitutional Treaty itself will, of course, be different'."

I do not know what you make of that, Mr. Deputy Speaker, but it suggests that they are trying to have it both ways. Lord Scott then said:

"This statement ... gives inadequate recognition to the increase in importance of the role of the ECJ".

The Government are extremely anxious to avoid the issue of the role of the European Court because they know that the ultimate question will be the exchange of voters' rights for decisions in relation to matters of fundamental importance in Government and governance of the United Kingdom and standing here in Westminster Hall in the British Parliament observing the history of this place in the fight for democracy and having to take part in a debate on a treaty that fatally undermines the democratic rights of the people who return us to Parliament and have done for generations, if not centuries.

The noble Lord then referred to what he described as

"perhaps the most important issue of all"—

the jurisdiction of the Court. He pointed out that the European Court

"does not at present have jurisdiction in respect of second or third pillar matters. The second pillar is common foreign and security matters; the third pillar is police and judicial co-operation in criminal matters. Under the new constitution"—

as I pointed out in previous debates—

"the three pillars will be collapsed. There will simply be European Union law which, according to Article 10.1"—

the number has changed to 10.5—

of the proposed constitution, will have primacy over domestic, national law."—[*Official Report, House of Lords*, 21 May 2004; Vol. 661, c. 1001–02.]

The issue of primacy is fundamental and in the Prime Minister's statement to the House on his return from the European Council, he attempted to gloss over it. Euro-realists such as myself allege that primacy has substantially and fundamentally changed the nature of the relationship between the European Union and the member states. In a nutshell, his response is that that is nonsense. However, he cannot repudiate the point that I put to him during Prime Minister's questions a few weeks ago that the constitution revokes all existing treaties and the laws that go with them.

The bottom line is that there is a fundamental change. The division of competencies, to which Lord Scott of Foscote referred in his report on the treaty, is not a mere drafting exercise. In recognition of that, and because the Government could not continue to hold the ring on the argument, the Prime Minister agreed to a referendum. He did not do so lightly and he has not given a satisfactory explanation of his change of mind. I am convinced that as we got deeper into the question, the position of the Government and of the Minister replying to this debate became both transparently absurd and increasingly impossible to maintain.

Mr. Richard Spring (West Suffolk) (Con): May I return to the question of the primacy of EU law? The Government's approach is absurd given that the Leader of the House sought to amend exactly that point during the Convention on the Future of Europe. While the Government are saying one thing now, in practice they unsuccessfully tried to reverse the constitutional enshrining of the primacy of EU law.

Mr. Cash: Absolutely. That was precisely why the Prime Minister originally resisted the idea of a constitution and said that it was not desirable or necessary. The Government know exactly the impact it will have and how invasive it will be on the democratic rights of the electorate.

I held a debate in this very Hall a few weeks ago about my Sovereignty of Parliament (European Communities) Bill, in which I have proposed a solution to the problem of primacy. There is ongoing dispute here and in other countries about whether the European Court or the highest domestic court in the land has the last word. However, the passage of a Bill that unambiguously states that enactments that include the words,

"notwithstanding the provisions of the European Communities Act 1972",

are inconsistent with that Act would impose an obligation on our judges to give effect to that. It would strike at the heart of the manner in which the European Court asserts its jurisdiction over our constitution and, as expressed in the relevant articles of the European constitution, takes primacy over our constitution and laws.

This is in fact a new situation, not a repetition of the existing one. Where the constitution refers to the conferral of powers through the member states, that applies only to the act of putting together the proposals for the constitution. Once the constitution has gone through, the European Court will exercise its jurisdiction over our constitutional arrangements unless we have a provision that reaffirms the sovereignty of this Parliament. It is simply not good enough for hon. Members and the Government to assert that it is nonsense that the constitution has an adverse impact on the manner in which we exercise our sovereignty in this place. There will be a substantial difference. In the evidence given to the House of Lords European Union

Committee, a number of distinguished legal experts made it clear that that would be the case. One went so far as to say that he would prefer the word "supremacy" to be used rather than the word "primacy", for obvious reasons.

The Government will continue to protest their case, but it is a sham. If anyone considers the history of the European Union in the past decades, they will see clearly that the endless list of assertions that have been made, for example in the 1970 White Paper that we would not lose the veto, have all proved completely unsubstantiated. The reason for that is that those who are driving forward the process and have established the idea of a European constitution by agreement between Governments—but not people—have done so with one objective: the political union of Europe.

For all the arguments, dancing on the head of a pin and analysis of individual provisions, the totality of the exercise is as clear as daylight. It is intended to create one state and a political union, and the constitution is the culmination of that work. Considering the continued ingenuity of those pursuing that objective, they will undoubtedly find other ways of bringing more effectively into account matters such as national taxation. After all, whether we are dealing with taxation, defence or foreign policy, it is clear from the pattern of established movement towards integration that that is what is intended and that is what will happen.

It is simply a massive deception on the people of Europe and this country to suppose that that is not in the making. In fact, I would go further to say that all the essential ingredients already exist. Although the European Court of Justice does not get an enormous amount of publicity—which is highly regrettable—it already adjudicates on matters of national taxation in relation to corporate tax. The boundaries are being pushed back all the time, and the same applies to defence and foreign policy. Even if the barriers—the so-called red lines laid down by the Prime Minister—were construed as having had a partial success, they will not withstand the overriding tidal wave of determination to take over other functions in the short term.

In a House of Lords debate, Lord Scott listed the areas that were outside ECJ jurisdiction, including

"common foreign and security policy matters . . . police and law enforcement matters, and matters relating to the maintenance of law and order and the safeguarding of national security . . . Outside these specifically excluded areas, the ECJ will have jurisdiction."

However, he pointed out:

"Even in the areas from which ECJ jurisdiction is excluded, European law will have primacy . . . It is an oddity that European law will have primacy over member states' domestic law, even in the areas where the ECJ does not have jurisdiction."—[*Official Report, House of Lords*, 21 May 2004; Vol. 661, c. 1002.]

That point was not answered in the House of Lords, so I hope that the Minister will answer it now. It is not only an oddity, as Lord Scott said; it is an absurdity. However, the key point is that it should not be within the competence of the European Union in the first place.

Where the treaty refers to the fact that the

"limits of Union competences are governed by the principle of conferral",

it is implied that, somehow or other, that prevents the European Union from acquiring the degree of control that I assert it attains. Once the constitution has been ratified, conferral will give way to the consequences and the European Court will ultimately have the last word through its control and ultimate say over competences.

Lord Scott went on to ask which courts would have the final word on such issues as and when they arise. Without going into the detail of that, the bottom line is that he says that the European Court must have the final say, and Lord Slynn, who spoke earlier in the same debate, said that that was absolutely fundamental to the workings of the European Union. Above all else, the bottom line is the insistence that we get over and again that the European Court must have the last say. I argue strongly that that is an undemocratic way to run the European Union and is in itself a reason why it is essential that the constitution be rejected.

Indeed, as the Prime Minister said in his statement on 21 June,

"of course, European law only takes precedence where member states have agreed that Europe should have a competence."—[*Official Report*, 21 June 2004; Vol. 422, c. 1080.]

However, it is the European Court and not our courts that will decide which competences we have given to Europe as Lord Scott noted. At present, the doctrine of primacy remains an invention of the European Court of Justice and member states can set their own limits on it. However, once it becomes the founding principle of a European constitution, there can be no argument, only obedience. The Prime Minister says that the new treaty provides for qualified majority voting "where we need it". He did not say that we needed more qualified majority voting before. That is because we do not need more of it, and certainly not in the 40 extra areas that the European constitution provides for.

The Prime Minister says that the UK will retain a veto over tax, but as I pointed out, the European Court has been harmonising corporation tax for years, and there is nothing in this constitution that would prevent it from continuing to do so. He has spoken of safeguarding the areas of social security and criminal law procedures, but the so-called emergency brake on new European legislation in all those areas can be overridden by the European Council. He talked about national Parliaments being given the power to send legislation back to Brussels, but all they can do under the protocol is send a reasoned opinion on whether the draft legislation complies with the principle of subsidiarity, which, as we all know, has never worked. When it was first announced back in 1990, I described it as a con trick. It has never worked, and there is no intention that it should.

The Prime Minster seeks to present the so-called explanations added to the charter of fundamental rights as a victory that will neuter the charter, but the Minister's predecessor, the hon. Member for Leicester, East (Keith Vaz), originally told us that the charter would have no more legal force than the *Beano*, and now it is an integral part of the constitution. Many European lawyers doubt that the much more vaunted so-called explanations will have the effect that the Prime Minister claims for them. Indeed, the president of the European Court of Justice is not willing to say that the charter's provisions will not apply directly to the United Kingdom.

[Mr. Cash]

The reality is that the Prime Minister's claims about the charter, such as those relating to labour laws, do not look at the threats in the round. A declaration annexed to the treaty drops a hint, saying:

"The guarantees and practices existing in each Member State as regards the responsibility of the social partners"—

the representatives of workers and management respectively—

"will not be affected. This declaration is without prejudice to the provisions of the Constitution conferring competence of the Union, including in social matters."

In other words, the constitution is purely rhetorical, and social policy provisions may ignore it.

The Prime Minister's statement was suspiciously silent on the subject of economic co-ordination. I touched on that in my exchanges with the Chancellor of the Exchequer, and it came up on the "Today" programme this morning. Fundamentally, the question whether we shall continue to benefit from being outside the eurozone will be vitiated by the provisions relating to economic co-ordination. The third paragraph of article I-11 states:

"The Member States shall coordinate their economic and employment policies within arrangements as determined by Part III, which the Union shall have competence to provide."

The first paragraph of article I-14 now states, in respect of economic policy co-ordination, that

"the Council shall adopt measures, in particular broad guidelines for these policies."

Furthermore, a declaration on the discredited stability and growth pact states:

"The Member States will take all necessary measures to raise the growth potential of their economies."

Honestly, what a joke. It goes on:

"Improved economic policy coordination could support this objective."

Weasel words, if ever there were.

The member states should never have entered in to the stability and growth pact in the first place. I was deeply opposed to it at the time, and made it quite clear, in a response that I gave to the then Chancellor of the Exchequer, my right hon. and learned Friend the Member for Rushcliffe (Mr. Clarke). He wrote to all Members of Parliament explaining the virtues of the stability and growth pact, and I replied in a letter, explaining why I did not think that it would work. People can judge for themselves.

Since the December intergovernmental conference, there has been a drift back towards greater economic and employment policy co-ordination at EU level, which represents a major reverse for the Chancellor of the Exchequer and the Treasury and is, prospectively, a threat to Britain's economic future. Furthermore, although the constitution may not force Britain to join the euro, it certainly turns the screw.

Under article III-91, non-euro member states, such as the UK, are to lose their voting rights in a number of areas, including recommendations made on the basis of "multilateral surveillance", and

"measures relating to excessive deficits".

That is a fundamental question. Voting rights are also to be lost in respect of

"decisions establishing common positions on issues of particular relevance to economic and monetary union within international financial institutions and conferences"

That clearly identifies problems that will arise as a result of the EU being given legal personality—another offensive part of the constitution. There will also be

"measures to ensure unified representation within the international financial institutions and conferences".

That is another reflection of the creation of a legal personality.

Eurozone countries will thus be acting as more of an exclusive bloc, even as the economic aspects of economic and monetary union are tightened for all member states, including the UK. Indeed, the greatest myth of all—the people of this country have been fed a diet of myth by the Prime Minister—is that we face disaster unless they vote as the Prime Minister tells them to. I have just come back from the by-election campaign in Hodge Hill, and can assure hon. Members that, as we went round, it became quite apparent that the issue of the European constitution—not just Europe as a whole, but the constitution in particular—was causing a great deal of anxiety to people in that constituency. If this constitution fails, the result will not be a new European war, nor millions of British job losses, nor even the expulsion of Britain from the European Union. Rather, the whole matter would be referred back to the European Council.

The reality is that negotiations would then have to start afresh, not on the basis of making limited amendments to a huge, detailed text drafted in advance, but on the basis of a blue-skies reappraisal, which is what is needed. That is no myth but a genuine prospect, to be welcomed by all those who have the true interests of the British at heart.

That is the key point. We are tampering with the real emotions of the British people, and the constitution is a disgrace for that reason alone. No proper explanation has been given and no proper information is being provided. We see from statements made by the Government in the past few days, for example from Baroness Symons in the House of Lords yesterday, that there is a need for more information to be made available. The bottom line, however, is that the Government will not do that on a fair and reasonable basis.

What are we to do in such a situation? In a nutshell, we will have to repudiate the constitution, and we will have the opportunity to do so in the coming referendum. The European elections also demonstrated a reality, not only in the United Kingdom but across Europe as a whole, in line with the persistent arguments and campaigns that have been going on for the past 30-odd years. The reality is that the arguments have now settled into the minds of the voters not only in this country but across Europe.

A further problem, which we will have to deal with, is that the Conservative party will have to engage in a policy of fundamental renegotiation combined with rejection of the European constitution. If we do that, we will gain the support of the people of this country not only in the referendum but in the forthcoming general election. It would be a monumental mistake for anyone

to believe that the vote of the United Kingdom Independence party in general, and in specific marginal seats in particular, will evaporate. In certain parts of the country, the Conservative party was overtaken by UKIP in the European elections, and in the East Midlands region, the difference between the Conservative share of the vote and an outright win for UKIP was a mere 4,000 votes.

We must recognise the need for fundamental change, and recognise, on the principle of mutual assured destruction, that the UKIP vote will not achieve its objectives on its own terms precisely because it cannot do so without the Conservative party being in power, while equally, the Conservative party will not be able to get the number of votes needed to achieve power unless it reclaims votes from UKIP. We are locked into a situation from which we shall have to move forward with a more constructive, more convincing argument. Fundamental renegotiation, combined with rejection of the European constitution in principle, is the right way forward.

2.49 pm

Mr. Richard Shepherd (Aldridge-Brownhills) (Con): I think it was Cicero who said:

"Those who know nothing of the time before they were born will remain forever a child".

The history of the constitutional development of the European Union has depended on that. The present Government have always employed the technique of asserting that what they are doing is merely an accepted conclusion to a long process, but many of us who in 1975 voted to remain members of what was then considered a common market have watched as that, under successive Governments, has developed into something very different. That is important, and it is similarly important that the Government have at last—contrary to their initial instincts and the Minister's own views—conceded that a referendum is appropriate.

The circumstances in which that decision was made are curious. Just three weeks before the Prime Minister accepted that there should be a referendum, the Whips drummed 237 Members into the Lobby to vote down that very concept. Most of us have watched over 30 years the development of something different from the Common Market. We have had the Single European Act and the treaties of Maastricht, Nice and Amsterdam. Now there is the prospect of the new constitutional treaty, which is very important and contrary to what most of us initially understood.

The results of the recent election demonstrated something. Out there, without understanding the subtle nuances that my hon. Friend the Member for Stone (Mr. Cash) has been enunciating, the people know that this is a constitutional settlement. They have seen British Governments discharge obligations that they never knew had been entered into. They have watched a European Court of Justice, prior to our entry to the Common Market, take upon itself a primacy in law that no country had agreed to within the treaty. That was one of the essential arguments of my hon. Friend concerning the primacy of law in the Community, and it is now to be institutionalised in the constitution.

This is called a constitutional treaty because it is a lock on our own constitutional arrangements. I say "constitutional" because my alarm over the years particularly concentrated on the Maastricht treaty, which first revealed to me the wider vision. Where was this European demos? Where was this European polity? The old language had secured for this country a constitutional harmony and peace beyond that of any other western European country, yet we are so casual about it.

Who is the sovereign? That is the oldest question in politics. As Churchill said, in our modern constitution, the people are sovereign. The treaty is designed to remove the sovereignty from the people of this polity—from the demos of this polity—and transfer it absolutely and until the end of time to institutions beyond their reach. That is what it is about, and that is the choice that we shall be arguing about.

I believe that British public opinion is more settled about the constitution. The people profoundly reject it. They no longer trust the politicians of my party or those in government when they assert their understanding of the articles and details of the constitution. They are right to distrust it. Even with the best intentions in the world, I have listened to Ministers of both parties pronounce their understanding of what a policy, position or competence of the UK Government is, only to see it overturned.

Who is the sovereign? In this constitution, the sovereign will be the European Court of Justice. That is alien to our concept of government and our concept of accountability. That the whole of this country can profoundly object to a measure or a policy—profoundly, destabilisingly object to it—means nothing within the terms of the treaty. I give a cheer because the great divide that arises over the constitution will show that this country has not lost a sense of itself, its constitutional heritage or what democratic and accountable government means.

2.55 pm

Sir Menzies Campbell (North-East Fife) (LD): I disagree with almost everything said by the hon. Member for Stone (Mr. Cash), but I have a grudging admiration for him because he brings to these occasions an admirable political, if not intellectual, consistency.

I claim a certain moral rectitude in these matters because my party was the only one to face the electorate at the previous general election with a proposal for a European constitution as one of its manifesto commitments. I am pleased that a document has emerged. Had I been given the opportunity, however, I would have written parts of it differently. Parts of the proposals are not as ideally expressed or as ideally founded on principles that I regard as important as they might be, and the document is not necessarily as accessible yet as it might be, but it is in an understandable form. It sets forth the competences of the European Union and provides the framework for administering a Union that has grown from the six countries that first formed the European Coal and Steel Community to the 25 that now constitute the EU's membership.

The primacy of European law is part of our constitution by virtue not of anything done in Europe, but of the Act of Accession, which led us to join the EU in 1973. Therefore, it has been a constitutional provision to which our courts have had to defer and which has

[Sir Menzies Campbell]

allowed access to the European Court of Justice for people in this country who are dissatisfied with the application of EU law by our domestic courts. The primacy of European law is, in my judgment, part of our constitutional arrangements and therefore does not deserve the description of novelty advanced with such enthusiasm by the hon. Member for Stone.

One fact to which the hon. Gentleman failed to refer, but which I thought would have given him limited comfort, is that whereas the provisions with regard to the withdrawal of any country from the Coal and Steel Community, or the European Economic Community as it became, were to some extent ambiguous, the new document provides for an express right of withdrawal, which some argue never previously existed. Therefore if we reach a point at which a constitutional absurdity, in the hon. Gentleman's terms, arises, we have an obvious remedy and one which, exercised by a country as significant in the EU as the United Kingdom, would undoubtedly have not only legal but enormous political significance.

Mr. Cash: I am sure that the right hon. and learned Gentleman accepts that the withdrawal provisions are hedged with conditions that could make it extremely difficult, if not impossible, for them to operate effectively. Does the Liberal Democrat party in principle rule out there being any circumstances in which it would invite the UK Parliament to legislate unambiguously contrary to any European treaties, laws or European Court rulings?

Sir Menzies Campbell: If one legislated in that form, as the hon. Gentleman suggests and as I think the leader of his party has suggested in respect of the common fisheries policy, it would be the first time in the constitutional history of the UK that the UK Parliament had passed, or even sought to pass, legislation contrary to its international treaty obligations. That would be a major constitutional step and an extraordinary precedent, and one should be extremely reluctant to embark on those unless one is clear in one's own mind as to what the consequences of such a remarkable event would be.

If one enters into treaties—such as the Maastricht treaty, which the House passed when the hon. Gentleman's party was in government, or the Single European Act, which the House also passed when his party was in government, or the Amsterdam treaty; which was passed when this Government took office, or Nice, which was later still—one undertakes certain obligations. So far as I know, never in the history of the United Kingdom have we passed domestic legislation that is inconsistent with treaty obligations.

On the matter of a referendum, during the Maastricht treaty proceedings I voted for a referendum proposed in a new clause that was tabled by a Labour Member who has now returned to his homeland of New Zealand.

Mr. Cash: Bryan Gould.

Sir Menzies Campbell: Yes, Mr. Bryan Gould. As I remember, on that occasion we were not overwhelmingly supported in the Lobby by those Conservatives who now argue for a referendum with such vehemence.

However, those people are right to argue for a referendum because the document, if approved, would change the nature of the relationship between the United Kingdom and Brussels. In my judgment—as I have said on the Floor of the House on many occasions—in those circumstances the endorsement of the people of the United Kingdom is necessary, just as, if we were to join the single European currency, a similar endorsement would be required. Indeed, Lord Ashdown of Norton-Sub-Hamdon, then leader of the Liberal Democrats, was the first to say that joining the single currency raised not only economic but political and constitutional issues that require endorsement. So, I have little difficulty with the concept of a referendum.

However, I say to the Government that, if the referendum is to be won, it cannot be put off until after a general election. The case for Europe must be made now. If there is a legitimate criticism of the Government, it is that, far too often, that case has gone by default. Far too often the Prime Minister has repeated the mantra that he wishes Britain to be at the heart of Europe—something with which many of us agree—but his practical implementation of that obligation appears to be the occasional speech made in Warsaw. If the referendum campaign is to be successful, it must begin now.

Be assured that the campaign for a no vote has begun. The speech of the hon. Member for Stone made that clear beyond question. He says that the document seeks to achieve one state. In opposition to that conclusion, one has to point to the fact that the Government succeeded in preserving the so-called red line issues.

One also has to ask whether one can imagine the Government of President Chirac—perhaps notorious for their individuality—being anxious to submerge that individuality in one state. I see little evidence of that. Can one imagine that those countries that lived under Nazism and then communism, which have but recently broken out into the opportunity of democratic institutions, will voluntarily give up their hard-won independence after—for many of them—so many sacrifices to be submerged in one state? I simply do not see it.

The hon. Gentleman is right to point to the fact that not enough people in those countries voted in the European elections, but those who required the mechanism of a referendum to justify their application to the European Union certainly voted in sufficient numbers. I simply say to him that his notion that the constitution is some creeping conspiracy is not recognised outside the United Kingdom. His notion that there can be a renegotiation of the United Kingdom position is not one that I understand to be supported by any other Government among the 25 members of the European Union. Nor—I believe I am right to say—is it an idea that is supported by the European People's party, to which his party is affiliated in the European Parliament. It would be a very solitary road to try to hoe—to put it at is mildest. I do not doubt his determination, but he needs rather better prospects of success before embarking on what would inevitably be constitutional and political turmoil.

Supposing the negotiation is turned down. What then? Supposing it proceeds but fails because there can be no agreement. What then? What would be the position of the people of the United Kingdom? If Mr. Kilroy-Silk MEP were here, he would say, "Hooray! I have managed in a limited way to wreck the European Union, in so far as it applies to the United Kingdom." However, if negotiation were refused or failed, what would be the position of those such as the hon. Gentleman who say that they wish Britain to remain in the European Union but on a different basis? What then?

Mr. Cash: Will the right hon. and learned Gentleman answer a simple question? He advocates a referendum, as he knows I did on the Maastricht treaty. If the answer was no, where would that leave the Liberal Democrats? What would they do about it?

Sir Menzies Campbell: If the answer is no, that will put us precisely in the position in which the hon. Gentleman wants us to be. It will leave us seeking a renegotiation to which we cannot be confident any other Government will be willing to accede. Therefore, we cannot be confident that renegotiation will be successful. The consequences of a no vote will be extremely serious. He must—I hope—grasp that nettle as much as anyone else.

Mr. Shepherd: I am not certain where that argument lies, inasmuch as that, if the referendum rejected the constitution, under the present arrangements of the European Union the constitution would be dead and we would retain the existing treaty pattern.

Sir Menzies Campbell: The hon. Gentleman is quite right. We would have to find our way through the Maastricht, Nice and Amsterdam treaties, all of which contain provisions to which he objected in his speech. I do not wish to put him in a corner that he would not wish to occupy, but there is a sense in which the logic of his position leads him more towards the position of the United Kingdom Independence party than staying in Europe and finding some form of renegotiation.

Our position is well known. The constitution is an acceptable document, and we want it to be endorsed by the people of the United Kingdom. This is a time when it is essential to our security and prosperity that we are in the European Union, not least so that we may have, together with our partners in Europe, a rather less subordinate relationship with the United States than we appear to have enjoyed in the past two years.

3.9 pm

Mr. Richard Spring (West Suffolk) (Con): It is always a pleasure to follow the right hon. and learned Member for North-East Fife (Sir Menzies Campbell), who brings a refreshing honesty to such debates. I thank my hon. Friend the Member for Stone (Mr. Cash) for introducing the debate and for putting forward his arguments in a comprehensive and informed way. Also, it is always a particular parliamentary delight to hear from my hon. Friend the Member for Aldridge-Brownhills (Mr. Shepherd), who is one of the most principled parliamentarians in the House.

We must debate the matter because it has the most profound impact on our country's future and, frankly, it is one that the Prime Minister has been unwilling to engage with. When he finally engaged his famous reverse gear and gave the country the referendum a matter of days after the Minister for Europe had been pirouetting in the opposite direction, he said:

"Let the issue be put and let the battle be joined."

It is worth noting that, since then, the Prime Minister has failed to make one speech on Europe. If that represents the strength of the Government's argument and commitment to the whole issue of the EU constitution, I cannot wait for the referendum.

Even if the Government are frightened of talking about the constitution, that does not mean that its implications should not be discussed. We are at a turning point for the European Union. We can either try to become an ever more integrated structure, moving towards a politically integrated state, which is certainly the ambition of many—one size fits all for a Europe of 25 very different countries—or we can be much more flexible.

Everyone agrees that the EU needs to change. There is a deep and spreading alienation of the peoples of Europe from the institutions of the EU. We saw that illustrated by the very poor turnout in the European elections.

The Laeken declaration was right to state that

"the European institutions must be brought closer to its citizens."

The trouble is that the European constitution fails to do that—it does entirely the opposite. It rests on misplaced assumptions that the old European social model is working and that not one material power should be returned to the member states. Indeed, no power has been returned to the member states under this Government.

I want the European Union to succeed, but my party is opposed to the constitution—indeed, any constitution. *The Economist* has taken the view that

"European voters should reject the new constitutional treaty and demand something better."

The constitution would be bad for Britain and bad for Europe. It is interesting that at one time the Labour Government would have agreed with us.

The story of Britain and the proposed constitution is clear: the fact that this constitution exists at all is a major strategic defeat for this Government. Ever since they gave in on the principle of a European constitution, they have been engaged in an increasingly desperate damage-limitation exercise, as we saw in the Convention on the Future of Europe.

Let us look back at the changing positions that the Government have taken. Five years ago, the then Foreign Secretary told the House, in answer to a question from my hon. Friend the Member for Stone:

"For the record, we are not proposing a constitution of Europe."—[*Official Report*, 25 May 1999; Vol. 332, c. 184.]

Less than four years ago, the Prime Minister told us that we did not need a European constitution, and then the current Foreign Secretary told us that we should have an EU constitution, and that he wanted it to fit into his back pocket.

Once the Government had given in, they were admirably frank about what the constitution meant. The Leader of the House said:

[Mr. Richard Spring]

"Our task is nothing less than the creation of a new constitutional order for a new united Europe."

However, the Government then became rather nervous and started talking fatuously about a "tidying-up operation".

In summary, first the Labour Government said that there would not be a constitution, then that some people wanted one but that the Government were against it, then that there would be one and that it was a good thing, and finally that there would be one but that we had nothing to worry about in terms of its importance. I do not believe that Europe should have a constitution, because that would lock it into a frozen-in-time mindset born in the 1950s and irrelevant to the needs of Europe today.

The Government have made a fatuous defence of the constitution. The Foreign Secretary has often argued that giving the EU a constitution is nothing to concern ourselves about because golf clubs have them. Such a comparison is demeaning and absurd. Golf clubs do not have Foreign Ministers or make binding laws.

Rather than the Foreign Secretary's fulminations, I find Professor McEldowney's evidence to the Constitution Committee of the House of Lords more convincing:

"While the Constitution may constitute the sum total of the existing Treaties, revised and refined, it is also endowed with a status of a Constitution—even though this status is not well defined or explained. Inevitably the status of a Constitution invites interpretation by the courts and this adds an additional dimension of how judges might interpret the terms of the Constitution. There is plenty of room for interpretation, particularly as there is such unnecessary vagueness."

Therein lies the rub—a point that was tellingly made by my hon. Friend the Member for Stone.

Over time, the constitution will inevitably diminish Britain's independence and increase the EU's powers over our laws, our way of life and how we do business. In particular, it will strengthen the European Court of Justice's power as it weakens that of Parliament. That is the key. The constitution favours the increased jurisprudence of the European Union at the expense of national Parliaments.

The Prime Minister said that the charter of fundamental rights would be a political declaration without any legal force, but it already has legal force and will extend what is known as judge-led law in our national life. The Government's assurances that this will be confined to European law and that the Court will not overturn national laws are more statements of hope than certainty. The president of the European Court of Justice could not give that assurance; the Government's own expert, the widely respected Professor Dashwood, feels unable to give it. More recently, the TUC was confident that it could get round the Government's restrictions in respect of the charter's effects.

The constitution increases the EU's power over energy policy, competition policy, asylum and immigration, and criminal law. New powers for Eurojust and allowing the creation of a European public prosecutor are the embryonic beginnings of a European Union FBI.

The constitution is an astonishing failure of British diplomacy. We heard about the red lines, but they were not met. The Government said that there would be unanimity in respect of the criminal justice system and social security, but there is now the so-called emergency brake. I do not understand why the Government feel such a need to defend a document whose form and content they used to oppose. That is not leadership in Europe; it is a dismal failure of a modern European agenda, which we need.

The simple tragedy is that if the Government had stood up like the boy who pointed out that the emperor had no clothes and said that the constitution was a bad project and rejected it, they would have been celebrated in many quarters of the European Union.

As I have discovered in myriad conversations, enthusiasm for the constitution is confined to the political leaders of a few countries. Yes, some countries want deeper integration, but others do not and there is no reason why those who want deeper integration should be hindered from going ahead. We want the EU to be reformed so that all 25 countries can feel comfortable in it. It will be up to the British people to decide what kind of Europe they want.

The battle lines are drawn and clear, but the constitution's proponents do not seem to want to fight. Why is the referendum being delayed for so long? The Dutch have indicated that they will hold their referendum in December during their presidency. Why should not we do so, too? Why are the Government running scared of the debate? The Minister is such a bold believer in more power for the EU, and he even signed a document advocating EU taxes and giving our United Nations seat to the EU. Why is he determined to kick the referendum into the long grass? Why will the British people not be allowed to take a decision very quickly indeed?

When the history books are written, the Government's failure to have a material impact on the constitutional architecture that they signed up to will be their epitaph. For those of us who want the EU to succeed, the tragedy is that this is a recipe for the further alienation of the people of Europe from Brussels, with all that that might mean.

3.18 pm

The Minister for Europe (Mr. Denis MacShane): I know that the hon. Member for West Suffolk (Mr. Spring) would not want unintentionally to mislead the House, so I put it on the record that in the document he referred to, to which I and many others associated with centre-left parties in Europe attached their names, there is no reference to the EU replacing the United Kingdom or France in a single seat at the United Nations.

This has been a good debate, and I am grateful to the hon. Member for Stone (Mr. Cash) for securing it, as it allows me to give the lie to the lies and myths that are so sedulously spread about the constitutional treaty. Let us be quite clear and honest: were it not to exist, we would be having the same debate on the existing constitution. The hon. Gentleman and the hon. Member for Aldridge-Brownhills (Mr. Shepherd) have been utterly consistent over the years, certainly as long as I have been a Member of Parliament, in being opposed to any constitutional arrangements for the European Union that do not conform to their satisfaction.

The hon. Member for Aldridge-Brownhills quoted that great orator Cicero, but the hon. Gentleman is rather more like Cato in the Roman Senate, who, no

matter what the subject, finished his speech by stating delenda est Carthago, but the hon. Gentleman says eternally delenda est Europa. The plain fact is that Europe is not about to have the salt of a United Kingdom Independence party and an anti-European Conservative party spread about it. Europe has problems, but it is alive and well with 450 million citizens, great cities and a new middle class arising from the prison of Soviet tyranny—all associating themselves voluntarily, freely and independently with our great country in a project that will allow all our nations to grow in freedom.

This country of ours has always sought to operate on the basis of international law. If I may be allowed three more words of Latin, Mr. Deputy Speaker, pacta sunt servanda—we honour our treaties. We honour them in the World Trade Organisation, which exercises a swathe of power over British commerce, and in NATO, which exercises a swathe of power over British defence and foreign policy, and rightly so.

When the Leader of the Opposition makes a solemn pledge to his fisheries and agriculture spokesman that if he is unable to obtain the agreement of 24 other member states to a renegotiation of the common fisheries policy he will pass national law in this House of Commons to exercise national control of it, there is only one consequence: under the Conservative party, pacta sunt non servanda. I do not propose to put that into English. I leave it in the obscurity of a dead language to hide from the British people the full horror, disgrace and shame that the leader of the Conservative party proposes to bring on the British people by solemnly tearing up a treaty obligation.

Mr. Cash: Will the Minister give way?

Mr. MacShane: No, because the hon. Gentleman in his speech—I counted every word—took up what amounts to approximately 13 per cent. of the entire length of the new constitutional treaty. He needs to make only seven more speeches to have read it all into the record.

We on this side of the Chamber, the British people, the Liberal Democrat party and decent Conservatives will defend our membership of the European Union and win the case for Britain to be engaged in Europe. This is a battle like the one fought on the corn laws when some members of the Conservative party did not follow their great leader, Sir Robert Peel, but preferred to remain a protectionist party. At the beginning of the last century, the Conservative party opted for imperial preference and isolationist protectionism. That drove Winston Churchill from among its ranks to become a Liberal MP for 20 years, so horrified was he by the protectionist, anti-internationalist turn of the Conservative party.

Finally, the Chamberlain policy of isolation from Europe in the 1930s is now perfectly replicated by the leader of Conservative party. During the 1930s, Chamberlain had the support of the *Daily Mail* and today the leader of the Conservative party has the support of the *Daily Mail*. The Conservative party can dance its isolationist, withdrawal jig with UKIP and Lord Rothermere. This party and this Government will defend British interests, which have always been based on being an open, trading nation entering into as many arrangements as possible to defend our interests.

Mr. Spring: What about the 1980s manifestos?

Mr. MacShane: From a sedentary position, the hon. Gentleman refers to the 1983 Labour party manifesto. He is quite right—look what it did to us. I am delighted, because I do not think that he, unlike the withdrawalists and isolationists sitting behind him, believes a word of what he says, but let him keep saying it because I know what the verdict of the British people will be. They may have enjoyed voting UKIP in the European parliamentary election, but it should be placed on the record that we, as the incumbent Government, suffered a voting loss, but they, as the incumbent Opposition, suffered a greater loss in terms of share of the vote than did that incumbent Government. That happened nowhere else in Europe.

The more the Conservative party becomes anti-European and the more it goes down the isolationist, xenophobic road where UKIP wants to take British politics, the better it will be for those decent, patriotic parties that support Britain's international engagement. Let us look at the UKIP manifesto. The second line of the leaflet that came through my door was about opposition to immigration. That is the second UKIP agenda, which, like that of the Front National in France and Vlaams Blok in Belgium, involves not just hatred of Europe, but hatred of the other and hatred of people who they do not want in their country.

Mr. John Gummer (Suffolk, Coastal) (Con) *rose—*

Mr. MacShane: I give way to my right hon. Friend.

Mr. Gummer: Does not the Minister agree that the least patriotic stance is the policy of a party that believes that Britain has so little to offer to the world that it should withdraw from its association with its nearest neighbours—an association so attractive that countries that have hitherto been under the heel of dictatorships want to join it—and that the least patriotic party in Britain is that which calls itself the United Kingdom Independence party?

Mr. MacShane: My right hon. Friend is perfectly right. Frankly, I feel quite ashamed when I look at some of the literature of that party, not because of its views on Europe—there are passionate views about Europe all over the place—but because of the language of xenophobia and hatred of people from other countries who live in our midst, which are shaming and repellent.

In the few minutes remaining, I want to refer to comments about the new constitutional treaty, since I do not believe that the House wants to hear from me. The Irish Taoiseach, Mr. Bertie Ahern, said that the EU

"is not a super state; it's not a federal state. It's about a group of nations, a group of peoples working to a Constitution".

Mr. Jose Luis Zapatero stated in a speech in the Spanish Cortes on 15 June:

"Europe is and will be a Union of States".

[Mr. MacShane]

The new president of Germany was quoted in the *Frankfurter Allgemeine Zeitung* on 12 May:

"I do not believe that current developments are going to give rise to a European Federal state . . . [I see] a revival of the nation-state principle again."

The president of Poland, Alexander Kwasniewski, said on "Newsnight" in May:

"The Treaty doesn't mean we create a new state of Europe or something like a European federation".

Le Monde, the French newspaper, stated on 26 June:

"Whatever people say, this text remains a British victory".

The Spanish daily, *ABC*, said on 20 June that

"it isn't a Constitution of a state that already exists . . . the backbone of Europe is nations with a long and shining tradition".

Mr. Stoiber, leader of the Christian Social Union in Germany, which is the Conservatives' sister party, was quoted in *Welt am Sonntag* on 20 June:

"The EU will not have the right to set taxes and Europe is not going to be a federal state."

Le Figaro said in April that the constitution

"will seal the victory of the nation-states over the European 'super-state'".

El Mundo, the Spanish paper, stated on 20 June:

"Blair, the big winner of the Summit, achieved everything he wanted. Blair managed to protect all his red lines in the text".

Le Soir from Belgium, the very heart of European federalism—

Mr. Deputy Speaker (Mr. Edward O'Hara): Order. Generally, contributions should consist of more than a compendium of quotations.

Mr. MacShane: I am trying to deal with the compendium of nonsense, distortions and myths that has come from the Conservatives. As I continually make these arguments in this Chamber and on the Floor of the House, but they seem to have so little impact on Opposition Members, I thought that I would pray in aid other distinguished world statesmen. Of course, I bow to your entreaty, Mr. Deputy Speaker, and in the remaining minutes I shall seek to deal with some points that were made.

The European Court ruled in 1964 that Community law has primacy over national law. When we joined the European Community, section 3(2) of the European Communities Act 1972 stated:

"Judicial notice shall be taken of the Treaties . . . and of any decision of, or expression of opinion by, the European Court".

In other words, we accepted primacy because it is possible to have a set of international rules only if someone is the umpire or referee.

The constitution is good for Britain and good for Europe. I commend it to the House and invite all hon. Members to join me in ensuring that Britain remains a wholehearted member of the European Union so as to serve the interests of our British people and to defeat the reactionary, isolationist, withdrawalist arguments that we have heard this afternoon.

Daniel Morgan

3.30 pm

Mr. Roger Williams (Brecon and Radnorshire) (LD): With your permission, Mr. Deputy Speaker, if the right hon. Member for Islington, South and Finsbury (Mr. Smith), who is anxious to participate in this debate, should catch your eye, he does so with my full agreement and that of the Minister.

I am grateful to have obtained this debate on an issue of crucial public interest and concern. The Minster understands that today I will criticise the Home Office, the Metropolitan Police Service, other police authorities and the whole criminal justice system, which has failed my constituent Mrs. Isobel Hulsmann and failed to root out incompetence and corruption. The Minister will also know that the criticism is not directed towards her, because she has only recently taken up her post. Today, however, she has the opportunity to make a name for herself, to right an injustice and to reinforce the Government's reputation for standing up for the victims of crime and for prosecuting offenders.

Daniel Morgan was murdered 17 years ago. He was found with an axe embedded in his face in the car park of a south London pub shortly after his murder. Detective Sergeant Sid Fillery conducted the first four so-called "golden days" of the murder inquiry but was removed from the murder squad when his relationship with Jonathan Rees, Daniel Morgan's partner in Southern Investigations, was revealed. Sid Fillery went on to take up joint ownership of Southern Investigations, and therefore benefited from Daniel Morgan's death.

The circumstances surrounding Daniel Morgan's death in March 1987 are complex and far-reaching, yet my constituent Isobel Hulsmann, the deceased's mother, is left with not only the immeasurable grief of having lost a son in the most brutal of murders but the spectacle of the criminal justice system's having failed again and again to bring those responsible for that murder to answer for their actions.

Why did our criminal justice system fail? The answer is unknown to my constituent, but during the past 17 years she has sought to place her confidence in four separate police investigations, only to find that each one has come to nothing. On the conclusion of the fourth and final investigation last year, the senior officers in charge expressed their strong view that the evidence that they had gathered called out for a prosecution of the primary actors in the murder. Nevertheless, the Crown Prosecution Service declined to bring any such prosecution, forcing the officers to accept that decision, while insisting that they disagreed with it.

In the event, the officers, like the Crown Prosecution Service, have confirmed to my constituent that she has reached the end of the road as far as the criminal justice system is concerned and that she cannot look for any further progress in that direction. They also explained to her their view that the case represented

"the worst mess they had ever seen";

that the real mischief in the case lay in the initial investigation of 1987–88; that the role of ex-Detective Sergeant Sid Fillery in that investigation lay at the heart of the mischief; that a number of other police officers around him had sought to protect him; and that their

reinvestigation had therefore been an endeavour to build on what they had inherited from previous investigations, understandably focusing on the immediate actors in the murder, within the parameters set by the damage that had already been done. Those officers sought in vain to respond to suspicions about the mischief that had taken place in the initial investigation, particularly with regard to the roles and identities of the police officers who may have had a lot to gain from protecting Sid Fillery.

In other words, my constituent has heard from the Metropolitan Police Service confirmation of her long-held suspicion that the apparent unwillingness or inability of the criminal justice system to deal with the case may have a lot to do with Sid Fillery and other officers, serving or retired, who may have much to gain from protecting him. In that light, I am asking the Minister today to make use of her parliamentary prerogative to institute a full judicial inquiry under section 49 of the Police Act 1996, which is the only way of obtaining fresh and independent scrutiny of the murder and of the circumstances in which successive investigations into it have come to nothing.

The only form of public scrutiny that the murder has received in the past 17 years has been at an inquest in April 1988, which culminated in a verdict of unlawful killing. In the course of evidence at that inquest, allegations were made on oath of involvement by Metropolitan police officers in the murder and in covering up that involvement. It emerged that Jonathan Rees, Daniel Morgan's business partner in their private detective company, Southern Investigations Ltd., had talked about having Daniel killed and arranging for police officers at Catford CID to be involved in the murder and its subsequent cover-up. That was according to the company bookkeeper, Kevin Lennon.

It also emerged that not only was Sid Fillery among those officers but he played a key role in the initial murder inquiry during the so-called first four "golden days" before he was required to withdraw from the murder squad for reasons of personal involvement with the primary suspect, Jonathan Rees. During those four days, Fillery was given the opportunity to manage the first interview under caution with Rees, and to take possession of key incriminating files from the premises of Southern Investigations Ltd., including Daniel's diary, which has never since been found. Kevin Lennon also spoke of Fillery's intentions to retire from the Metropolitan police force on grounds of ill health and take up the vacant seat in Southern Investigations Ltd. left by Daniel's death. That is exactly what happened, and to this day Fillery and Rees remain business partners in what was Daniel's private detective company.

More than 17 years after the murder, my constituent, Mrs. Hulsmann, is confronted with the plain fact that she, like her son, has been failed by the system. Despite her best efforts, those who committed this gruesome act have never been brought to justice and she has had to accept that they may never be brought to justice. She should not be burdened with the responsibility of ascertaining the reasons behind the criminal justice system's failure to bring her son's murderers to book. That is the responsibility of the Government on behalf of us all. That is why she now seeks a full judicial inquiry into the murder and the subsequent police investigations. Like many other Members of this House and the other place, I strongly support her case, together with that of Alastair Morgan, the brother of the deceased, who has devoted his life to this campaign.

It seems to me and my constituent that the Government have a particular duty to bring public scrutiny to bear on the case. The refusal with which we have been met is not becoming of a Government who pride themselves in looking after the interests of victims of crime. This is not a case of the Government being unable to help, but of their being unwilling to accept their responsibility, and we are compelled to seek answers for this apparent lack of will. Is it because they have something to hide, or is it because the implications of bringing the matter to a head are so far-reaching that they may make life uncomfortable for many in the Metropolitan police and the Home Office? The Government's attitude towards the murder of Daniel Morgan so far has been one not of openness, collaboration and firm fair action, but of sustained damage limitation.

Public inquiries serve the cause of public accountability. They also serve to eliminate in the public's mind any doubt about the possible involvement of the person or Department that institutes them. Unfortunately, the Home Office does not have an entirely innocent record. The Criminal Justice and Police Act 2001 commanded several structural changes to the constitutional arrangements of our police forces, not least with respect to the independent police authorities to which forces are accountable.

For the record, the Metropolitan Police Service was directly accountable to the Home Office at the time of the murder and of all police investigations into the case except the fourth and final one. Similarly, the Home Office was also responsible for the Police Complaints Authority, which supervised a 1988–89 investigation into the case by Hampshire police, which is said to have looked into and eliminated the possibility of police involvement in the murder or its aftermath. Therefore, it was on the watch of the Home Office that the terms of reference of that Hampshire investigation were changed, secretly and without the knowledge of the family, midway through the inquiry. Having started out

"to investigate allegations that the police were involved in the murder of Daniel Morgan and matters arising there from",

the inquiry was required after the change to proceed

"in the furtherance of prosecuting the suspects Rees, Goodridge (an associate of Rees), Wisden (Goodridge's girlfriend) and anyone else for the murder of Daniel Morgan",

without any reference to police involvement.

The very fact that the terms of reference of a so-called independent inquiry carried out by an outside police force were changed during the course of that inquiry is cause for great concern, and almost of itself warrants a judicial inquiry. However, it is also inconceivable that those changes would have been allowed without the consent of the Home Office at a senior level, to which the all concerned were answerable at the time. It therefore lies particularly ill in the mouth of the Home Office to seek to rely on that very investigation in order to refute the continuing suspicions of police involvement in the murder.

We have called for a public judicial inquiry under section 49 of the Police Act 1996, and we point to the moral and legal obligations of the Government to hold

[Mr. Roger Williams]

such an inquiry. It is not open to the Government to hide behind some obscure case law in their attempt to evade those obligations, as they appear to do in the letter of 10 June from the Minister for Crime Reduction, Policing and Community Safety. It is unbecoming of the Government to suggest that they have no obligations because of a mere accident of timing—the fact that the murder took place before the enactment of the Human Rights Act 1998 and the incorporation of the European convention on human rights into domestic law.

It is significant that support for that dishonourable proposition is sought from the recent judgment in the House of Lords in the case of McKerr, which arose out of the shoot-to-kill policy in Northern Ireland. Apart from any legal considerations, that is clearly a unique political situation. Instead, we invite the Government to look at other decisions of the House of Lords in cases where the political context has been less inhibiting, which serve to establish the obligations of the Government to ensure an effective official inquiry with the benefit of public scrutiny and participation.

As for the purpose of such an inquiry, we can do no better than to point to the words of Lord Bingham of Cornhill in the case of Amin last year:

> "The purposes . . . are clear: to ensure so far as possible that the full facts are brought to light; that culpable and discreditable conduct is exposed and brought to public notice; that suspicion of deliberate wrongdoing (if unjustified) is allayed; that dangerous practices and procedures are rectified; and that those who have lost their relative may at least have the satisfaction of knowing that lessons learned from his death may save the lives of others."

On behalf of my constituent and her family, I am calling for a full public judicial inquiry.

3.42 pm

Mr. Chris Smith (Islington, South and Finsbury) (Lab): I am very grateful to the hon. Member for Brecon and Radnorshire (Mr. Williams) for enabling me to contribute to this debate. The case is one that I have pursued for well over 10 years on behalf of my constituent, who is Daniel Morgan's brother, Alastair.

The facts of the case are indisputable. Daniel Morgan was murdered more than 17 years ago. It was a particularly hideous and brutal murder, for which no one has yet been convicted. There have been four police inquiries into what happened, into the murder and the issues surrounding it, and those inquiries have yielded no prosecutions. The Morgan family have lived through more than 17 years of anguish, distress and considerable frustration in their attempts to get the case properly investigated, and to secure information and sight of the investigations that have taken place.

I support the call that has been made by the hon. Member for Brecon and Radnorshire. Two things are required, and I ask my hon. Friend the Minister to consider them carefully. First, in the letter from the Minister for Crime Reduction, Policing and Community Safety to myself and others on 10 June, she stated that she would be willing to consider meeting the family, myself, the hon. Member for Brecon and Radnorshire and Lord Livsey—who has also been pursuing the case—once the family had seen the conclusions of the fourth inquiry. The family have now seen those conclusions. They are as distressing as the conclusions of the three previous inquiries. The family would welcome the opportunity to meet the Minister of State, and I hope that the Minister will, on her behalf, agree in principle to such a meeting.

The second thing that is required is a proper judicial inquiry. When the Minister of State wrote to me on 10 June, she explained that judicial inquiries are established only in the most exceptional circumstances. She explained that, where there has been a public disorder or general issues need to be considered, a public inquiry is, on rare occasions, contemplated as a way to resolve that issue.

Partly because of the case's longevity, partly because of the number of failed investigations that have led nowhere, and particularly because there have been serious question marks right from the word go about the possible involvement of police officers in either the murder or the frustration of subsequent investigations—those serious question marks reflect not just on the particularities of the case but on the good name and standing of the Metropolitan Police Service as a whole—I argue that a public inquiry is the right way to try to resolve the issues surrounding the murder once and for all.

Notwithstanding the Minister of State's suggestion in her letter to me and to others that she was not prepared to contemplate holding an inquiry at this stage, I hope that she will listen carefully to the points that have been made by the hon. Member for Brecon and Radnorshire. The central point about the remaining questions that hang in the air over the murder, and that will continue to hang in the air over the murder if it remains unresolved, is that an inquiry is the right way to proceed.

The brutal murder has remained unsolved for far too long. The police investigation route appears to have been thoroughly exhausted. It is important to find new ways of ensuring that the case can be resolved, because simply to wash our hands of it and say that nothing more can be done is not an adequate response.

3.48 pm

The Parliamentary Under-Secretary of State for the Home Department (Caroline Flint): I commend the hon. Member for Brecon and Radnorshire (Mr. Williams) and, in support, my right hon. Friend the Member for Islington, South and Finsbury (Mr. Smith) for bringing the issue to our attention. As they both rightly said, Mr. Morgan's death was particularly horrific and it remains troubling to them, as Members of Parliament, and to the family of Daniel Morgan. To be honest, I cannot imagine the trauma and frustration of not having an answer about who killed Mr. Morgan 17 years ago.

As my right hon. Friend said, my hon. Friend the Minister for Crime Reduction, Policing and Community Safety has written to him and to others about the case. She said in her letter of response to him that if, after receiving the information from the Metropolitan Police Service, people felt it was appropriate to seek a meeting, she was open to that. I will pass that back to her today, and I apologise that she cannot be here to respond to the debate herself.

I think that it will be helpful if I set out the role of the Home Office in cases such as this. The Secretary of State is rightly accountable to Parliament for questions

relating to the police. However, it is often not appropriate to offer comment or make a judgment on the professional decisions taken by the police, the Crown Prosecution Service or the Police Complaints Authority.

As in the past, the issue of a judicial inquiry has been raised. I want to be clear that the Government's reason for not holding an inquiry is not a legal technicality. There is no legal obligation to hold an inquiry, but that is not the reason for the decision. The primary considerations, as my hon. Friend the Minister for Crime Reduction, Policing and Community Safety said, were whether an inquiry would be useful, proportionate or in the wider public interest. In coming to our decision, we had to consider the investigations that have taken place over the past 17 years and the level of independent scrutiny.

I would like to set out the reasons for not pursuing an inquiry. First, inquiries have been used when there has been serious public disorder or similar circumstances in which wide-ranging and serious disquiet is felt about an event or issue affecting a large proportion of a police force. Successive Home Secretaries have reserved that power for such matters, and at this stage it is not appropriate to go beyond that. I appreciate that Daniel Morgan's family are frustrated, disappointed and angry that no one has been prosecuted for his murder, and that there are lingering concerns about police officer involvement in the killing. Nevertheless, the Government do not consider that that in itself is sufficient to warrant an inquiry.

The second reason for the decision is that, after four investigations and a coroner's inquest, the Government do not consider there to be a realistic prospect of uncovering new evidence. I believe that the efforts of the Metropolitan police to pursue the case to a successful conclusion, despite not having done so, have been extraordinary, and to their credit they have been prepared to look again and again at what happened 17 years ago. As my right hon. and hon. Friends know, following the initial investigation to find the perpetrator of the terrible crime against Daniel Morgan and the coroner's inquest into his killing, the Metropolitan police set up an independent investigation into their handling of the initial investigation. That second investigation was carried out by Hampshire police and supervised by the Police Complaints Authority. Although I recognise that there were concerns about the first Metropolitan police investigation, they have undertaken subsequent investigations in an effort to conclude the case.

A third police investigation was carried out as an intelligence-led, covert investigation for the purpose of gathering evidence about the murder of Daniel Morgan as well as allegations of police corruption. However, no charges were brought against any person for an offence in connection with the murder, although charges were brought against individuals for unrelated matters. That was not the end, however. Nine months later, the Metropolitan police murder review group considered afresh whether all reasonable investigative leads had been exhausted, and considered the possibility of uncovering new evidence because of the existence of new investigative techniques. The review identified a number of overt and covert investigative opportunities that were available, and the fourth investigation was launched.

At the end of the fourth investigation, the Metropolitan police made recommendations about a number of individuals in respect of offences relating to the murder. However, after reviewing the available evidence, the Crown Prosecution Service decided not to bring any charges against those individuals for the murder of Daniel Morgan. I am afraid that it is not for me to offer a judgment on the decisions taken by the Metropolitan police or the CPS in this case. Because of the four investigations and the coroner's inquest, we remain of the opinion that a further inquiry would be highly unlikely to uncover any further evidence that would lead to a different outcome.

The third reason for the decision is that, although we understand the lingering suspicion of the hon. Member for Brecon and Radnorshire and the family about the involvement of a police officer or police officers in the killing, that cannot of itself warrant an inquiry. There have been two independent scrutinies of the incident, and in coming to our decision we could not ignore the fact that there was nothing to suggest police involvement in the murder. The first instance of scrutiny was the coroner's inquest. When delivering his verdict of unlawful killing, he remarked that there was

"no evidence whatsoever in this inquest to point to any police involvement in this killing".

The second instance followed the Hampshire investigation on behalf of the Metropolitan police into the allegations of police involvement in the killing. The independent Police Complaints Authority supervised that investigation. The PCA said that it was satisfied with how the investigation was conducted and it concluded that there was no evidence of any involvement by a police officer in the murder, or evidence to suggest that a member of the murder investigation team had taken deliberate action to prevent the murder from being properly detected.

I know that the family are not happy with the PCA's conclusion, but the PCA has confirmed to the Home Office that it considered the case rigorously and was satisfied with the conduct of the investigation and the findings. The family believes that the call for an inquiry is strengthened by the views, which have been mentioned today, that were expressed to them by the police officers who led the fourth investigation. I cannot comment on the circumstances in which those views were expressed, but I am aware that the Metropolitan police do not view the account of the conversation in the same way as the family and their solicitors. I am informed that the Metropolitan police accept that the original investigation falls below current investigative standards, but that it was consistent with the standards of the day. However, I am also informed that the Metropolitan police's official view is that its fourth investigation found no evidence to support the assertion that any police officer had been protected, or that any corruption existed.

I understand that the Crown Prosecution Service has offered a meeting, but that it unfortunately had to be postponed. I would encourage the family to take up the opportunity if possible to discuss further the outstanding questions that they have with the CPS, and in particular its refusal to pursue charges and take the matter to court.

Mr. Williams: I thank the Minister for the fullness of her replies, which we shall obviously consider. However,

[Mr. Williams]

would she consider why the terms of reference of the first inquiry were changed? Presumably, that prejudiced the decision as to whether police were involved, as its terms were changed from the consideration of the police's involvement to that of other people who were accused of the murder.

Caroline Flint: My understanding is that the terms of reference of the second investigation were to investigate allegations that police were involved in the murder of Daniel Morgan, and matters arising. That investigation was carried out under the supervision of the Police Complaints Authority. I understood that that was the point of the second investigation, and that the PCA considered the matter and came to conclusions. I cannot comment any more on changes to the terms of reference; those were the terms of reference and that was the basis on which Hampshire police and the PCA carried out their investigation.

In terms of the Home Office's specific responsibility, the Met was accountable to the Home Secretary and Parliament. However, the force's operational decisions, and those of the PCA, are independent of Government, and it is not for Ministers or the Home Office to interfere with them. Parliament has not given such powers to Ministers.

Finally, for what it is worth, I should like to offer my sincere sympathy to Daniel Morgan's family. It is clear that Daniel was tragically murdered, and the family's searches for answers over the years have been, I am sure, traumatic, and continue to be frustrating. I know that my response today may be a disappointment to the family; I am sure that it will be, based on the representations of my two colleagues who are here on their behalf today. Of course, the case is still considered by the Met to be open. There seem to be many instances where Members of Parliament and the family have views that are opposed to those of the Metropolitan police, the Police Complaints Authority and the Crown Prosecution Service.

As I said at the outset, I shall tell my hon. Friend, the Minister for Crime Reduction, Policing and Community Safety that a meeting would be beneficial to the family and colleagues here, and I hope that they will take up the opportunity to meet the Crown Prosecution Service as well. I hope that the recent openness shown by the Metropolitan police and the CPS in seeking to provide an open explanation to the family has helped in some way. If it is felt that that provides the basis for a meeting with the Minister, I shall relay that to her, and I am sure that she will listen sympathetically.

Niger Delta

3.59 pm

Mr. Bill Tynan (Hamilton, South) (Lab): I welcome the opportunity to raise the issue of stability in the Niger delta. Throughout Africa, abject poverty, malnutrition, clean drinking water, education and medical care are important issues, which we must address if we are to resolve Africa's problems. Poverty and terror are linked in a complex process, leading from poverty to frustration, a sense of injustice and bitterness, division and conflict. The Niger delta has experienced all those issues. A stable Niger delta is vital to the stability of Nigeria, just as a stable Nigeria is vital to that of west Africa. Nigeria is an important member of the Commonwealth and the New Partnership for Africa's Development, and in past decades Nigerian troops have been in action in Sierra Leone and Liberia as part of African peacekeeping forces. Nigeria is also likely to be an important contributor to the African peacekeeping initiative announced at the G8 Sea Island summit.

The development and democratisation of the country over the past decade must be applauded. The election of President Obasanjo in 1999, followed by his re-election in 2003, should mark the end of military rule in that country. The beginnings of political stability can be sustained only if ordinary Nigerians see real economic benefits, a reduction in corruption and an end to the violence that has struck many areas of the country.

Nigeria is well placed to act as a stabilising power in the region, and the presidential elections in 2007 will be a further test of the trends. Oil accounts for 80 per cent. of Nigeria's revenues and 98 per cent. of its exports. The Niger delta accounts for 40 per cent. of that oil production, and considerable unexploited gas and hydrocarbon reserves exist. The Nigerian Government rely heavily on the oil industry, and all budgets are linked to its viability. If the oil installations were forced to close or reduce production, for whatever reason, that would have devastating consequences for Nigeria's economy and political and social structure, as well as its very existence as a state and west Africa as a whole.

The current instability in the Niger delta must concern us all in the UK, as an humanitarian concern for the people of Nigeria, as a concern for the development of their country and as a concern for the security of world energy supplies. Nigeria is the sixth largest oil producer in the world, and the decision of Chevron to suspend production following attacks on its workers in the delta earlier this year was partly responsible for the recent hike in oil prices.

Of greater concern to us all should be the report that WAC Global Services prepared for Shell, which accounts for half of oil production in the delta. The report was leaked in mid-June. I discussed the report directly with Shell yesterday, and although it rejects many of the conclusions, and even if the report presents a pessimistic worst-case scenario, we must take it seriously. It pointed to a vicious cycle of violence and corruption, caused by the exploitation of oil in the delta and fed by the theft of crude oil. It indicated that such increasing criminalisation in the region could force an end to onshore production in the delta by 2008. Following my discussions yesterday, I can say that Shell rejects that scenario completely. However, we must

register our concern. As I said earlier, the consequences of an end to production would be catastrophic for the Niger delta, Nigeria, west Africa and possibly the UK.

It is worth detailing where the threats to stability come from. Oil has been beneficial to Nigeria as a whole but responsible for many of the problems in the delta. Many residents of the delta feel excluded, marginalised and disfranchised, and youth militia regularly sabotage oil company installations, kidnap personnel and steal vast amounts of oil. Competition for control of wealth and the lucrative relationships with oil companies is fierce, fuelling often dormant anti or inter-ethnic tensions. Military taskforces sent to quell unrest often serve to increase resentment, and actions that have included destruction of whole villages are frequently condemned by international human rights organisations.

The oil industry generates substantial sums of money. According to Shell representatives, the company employs about 5,500 people directly with a further 20,000 employed by contractors. Comparing that employment level with a delta population of between 10 million and 12 million, we can understand that although there are benefits from oil production, mass unemployment creates enormous problems. It is felt that oil money spent locally has had a negative effect, worsening tensions and highlighting differences in wealth. More alarming are the allegations that a lack of transparency in awarding contracts and the use of cash payments have made corruption worse.

As I have said, a particular problem in the Niger delta is that of "bunkering"—the theft of oil. That ranges from local tapping to much more organised systematic theft of oil in bulk. Some industry analysts estimate that up to 100,000 barrels of oil a day are stolen. That oil is sold for approximately $15 a barrel and generates a large amount of cash. Some allege that it may even undermine the whole Nigerian political system. At a local level, one day's worth of illegal oil bunkering in the Niger delta can buy quality weapons for, and sustain, a group of approximately 1,500 youths for two months.

The exploitation of the oil in the Niger delta has also had serious environmental consequences. The flaring of gas, which accompanies oil extraction, occurs for 24 hours a day. I understand from Shell that the oil companies have recently agreed with the Government that that practice will cease by 2008, but I believe that that is more of a hope and a prayer. Avoidance of the flaring is dependent on the Government and private sector investment.

Official figures also show that an average of 300 incidents occur annually, with oil leaks from pipelines releasing on average 2,300 cu m of oil each year. However, unofficial figures indicate that there are many more oil spills than that, which has severe environmental consequences for the region. It is further estimated that bridge and dam building in the region to support the oil industry could lead to the loss of 40 per cent. of the inhabited land of the delta within 30 years.

It is also sad, but true, that the presence of the oil industry has served to worsen ethnic tensions; it has fuelled competition for control of resources. The ethnic groups found in the delta are not those that hold sway in the rest of Nigeria, and therefore oil has given a new side to feelings of exclusion from the political process. The presence of armed youth militias has led to increased violence and instability, and the response of the Nigerian armed forces is regarded as having worsened the situation.

I understand that 13 per cent. of oil revenues are supposed to be redistributed by the Government to local communities. However, at present, the local population sees little benefit from the oil industry. Figures that I have seen show that in the delta only 27 per cent. of households have access to safe drinking water and that there is only one doctor per 130,000 people. Local people strongly believe that they are not sharing in the wealth that is being created from oil production.

I accept that the situation in the Niger delta is complex, with many interlinked problems and no easy solutions. I have spent most of my remarks highlighting the problems, which must be done, but I hope that I have not been too pessimistic. This is one of the first Adjournment debates on the Niger delta, so it is important for us to understand the problems.

I accept that much is being done to bring stability to the region, by the Government, by UK companies and in particular by NGOs such as the International Centre for Reconciliation at Coventry cathedral. As I have said, instability in the Niger delta will have consequences for Africa and for the UK. I hope that our high commission in Nigeria will monitor the situation and examine how best we can assist in resolving some of the problems in the area.

The continuing growth in the UK's overseas aid budget, which is one of this Government's most significant achievements, and the commitments made through the G8 Africa action plan, the New Partnership for Africa's Development and the millennium development goals, give us a real opportunity to have some influence in the delta and to support beneficial work there.

The International Centre for Reconciliation was helpful in briefing me on its work in Nigeria in preparation for this debate. It was quick to contact me once I had secured the debate and provided me with much useful background information.

However, there is much more that can be done. If we are to ensure stability in the delta, the Department for International Development must be involved. I know that it assisted the Nigerian presidency in producing a strategic assessment of the conflict in the delta in October 2002, which made many recommendations, and DFID has recently published its draft country action plan for Nigeria. However, I am slightly disappointed that that does not seem to define a strong role for DFID in the delta. The Foreign Office has sponsored courses for those engaged in civil society projects in the area, which has obviously been helpful and is welcome. As well as the opportunities for direct development aid, the UK should support local development that could bring stability. I hope that the Foreign Office and DFID will look to support more work like that undertaken by the International Centre for Reconciliation. Simply making more money available is not the answer, as Shell agrees. Without tackling the problems caused by the oil industry and breaking down the ethnic tensions, we will not solve the problems in the delta.

[Mr. Bill Tynan]

To support further work in the region, I hope that there will be better co-ordination between DFID and the Foreign Office. That could be best achieved by having a member of staff at the high commission in Nigeria with special responsibility for monitoring what is happening in the delta and considering how best we can assist. We should also look to implement the recommendations of the 2002 report, which called for greater controls on the transfer of small arms to Nigeria, and consider how greater export controls and the UN small arms survey might play a role in the area.

We also need to consider how to tackle the profits of bunkering and the oil-related kickbacks. I welcome the agreement at the Sea Island summit on a G8-Nigeria compact on transparency and tackling corruption. However, we need to look at what more we can do to tackle money laundering at the UK end, and ensure that there is transparency and that the sources of large sums of money that enter the UK are disclosed. That is a matter on which the UK banks have been particularly weak. When we consider the $1.3 billion channelled through 15 UK banks by the late military dictator General Abacha, we can realise the depth of the problem of money laundering. That has had a significant effect on Nigeria. In 2001, the Financial Services Authority identified banks' reporting mechanisms as the weakest point in the system to prevent money laundering, and it worries me that despite the new regulations passed last year, our system remains heavily dependent on banks reporting any suspect transactions. We must try to strengthen that system.

The UK also needs to look at how we regulate the operation of oil companies based in the UK through international codes of conduct that praise those that are performing well and condemn and crack down on those that are performing poorly. We should discuss with the Nigerian Government what support the UK can provide to the Nigerian armed forces to ensure that they will be a force for good in the delta. That must, however, be balanced by pressure to ensure that the military personnel who have engaged in human rights abuses in the area are brought to justice. At minimum, charges should be sought against those responsible for events in Benue state in 2001 and in Odi in Bayelsa state in 1999. There seems little point in training Nigerian troops to serve as peacekeepers when the situation in the delta is so unstable and the troops there at present seem to have such an extremely bad reputation. We should also consider how that support for the armed forces will work alongside our wider support for security sector reform through the G8 Africa action plan.

I have talked mainly about the Government's role, but I shall briefly touch on the role that UK companies can play alongside that. As I have said, I yesterday met representatives from Shell who briefed me on the work that they are doing to limit the consequences of oil exploration. I was encouraged by the range of projects that they are helping with and their real interest in assisting the communities in the delta. I understand that they have built 29 cottage hospitals, which must be a wonderful boost for the people there. That said, all companies that operate in the region could do more.

I shall highlight three fields in which that is the case. First, companies should introduce tougher environmental standards. Secondly, they should provide greater transparency over payments to local contractors and other local payments made, although Shell has said that it is working on that at present. Thirdly, all companies need to consider the ways in which they can funnel money into the region to assist both traditional aid and development projects, and to support civil society and capacity building projects such as the work of the International Centre for Reconciliation, which is absolutely vital. I hope that the Government will find opportunities to encourage and work alongside business in that way.

Overall, much work is being done that can be applauded. However, there is still much more that can be done. I have outlined the problems, but I am optimistic that solutions can be found. I hope that the debate has been constructive and helpful; I hope something has been achieved simply by highlighting the issue. None of us wants the Niger delta to become more unstable; I am sure the Minister will share many of my concerns and respond positively to these proposals.

4.15 pm

The Minister for Trade and Investment (Mr. Mike O'Brien): I congratulate my hon. Friend the Member for Hamilton, South (Mr. Tynan) on raising this important issue. I apologise on behalf of my hon. Friend the Member for Sunderland, South (Mr. Mullin) who is the Foreign Office Minister responsible for Africa. He would have replied to this debate had he not been in Ethiopia.

I begin by explaining why Nigeria matters so much to Britain, and why the British people should care about the issues raised by my hon. Friend the Member for Hamilton, South. Twenty-five per cent. of all African people live in Nigeria; it is estimated that 180 million will live there by 2015, a figure that is projected to rise to 250 million by 2030. If Nigeria does not meet its millennium development goals, Africa cannot meet them.

Nigeria is a functioning democracy, however imperfect, indeed sometimes corrupt, the process. Success for Africa's largest democracy sends a message to the other democracies in the developing world, and failure for Nigeria sends them a bad message. Britain has substantial commercial interests in Nigeria, and is the major holder of Nigerian debt. Nigeria is a force for stability in west Africa, both through its extensive peacekeeping efforts and its economic standing as a magnet for economic activity in the region, and in terms of its own relative political stability.

It is stability that concerns us today, for stability in the Niger delta has an impact on stability across Nigeria, and a direct impact on the wealth and economic development of the country as a whole. The delta is an oil-rich zone on the south coast of Nigeria. It is large—about 70,000 sq km, the size of Scotland—and is home to 20 million people, but they are a complex mix of at least 40 different ethnic groups, speaking 250 dialects, across 3,000 different communities.

The problems of the delta are a microcosm of the many problems that Nigeria faces. It has high levels of poverty—75 per cent. of Nigerians subsist on less than a dollar a day—high unemployment, and a lack of access to

basic needs; and the 3,000 different communities often mean a rash of ethnic strife. Added to that is the endemic corruption in the area, which is a problem that Nigeria as a whole faces. I take no pleasure in noting that Nigeria came 132nd out of the 133 countries in the 2003 Transparency International corruption perception index.

The Niger delta adds to that cocktail some specific problems of its own. It is without doubt the most unstable region in Nigeria. As my hon. Friend said, the vast oil reserves have led to equally vast oil thefts. There are no accurate statistics, for obvious reasons, but relatively reliable figures suggest that an average of 100,000 barrels a day are stolen, which is an enormous quantity. Again, we guess that that theft makes the thieves and those who support them very rich indeed. We guess that the profit from oil theft is about half a billion—yes, billion—dollars a year. Theft and corruption mean that those involved in ethnic clashes can gain access to more than just sticks and stones.

Mr. Tom Clarke (Coatbridge and Chryston) (Lab): The Minister will agree that my hon. Friend the Member for Hamilton, South (Mr. Tynan) made an excellent speech. He was able to focus on a point that I trust will be considered by the Commission for Africa, which is that, alongside poverty, malnutrition, HIV/AIDS and other scourges, there is rich mineral wealth. If that were properly shared with the many and not the few, many of those terrible problems that people experience could be removed. I trust, too, that that is very much in the Minister's mind.

Mr. O'Brien: My right hon. Friend is right. Wealth in the midst of poverty is a real problem in that part of Africa. It is one issue that no doubt the Commission for Africa will examine.

We must also examine the fact that such wealth, because of its unequal distribution, sometimes falls into the hands of rich and corrupt people who use poorer people in order to access weapons to get involved in ethnic strife. Small arms are proliferating across the region and they are increasingly sophisticated and available. Unemployed youngsters are easy to hire.

The picture, as my hon. Friend has painted it, is very challenging. It would be easy to conclude that there is no solution, but the delta matters to the UK. It is the engine of the Nigerian economy, producing 75 per cent. of Nigeria's crude oil production, 90 per cent. of its oil export revenue and more than 50 per cent. of its Government's own revenue. It is specifically vital to British commercial interests. As my hon. Friend said, the delta has been described as the jewel in Shell's upstream crown. The Shell Nigeria joint venture produces 1.3 million barrels per day.

There is also the British interest at a purely human level. We have about 1,000 UK nationals resident and working in the Niger delta at any one time, and we have a responsibility to do all we can to ensure their safety. Delta violence makes life even more difficult for them, and we have been involved in several kidnapping cases over the past 18 months—each of which, I am pleased to say, has been brought to a satisfactory conclusion.

It is estimated that Shell's operations cover about half of Nigeria's onshore and offshore oil reserves. Its operations in the Niger delta are widespread and complex. Shell has always recognised the need to be involved in community development programmes. My hon. Friend has already praised them. Those programmes have made some difference, though Shell would be the first to accept that to date the programmes have not made enough of a lasting impact on the ground.

Shell is searching for ways in which to promote stability and increase opportunity. For example, it is co-funding projects with the World Bank, Africare, the United Nations Development Programme and the United States Agency for International Development at community level in the delta. I would like to commend, as my hon. Friend has, the work of Coventry cathedral's International Centre for Reconciliation. He was right to identify its work as a model for other work. The centre has undertaken work deserving of great praise in Nembe.

The prime responsibility for the delta, however, lies of course with the Nigerian Government at state and national level. I recognise the efforts of the Nigerian Government's Operation Restore Hope—a joint navy, army and mobile police operation with the aim of cracking down on armed militancy. Nigeria's resources are limited, however, and there have been examples of armed gangs outgunning Nigerian forces. We are also conscious of allegations of human rights abuses by some in the Nigerian forces in the delta in the past. They have a fine balance to strike between establishing effective law and order in the delta and behaving in a way that is appropriate to Africa's biggest democracy. Sometimes that balance is struck well; sometimes, regrettably, it is not.

Could the British Government do more? Our starting point is that there is no quick fix. We need to build consensus with other Governments working closely in the delta—for example the US and the Dutch—and with the broader donor community, the oil majors, and the Nigerian Government themselves, at both state and federal level. Our current efforts concentrate on a number of strands. President Obasanjo's endorsement of a home-grown extractive industry transparency initiative, or EITI, offers an opportunity to increase the transparency and accountability of Government at all levels on the flow and use of oil revenue. The Nigerian Government have made a commitment to include back accounting of the Nigerian National Petroleum Company account. If undertaken effectively, that will be a major step towards tracing the somewhat opaque trail of oil revenue.

We have been working with major oil companies engaged in the delta, as well as NGOs, to try to ensure that measures to protect the security of oil companies do not give rise to human rights abuses. They have adopted a set of voluntary principles on human rights and security, which are now core to the working practices of many of the companies concerned, although more needs to be done to strengthen their effectiveness in the Niger delta.

We are using our position with both the federal and state Governments and the oil majors to press for effective and comprehensive measures to re-establish stability in the region. We are further strengthening our

"measures relating to excessive deficits".

[Mr. O'Brien]

consular protection and response to incidents involving British nationals in the delta, such as kidnappings. We have appointed an honorary consul in Warri and maintain our full-time consular office in Port Harcourt. We have overhauled our consular links with the oil majors and the British community and set up a rapid response team under the direction of the deputy high commissioner in Lagos to deal with problems as they arise.

We are considering how we can best help build NGO and civil society capacity to engage on energy and governance issues with the Nigerian authorities. We aim to support NGOs, academics, the media, faith-based organisations and the national and state assemblies to improve accountability, deal with corruption and make effective use of resources. We are also strengthening the hand of Nigeria's anti-corruption agencies. In particular, we are providing equipment for the Economic and Financial Crimes Commission and we are exploring support for the Independent Corrupt Practices and Other Related Offences Commission.

I am grateful to my hon. Friend for raising what is an enormously important issue not only for Nigeria but for Britain and the wider international community. It has given us an opportunity to focus on a problem that is, as he said, important for the future prosperity of Nigeria and for the future health of British interests there. There is no silver bullet, but the Government are committed to long and patient consensus building to reverse the terrible waste of resources and human effort in the delta region.

The problem of oil wealth among poor regions can be addressed if we bring together the various groups—oil majors, Governments and NGOs—that are interested in helping the delta to revive. In that way we can start to improve the situation. The British Government are committed to our part in the process, but success is dependent on others playing their part. We hope and believe that it is possible for them to do so, and I am grateful to my hon. Friend for raising the matter.

Question put and agreed to.

Adjourned accordingly at twenty-nine minutes past Four o'clock.

Westminster Hall

Wednesday 7 July 2004

[MR. BILL OLNER *in the Chair*]

Bosnia and Herzegovina

Motion made, and Question proposed, That the sitting be now adjourned.—*[Joan Ryan.]*

9.30 am

Bob Spink (Castle Point) (Con): I am grateful for the opportunity to debate Bosnia and Herzegovina because it is at an historic crossroads. That is a much overused phrase but it is justified in this case, as I hope the debate will show. Bosnia and Herzegovina could emerge as a post-conflict model of success and rebuild its economic, political and social structures. Alternatively, it could settle into ethnic strife and continued poverty, with consequences for its neighbours and greater political instability in the region.

Key to this turning point in the history of Bosnia and Herzegovina is very simply co-operation with the International Criminal Tribunal for the Former Yugoslavia. That would demonstrate the willingness of Bosnia and Herzegovina's political establishment and its people to face the truth and to adopt a stable and civilised approach to economics, to politics and to the rebuilding of its society. Co-operation with the ICTY will resolve issues such as membership of the European Union and NATO, as I am sure we will hear several times this morning. It will also make inward investment flow into Bosnia and Herzegovina, which will have an impact on its economy and poverty and bring more stability, leading to inter-ethnic tolerance.

I am not a Bosnia and Herzegovina expert, so I start by thanking everyone who has helped me to prepare for today's debate, particularly Professor Tom Selwyn and Jonathan Karkut of the European Commission's Tempus programme. The hon. Member for Putney (Mr. Colman), who is a remarkably able and courteous Member of Parliament, cannot be here today as he has a pressing pre-arranged constituency engagement. I speak for him in much of what I say.

The Speaker chose the hon. Gentleman and me to represent the United Kingdom Parliament on the first Inter-Parliamentary Union delegation to Bosnia and Herzegovina since the 1990s war. We had to work hard. The hon. Gentleman said:

"Overall the visit was jam-packed with no time between one meeting and the next with a start at 8 am"—

I recall some starts at 6 am—

"and finish at 10pm for 4½ days. But it was special to be there. In Sarajevo we saw a plaque in an alleyway to commemorate the shooting of the Arch Duke Ferdinand in 1914 generally seen as triggering World War I."

We met parliamentarian after parliamentarian and had bilateral contact. As we all know, the IPU's mission is to achieve peace and co-operation among peoples, international and internal stability and democratic government. The IPU runs three core programmes: the fight to improve human rights; help in developing democratic government by pragmatically supporting the day-to-day mechanisms of Parliament; and the commitment to improving the representation of women in Parliament.

The collapse of Yugoslavia and the war left physical, social, economic and political structures deeply damaged and destroyed much of the cultural heritage. The economy was decimated and the creation of ethnically based entities left the country divided. Such a legacy requires a thriving economy, and a unified society needs to be built. The good news is that it can be built, given the right conditions, and despite the difficulties that Bosnia and Herzegovina has at the moment. However, it needs a lot of help and support from the international community. Given that support, it has the potential to be one of the success stories of post-war economic and political reconstruction.

Mr. John Randall (Uxbridge) (Con): I am delighted that my hon. Friend has secured the debate, because the subject is very important. Does he agree that one of the problems is that the world's attention moves on so quickly that countries such as Bosnia and Herzegovina, which need as much help as possible from the international community, are in danger of being forgotten from time to time? If we are not careful, we will find ourselves returning to the bad old days.

Bob Spink: My hon. Friend speaks wisely. It would be easy to take one's eye off the ball. I shall say a few words on that when I come to speak about the stabilisation force, which feels forgotten because the focus is now on areas such as Iraq and Palestine. However, we must stay focused on establishing a bulkhead of peace and stability for the region by continuing the good progress that has been achieved. I am grateful for that intervention.

Bosnia and Herzegovina lags behind its neighbours in making sustainable economic and political progress and in making real progress towards entering the international community's various institutions, at a time of widespread anxiety about war and civil strife in other parts of the world, including Iraq, Palestine, parts of Africa and Burma. We need to review Bosnia and Herzegovina's post-conflict reconstruction and economic development and to ensure that it continues in the right direction.

Bosnia and Herzegovina's potential owes a considerable amount to British influence and intervention. British soldiers have played a widely admired role in the NATO stabilisation force. SFOR originally had 60,000 troops; I believe that that number is now down to about 7,000. The force includes a large contingent of British troops, who are serving with great professionalism and courage, as one always expects from British troops abroad. They can be forgiven for feeling a little forgotten, as the attention of the international media is focused on other areas.

We visited the British forces in Bosnia and Herzegovina. The multinational taskforce north-west at Banja Luka is based at an establishment called the Metal Factory, where the forces have their barracks. We were made very welcome. The SFOR mission is to conduct NATO-led military operations across the area of responsibility, to contribute to the maintenance of sustained peace and stability and to deter a major return

[Bob Spink]

to violence. That will support the international community's continuing progress towards achieving a self-sustaining peace, and establish the conditions for further Euro-Atlantic integration.

Peacekeeping operations are fiendishly difficult and British troops do a superb job, especially because of their decades of experience in Northern Ireland. They are finding the right balance in Bosnia and Herzegovina. They have the lightness of touch to engage the civilian population positively, but when necessary they can and will act toughly to protect themselves and others and to achieve their objectives.

We met the troops and spent time listening to their views and their problems. We brought back many messages and questions for Ministers, particularly those in the Ministry of Defence. We wish our troops a safe time in Bosnia and Herzegovina and a quick return. We commend their command structure, headed by General Crispian Beattie, the SFOR commander. They are doing a great job.

Let us move on to NATO. The Istanbul communiqué of 28 June stated:

"As the security situation in Bosnia and Herzegovina has evolved positively, we have decided to conclude the Alliance's successful SFOR operation by the end of this year. We welcome the readiness of the European Union to deploy a new and distinct UN-mandated robust Chapter VII mission in the country, based on the Berlin + arrangements ... NATO's long-term political commitment to Bosnia and Herzegovina remains unchanged and the establishment of a NATO headquarters will constitute NATO's residual military presence in the country. NATO HQ Sarajevo, which has the principal task of providing advice on defence reform, will also undertake certain operational supporting tasks, such as counter-terrorism whilst ensuring force protection; supporting the ICTY, within means and capabilities, with regard to the detention of persons indicted for war crimes; and intelligence sharing with the EU. The Dayton/Paris Accords remain in force as the basis for peace and stability in Bosnia and Herzegovina."

The capture and bringing to justice of Radovan Karadzic, Ratko Mladic and Ante Gotovina, in accordance with United Nations Security Council resolutions 1503 and 1534, remain the key to progress in Bosnia and Herzegovina.

In its communiqué, NATO explained why it decided not to invite Bosnia and Herzegovina to join its partnership for peace. That was particularly because of the lack of ICTY co-operation, especially on the part of the Republika Srpska entity within Bosnia and Herzegovina. NATO's communiqué states:

"We are concerned that BIH, particularly obstructionist elements in the RS entity, has failed to live up to its obligation to cooperate fully with ICTY, including the arrest and transfer to the jurisdiction of the Tribunal of war crimes indictees, a fundamental requirement for the country to join PfP. We also look for systematic changes necessary to develop effective security and law enforcement structures."

Lord Ashdown, the international community's high representative, is doing a great job, on balance. Every side grumbles but he commands respect. That is the mark of a good referee. Unfortunately, not all referees in the 2004 European championships were as good, but I congratulate Paddy Ashdown on the job that he is doing. On 30 June, he announced a series of measures to prevent obstructionist elements in the RS entity of Bosnia and Herzegovina from frustrating efforts to ensure that Bosnia and Herzegovina co-operates fully with the ICTY. Those measures include the dismissal of more than 60 individuals from public and party positions, financial sanctions and proposals to reform police structures in Bosnia.

Lord Ashdown also announced an extension to the EU travel ban on individuals suspected of aiding and abetting fugitive ICTY indictees. Will the Minister, who is listening carefully, confirm that the Government fully support that package of measures, and that failure to co-operate with the ICTY will remain a fundamental barrier to Bosnia and Herzegovina's integration with EU and NATO structures and, by extension, to its becoming a stable, peaceful and prosperous European democracy? Will the Minister confirm that the EU stabilisation and association agreement will be maintained as far as Bosnia and Herzegovina is concerned, and that the country will be welcomed into Europe once the various criteria have been met? Does the UK fully support Bosnia and Herzegovina's EU aspirations?

We welcome the fact that the EU has made it clear that Bosnia and Herzegovina and all other countries in the region are potential candidates for EU membership. However, the pace of integration is in each country's hands. It depends on willingness to implement the necessary reforms. The politicians and others who asked us during our IPU visit to Bosnia and Herzegovina a few weeks ago to press for positive responses on EU and NATO membership and for more inward investment were being a little disingenuous. It is up to them to co-operate with the ICTY, but if they do, the rest will follow quite naturally.

Progress on the feasibility study recommendations will be assessed again in autumn 2004. As we know, progress to date has been mixed. The Bosnia and Herzegovina authorities need to increase the pace and depth of reform if stabilisation and association agreement negotiations are to be opened by the end of the year. We all hope and pray that the necessary reforms will be achieved, but, as I say, that is in the hands of the people and the politicians of Bosnia and Herzegovina.

The economic development and inward investment that would flow from co-operation with the ICTY would transform the country, enabling it to realise its considerable potential. The emerging Bosnia and Herzegovina economy will be based on agriculture, timber and hydro-electricity. While we were there, we heard that lignite production and sales were forecast to rise strongly in 2004. Some €25 million will be invested in iron ore production, which will employ 600 miners and produce 1 million tonnes this year and 1.5 million next year. The privatisation of the steel industry is well advanced, while sales of cement from one company will increase by 20 per cent. this year.

Those are all good, specific economic developments, but, as Bosnia and Herzegovina authorities at all levels and influential voices in the international community agree, tourism and the cultural industries will play the most significant role in Bosnia and Herzegovina's development. As hon. Members will be aware, the high representative last month presented Bosnia and Herzegovina as a significant tourist destination, and I shall dedicate part of my speech to the potential for

development in that sector and to the fact that the UK is in a leading position to help bring that development about.

As I said, Bosnia and Herzegovina's economy will need to overcome the physical, economic, social and cultural damage caused by the war and the division of the country into separate entities, which followed the 1995 Dayton-Paris agreement. If it is to do so, however, the international community must do everything it can to support the progressive voices in the country.

It matters that we succeed in supporting Bosnia and Herzegovina, because it is a political and geographic bridge between the Christian west and the Muslim east, if I may characterise it that way. Success in Bosnia can help to reframe the political and economic terms of engagement between the wider Christian, Islamic and Jewish communities not only in Bosnia, but across the Balkans, the Mediterranean, the middle east and beyond.

Tourism is the key industry in Bosnia and Herzegovina; indeed, it employs more people than any industry in the world. It adds great growth potential, and Bosnia and Herzegovina needs a slice of that action, not least to reduce its high unemployment, tackle poverty and create more ethnic equality in the jobs market.

There is a groundswell of opinion in Bosnia and Herzegovina that the country's remarkable cultural heritage should be protected and conserved to form the basis of the new tourism industry. Tourism depends on good environmental practice, which necessarily involves the whole community and is, in itself, good for the economy and employment. As economic sectors, tourism and the cultural industries have a substantial multiplier effect and involve co-ordination with other branches of the economy, such as building, transport and agriculture. They also provide a much needed opportunity to change the international image of Bosnia and Herzegovina, and they are, by definition, regional and outward looking. The UK is a leading player in planning and training people for a revival in tourism and the cultural industries in Bosnia and Herzegovina.

Within the framework of the European Commission's Tempus programme, a group of specialists has worked to train tourism professionals in Bosnia and Herzegovina to bring them up to European standards and to design a tourism and culture strategy for the country. The group is now working with UK Trade and Investment to stimulate UK investment in Bosnian tourism and cultural industries. The professionals trained by the group adopted the idea of Bosnia and Herzegovina as a bridge between east and west, linking Christianity in its Orthodox and Catholic forms, Islam and Judaism.

The destruction during the war of mosques in Banja Luka was destruction of part of Bosnia and Herzegovina's heritage. Indeed, the reconstruction of the national library in Sarajevo, which was badly damaged during the war, has been adopted as a symbol of cultural reconciliation in the country and as a beacon for the emergence of a new tourism and cultural industry sector in Bosnia and Herzegovina.

There are natural tourist routes in the region, of course, such as the route from Dubrovnik in Croatia through southern Republika Srpska to Mostar, other parts of Herzegovina and Sarajevo. They could bring new co-operation, which would be welcome. A European village has been set up in Rudo, near Visegrad, with financial support from the British embassy. It is a multi-ethnic initiative based on the principle of the de-ghettoisation—if there is such a word—of communities in Bosnia and Herzegovina and beyond, and it is a worthy initiative. I congratulate the embassy on that.

The work of the multi-ethnic, multicultural Tempus group is an example of the potential for professional co-operation in Bosnia and Herzegovina. The work of its Muslim, Orthodox and Catholic members points to the future cosmopolitan development of Bosnia and Herzegovina, and it needs support from this House and wider afield.

The Minister, who is a very good man, is listening carefully, as he always does. I ask him to demonstrate Government support for tourism and cultural industries in Bosnia and Herzegovina, and to support the British-Bosnia tourist group, the EC Tempus programme on tourism and culture in Bosnia and Herzegovina, and the initiatives on tourism and cultural industries of the Government's UK Trade and Investment. He is nodding—I fully expected that—and I am grateful for that early indication of support. I ask him also to support multilateral economic, financial and diplomatic efforts to secure the future of the Bosnian economy over the next five to 10 years as the country moves towards self-sufficiency.

Many other issues could and perhaps should be raised, and other hon. Members will have an opportunity to deal with them. For instance, there is the important and positive role of the Organisation for Security and Co-operation in Europe in education reform. In such reforms across Bosnia and Herzegovina lies another key to the country's future development. The country will not get it right until it gets education right. It must stop segregation in education and start teaching all children from all three communities the same history and the same social and civic responsibilities.

Of the current population, just under 4 million—almost one half—were displaced or became refugees during the war. So far, about 1 million have returned to their place of origin, but there are still many displaced persons. That issue must be addressed, and education and co-operation with the ICTY will be factors in encouraging people to return to their place of origin and to remake their lives.

We met Croatian and Serbian families who have returned—the so-called returnees. Both groups came up against serious problems and ethnic discrimination on their return, particularly in getting basic services such as water and electricity connected to their homes and in getting employment. There is still ethnic discrimination in the employment market. Those problems will take time, patient effort, political integrity and good will to overcome, but a rising economy with a strong tourism sector, facilitated by co-operation with the ICTY, should help to solve those problems.

The hon. Member for Putney summed up the situation in Bosnia and Herzegovina by saying:

"Bosnia-Herzegovina is at a crossroads: to go back to chaos and despair or to go forward to the EU, NATO and a better life for every citizen. These are the real challenges and I hope that the IPU UK will be able to help Bosnia-Herzegovina to achieve its goals."

[Bob Spink]

We must inspire the three main communities—the Bosnians, Croats and Serbs—to raise their eyes above the horizon. For Bosnia and Herzegovina to succeed in becoming a member of Europe and NATO, which we all want, it must rid itself of the legacy of conflict. Individuals in Bosnia still protect indicted war criminals. The EU visa ban to prevent some of the supporters of war criminals is welcome, and an EU assets freeze on those characters to prevent them from providing money and resources to war criminals would also be welcomed. I am sure that the Front Benchers will deal with those important points, and I thank you, Mr. Olner, for your tolerance of me this morning.

9.56 am

Mr. Michael Moore (Tweeddale, Ettrick and Lauderdale) (LD): It is a pleasure to follow the hon. Member for Castle Point (Bob Spink), and I congratulate him on securing this important debate. I also congratulate him and the hon. Member for Putney (Mr. Colman) on what has clearly been a significant and worthwhile IPU visit to Bosnia and Herzegovina. The Chamber has learned a great deal this morning from the work that they have both undertaken, and we are much better informed as a result. My enthusiasm for the well-crafted speech of the hon. Member for Castle Point is not based simply on the fact that I intend to echo a few of his points; he has set the scene in an important way.

For hundreds of years, conflict has raged over Bosnia and Herzegovina and within it. The roots of the internecine difficulties are deep and complex. In modern times, the memories of the terrible war from 1992 to 1995 linger in everyone's mind. If we thought that those issues were behind us, the continuing unrest elsewhere in the Balkans is a warning to all of us in Europe never to take peace for granted. All democrats hope for a future in Bosnia and Herzegovina that will allow the different communities to co-exist in peace with full democracy and a healthy economy. Although progress has clearly been made since 1995, only the most myopic optimist could argue that we are close to achieving those ambitions. The UK and its European Union partners will have ongoing responsibilities to the country for many years to come.

Since the Dayton-Paris accords, the security situation in Bosnia has been the paramount objective, for without peace and stability there can be little prospect of securing democracy and future prosperity. We must acknowledge that significant progress has been made. NATO's original implementation force of 60,000 troops reduced rapidly to the much smaller stabilisation force, which currently comprises somewhere between 7,000 and 10,000 personnel.

Perhaps the most significant recent development has been the decision agreed at the NATO summit in Istanbul just over a week ago to finish SFOR's mission by the end of this year and transfer the responsibilities to a newly constituted EU force. We have been told that there is to be a new chapter 7 UN mandate, that the EU will take advantage of the Berlin-plus arrangements and that NATO will retain headquarters in Sarajevo. We welcome that development. It will build on the EU's policing role in Bosnia and Herzegovina, which began 18 months ago, but it will clearly be on a different level all together. Perhaps the Minister will be able to explain in his response what difference the new set-up will make to the UK's commitment of military resources in the country.

Although the developments mark progress for the EU and Bosnia, there is a parallel and bleaker picture that we cannot ignore. The Istanbul summit urged the entities in Bosnia to continue the welcome process of reform in the armed forces, but rejected the involvement of the country in the partnership for peace programme because of the continued failure of its leaders in the Republika Srpska entity to comply with obligations to co-operate with the International Criminal Tribunal for the Former Yugoslavia.

That was an important position for NATO to take, and the seriousness of the international community's intent was underscored last week by Lord Ashdown, the UN high representative, when he sacked 60 officials in the Bosnian-Serb leadership. In case it was not clear enough, the strong international message to Bosnia was repeated in the address to the UN Security Council by the chief prosecutor at the tribunal, Carla Del Ponte.

The ongoing freedom of Radovan Karadzic, Ratko Mladic and other indicted war criminals is an offence to the people of Bosnia. On more than a dozen documented occasions, the former Bosnian-Serb leaders have evaded NATO and other attempts to arrest them. Indeed, it appears that nobody has been arrested since July 2002. Repeated warnings to the Serbian Democratic party, the SDS, have been ignored, and the collusion of its senior figures in the financing and protection of Karadzic and others is finally being tackled. Surely, Bosnia and Herzegovina cannot possibly hope to take its place on equal terms among the family of democratic European nations while senior politicians in the country harbour those criminals.

In echoing the spirit of the high representative's remarks and the comments of the chief prosecutor, I want to highlight some of the points made by Carla Del Ponte to the Security Council. Three challenges that face the tribunal were listed. Apart from the need to arrest the fugitives, it was pointed out that there are serious problems with the finances of the court. They have become so serious that contracts for investigative support cannot be extended beyond the end of December.

The cash-flow crisis is so serious that in spring this year there had to be a recruitment freeze even on the replacement of essential staff. I hope that the Minister will be able to clarify the United Kingdom Government's position on that problem. I hope that he agrees that any financial crisis that undermines the working of the tribunal can only play into the hands of the war criminals who seek to evade its jurisdiction.

The chief prosecutor also drew attention to the failure of Serbia and Montenegro to fulfil their obligations to co-operate in bringing Bosnian indictees to justice. She stated that 15 accused, including Mladic, are believed to spend most of their time in Serbia. Apart from that, there is virtually no co-operation by the Serbian authorities in support of witnesses for the tribunal. The picture painted by the chief prosecutor is damning and depressing. Almost 10 years after the awful events in

Srebrenica, the most wanted men remain free, the tribunal is in financial crisis and the end of the mandate for the court is fast approaching.

I hope that the Minister will explain what possibility there is of extending the court's mandate, if not indefinitely then at least for a period that will allow justice to be done. While the process of holding war criminals to account grinds on, the economy is making painfully slow progress, as the hon. Member for Castle Point stated. There are some optimistic signs and, as the hon. Gentleman pointed out, there have been some attempts to boost tourism in the country. There is the promise of a stabilisation and association agreement with the European Union if Bosnia and Herzegovina can satisfy the necessary conditions. Quite apart from the issue of war crimes, there are many reforms to carry out. With 20 per cent. of the population below the poverty line and about half the people of the country perilously close to it, the economy clearly needs support. Perhaps there will be a realisation of what needs to be done before the situation gets even worse.

The past few weeks have seen international initiatives that must generate some hope that the faltering progress in Bosnia and Herzegovina will not stall or crunch into reverse, but the challenges to the United Kingdom Government and to the international community remain severe. They are second only to the heavy responsibilities that lie on the leaders in Bosnia and Herzegovina.

10.6 am

Mr. Richard Spring (West Suffolk) (Con): May I say, Mr. Olner, what a personal pleasure it is to see you in the Chair this morning? I thank my hon. Friend the Member for Castle Point (Bob Spink) for an extraordinarily comprehensive, balanced and sensible presentation of the situation in Bosnia and Herzegovina. I am also grateful to the hon. Member for Tweeddale, Ettrick and Lauderdale (Mr. Moore) for a measured speech. He shares my sentiments about my hon. Friend's very good speech.

Bosnia and Herzegovina remains powerfully in the minds of many British people because of the terrible bloody civil war there between 1992 and the Dayton accords of 1995. It has had a turbulent history. It is fair to say that although Tito, a remarkable political figure, succeeded in building an ethnically diverse composite state called Yugoslavia and managed to spare the people of Yugoslavia the worst ravages of old-style Soviet communism, he prepared inadequately for the post-Tito, post-cold war world into which Yugoslavia moved.

It would be wrong to say that the multi-ethnic patchwork of peoples and religions that make up Bosnia and Herzegovina made civil war and the atrocities that happened in that civil war, such as in Srebrenica, inevitable. Bosnia and Herzegovina has been, for many years of its history, a successful blend of peoples and cultures. I went to the winter Olympics in Sarajevo 20 years ago and saw that for myself.

The Minister for Europe (Mr. Denis MacShane): Were you running?

Mr. Spring: The Minister asks what I think is a rhetorical question.

The civil war would undoubtedly not have occurred had Bosnia and Herzegovina not been located where it is, with the strange mix that it possesses, but the conflict of 1992 to 1995 grew from a combination of factors other than the peculiar political and economic circumstances in the country. Those included the consequences flowing from the end of the cold war, the actions and ambitions of neighbouring countries and a willingness to exploit the dangerous political power of nationalism.

Today it appears unclear how, or even whether, the trial of Slobodan Milosevic will progress in The Hague. I hope that the Minister will share the Government's views on that matter. Mr. Milosevic undoubtedly played a significant role in stoking up the tensions that exploded in that terrible full-blown conflict.

The declaration of independence in 1992 led to three years of vicious war and united the Serb population with Serbs in Serbia, who ethnically cleansed areas of the country of Croat or Bosnian enclaves. It would, however, be only half the story to talk exclusively of Serb ethnic cleansing. Once the fighting began, no group—whether Serb, Bosnian or Croat—emerged from the civil war guilt-free and with an unblemished reputation. The violence in Bosnia, beamed into our living rooms on the TV each night, generated a groundswell of support for military action to halt the bloodshed. I pay tribute, as I am sure all hon. Members would wish to, to the professionalism of the NATO forces in Bosnia, of whatever nationality, and particularly to the work of our troops who served or continue to serve in IFOR and SFOR.

The NATO-led military response in Bosnia led to the December 1995 Dayton agreement, which fixed the internal borders along lines that still exist today and served to establish the peace and stability that have generally remained since, although echoes of the violence continue to reverberate in Kosovo. It created a new constitution and two new entities: the Federation of Bosnia and Herzegovina and the Republika Srpska. Those entities and those elected to run them deal with domestic matters while a federal presidency representing all three groups deals primarily with foreign and defence and national economic matters. Lord Ashdown, a person of considerable experience, continues to serve as high representative. There has been considerable progress in Bosnia and Herzegovina since the dark days of the early 1990s, with peace and stability being the most important and cherished achievements.

Stability in the wider Balkans region, especially in Serbia and Croatia, is a vital prerequisite of stability and progress in Bosnia and Herzegovina, but the presence of NATO troops has also been central to the provision of security and an environment conducive to development and effective state building. As we have heard, NATO has been highly successful, but at the Istanbul summit it was announced that SFOR will be replaced by an EU-led peacekeeping force by the end of 2004. While we all look forward to the day—hopefully soon—when Bosnia and Herzegovina requires no international forces to ensure its stability, the truth is that such forces are still needed. It is concerning that a successful NATO operation is to be replaced in that highly sensitive country with an untried EU-led operation, which may have more to do with a pan-European vision than with

[*Mr. Spring*]

the policing effort. I just hope that it will be successful in securing what NATO has managed to secure thus far, and will build on that.

What discussions did the Minister have with the Bosnia and Herzegovina Government prior to that decision being taken? Although the security challenges have changed from peacemaking and peacekeeping to checking on weapons smuggling, pursuing suspected war criminals and dealing with extremist groups and border security, such challenges still require a good knowledge on the ground and a clear chain of command. Is the Minister confident that those criteria will be met by the EU force?

The Office of the High Representative and the Bosnian polity have set out a reform agenda that has seen the dismissal of some officials for corruption and for obstructing the reconciliation process. The reconciliation process remains fragile, and the elections of 5 October 2002, while free of violence, saw a low turnout of 54 per cent. People in Bosnia and Herzegovina are disillusioned at the slow pace of reform, both political and economic.

The Government who are now in office are a three-way coalition made up of nationalist parties from each of the three ethnic groups: the Bosniak SDA, the Bosnian-Serb SDS and HDZ, representing Bosnian Croats. Although gloomy predictions from the time of their election have not come to fruition, a reversion to nationalist parties should be interpreted as a due warning of the frustrations still felt in the country.

The problem, despite much that is positive, is that progress towards turning words into actions is slow. Public expenditure remains high while revenue collection remains inefficient. If the economy is to thrive, privatisation and economic liberalisation require speeding up, and red tape and bureaucracy—barriers to external investment the world over—need to be cut. However, Bosnia and Herzegovina, not yet 10 years from the end of the war that tore it apart, cannot do that alone.

According to the Foreign and Commonwealth Office website, United Kingdom aid to Bosnia and Herzegovina has been about £82 million since 1996. Our focus is on efforts to create a viable and sustainable private sector; enhanced trading ability; effective, accountable government; improved social policy and health policy; and the better administration of justice. The figures for 2003-04 are also on the website and they show that the funds allocated amount to £6 million, in addition to which the United Kingdom contributes to multilateral aid via the EU. What is the extent of our aid funnelled through the EU to Bosnia and Herzegovina? Does the Minister think that the £6 million of bilateral aid is proving successful in achieving our aspirations for Bosnia and Herzegovina's much needed development?

There are economic success stories. Trade is growing, with exports of £16 million from the United Kingdom in 2002, which is an 8.8 per cent. increase on 2001. Imports from Bosnia and Herzegovina to the United Kingdom are also up.

Our policy framework for the region is the stabilisation and association process. It offers the prospect of EU membership, provided that conditions on human rights, democracy, regional co-operation and economic reform are met. The contract was launched in Zagreb in 2000 and on 21 June 2003 an EU-western Balkans summit was held in Thessaloniki in Greece. It affirmed Bosnia and Herzegovina's eligibility for EU membership, if it meets the criteria.

That is a most important point. Of the former Yugoslav republics, Slovenia is already a member of the European Union. Croatia has been formally accepted into the EU process. The possibility, somewhere down the line, of accession into the EU is a powerful incentive to people to focus positively on the future and to carry out the reforms that are necessary for their development. The prospect of EU membership will be a powerful spur to reform and progress. It is certainly an aspiration that the Conservative party supports.

As I saw, Bosnia and Herzegovina is a beautiful country with a landscape that varies dramatically from the high altitudes of the central mountains to arable land in the north and Mediterranean vineyards in the south. Most of its major towns nestle in beautiful and picturesque valleys. The breathtaking scenery, coupled with the friendly welcome that is extended to all visitors, makes the country an appealing holiday destination, as my hon. Friend the Member for Castle Point said. What steps are the Government taking to advise and to assist the Bosnians in developing their tourist industry, given the fact that the UK travel industry is focusing so much on the undoubted attractions of the Dalmatian coastline in particular?

I hope that the Bosnia and Herzegovina Government, assisted by the international community, will push forward the reforms, both economic and political, that are required for it to develop into a functional, modern, multi-ethnic state. I look forward to seeing such a state as a member of NATO and the EU. I am confident that that aspiration is shared throughout the House of Commons and among the British public.

10.18 am

The Minister for Europe (Mr. Denis MacShane): It is a great pleasure to see you in the Chair, Mr. Olner. I look forward to many debates under your chairmanship. This has been an exemplary one on international affairs. I thank the hon. Member for Castle Point (Bob Spink) for a powerful and effective speech, reporting on a visit that he made with my hon. Friend the Member for Putney (Mr. Colman) to Bosnia and Herzegovina under the auspices of the Inter-Parliamentary Union. It is a reminder of the great service that the IPU provides the House and the Government in maintaining such links.

I shall deal with the points that the hon. Member for Castle Point made and other questions; I prefer to answer, if I can, points that were made in the debate. I did not fully comprehend the speech of the hon. Member for West Suffolk (Mr. Spring), speaking for the main Opposition party. The middle of his speech seemed to drift into generalised anti-Europeanism, but at the end of it he extolled the virtues of Bosnia and Herzegovina aiming for membership of the EU under the new constitutional treaty. It is really time for the Conservative party to decide where it stands on Europe. It cannot be Dr. Jekyll and Mr. Hyde at the same time.

The hon. Gentleman's remarks about SFOR and EUFOR and the negative tone of his obiter dictum, which *Hansard* will record, about the European Union's

great service to Bosnia and Herzegovina and to the new forces that will come into play there, are not worthy of this debate. I have here the shield given to me by the European Union police mission, in which serving British police officers proudly wear the European flash on their shoulder, as they help to achieve stability through an effective campaign against criminality in Bosnia and Herzegovina. I wish that Conservative Members would stop injecting into their speeches scorn, derision and hostility towards the EU's work in that part of the western Balkans. In Sarajevo and the rest of Bosnia and Herzegovina, the EU is warmly welcomed.

Mr. Spring: I know that the Minister is capable of being eccentric on occasions, but I have never heard such complete drivel in my life. I am absolutely entitled, as an Opposition spokesman, to ask what the relationship is between the new EU force and NATO. That has nothing to do with our view of the EU, so will the Minister just answer the question that I legitimately posed and not distract this important debate with such nonsense?

Mr. MacShane: I see that some spots are tender even at this early time of the day. I will, of course, come to those points, but it is nice to clarify our positions. The fact that our main Opposition party has no locus in any other part of Europe and has no links with other conservative and centre-right parties, because it is perceived as permanently hostile to our membership of the EU and the need to win support across Europe for the new constitutional treaty, does a continuing disservice to the cause of peace and European unity.

I am happy to tell the hon. Gentleman that we have absolute confidence in the EU force. For one reason, professional, British soldiers will be leading it. British officials have played a key role in the negotiation of the force's mandate, learning the lessons of the 1990s. That confidence is shared by NATO as a whole, as the Istanbul summit communiqué made clear. The EU force will have, as SFOR has, a UN chapter 7 mandate, with the authority to use force to protect itself and its mission. The force will deploy initially with the same level of forces—around 7,000—as SFOR has now.

Before becoming a Minister, I spent time with British soldiers. I slept in a corrie back in an SFOR unit. I saw how professional their contribution is. They will be proud to show the people of Bosnia and Herzegovina that EUFOR is making a direct contribution to stability and security in the region.

I share the concerns about the ICTY in The Hague that the hon. Member for Castle Point expressed. The hon. Member for Tweeddale, Ettrick and Lauderdale (Mr. Moore) also raised important questions about that. I regret deeply that the obstructionists in Bosnia and Herzegovina, particularly in Republika Srpska, prevented Bosnia from achieving partnership for peace membership at NATO's Istanbul summit. I regret that it was therefore necessary for Lord Ashdown to remove some 60 obstructionists, mainly from the SDS, the party of Karadzic. I sent my personal congratulations to Paddy Ashdown earlier this week on his decisive action, which again showed the quality of leadership that Britain brings to bear in finding a European solution to the western Balkans.

I assure the hon. Member for Castle Point that SFOR has not been forgotten. It has done a superb job since 1995 and I welcome his kind words about our troops' efforts. British troops have detained more war criminals than any other force—24 to date. The hon. Member for Tweeddale, Ettrick and Lauderdale said that nobody had been detained since 2002, but, if he checks the records, he will see that one war criminal, Mr. Oric, has been sent to The Hague.

On all my visits to the region and whenever I discuss the issue with visitors—my door at the Foreign and Commonwealth Office is always open, and I think that I have received more Government representatives from Bosnia and Herzegovina and from other countries from the former Yugoslavia than almost any other part of Europe—I say again and again that the road to Europe lies through The Hague, that the detention of Radovan Karadzic, Ratko Mladic and Ante Gotovina is a priority, and that more must be done. There have been clear statements from Government figures in Sarajevo and Banja Luka about Karadzic, but the Orthodox Church needs to move decisively, as do the communities that support him. People must understand that the terrible crimes of which Mr. Mladic and Mr. Karadzic are accused are in connection with the genocidal slaughter of 7,500 European Muslim citizens of Srebrenica in 1995—the worst killings in cold blood on European soil since 1945. With one year to go until the 10th anniversary of that massacre, it is time to make decisive efforts to invite those gentlemen, who claim to be innocent, to report to The Hague, where they will get a fair hearing.

The election of Boris Tadic as the president of Serbia, thus defeating, as the hon. Member for Tweeddale, Ettrick and Lauderdale will know, the candidate of the reactionary anti-European nationalist right, who was close to Mr. Milosevic, is good news, and I hope that it will be seen as such. It shows that we are generally getting positive and welcome signs from the region, as does the welcome decision of the European Council, which agreed the historic constitutional treaty that Britain will soon want to ratify, to set a starting date for negotiations for Croatia's EU membership.

Bosnia and Herzegovina has come a long way since 1995. I agree with the point that the hon. Member for Castle Point made about supporting the economy. I have visited Sarajevo regularly since I took ministerial responsibility for that part of Europe, and I can say that it is getting better. I strongly agree that the beautiful national library, which is being rebuilt, should become a shining cultural monument to the traditions, history and culture of that part of Europe.

The hon. Member for West Suffolk recalls visiting the winter Olympics in Sarajevo some 20 years ago. I invite him—a great sportsman among Members of Parliament—to join Lord Ashdown and me on a skiing trip on the mountains around Sarajevo, which I propose should be early next year when the snow conditions are good. As I lead him off piste, down dangerous gullies and across avalanche slopes, I may persuade him of the virtues of a more positive approach to Europe. Whatever happens, I promise to get him safely to the bottom. He will be in my safe hands.

I hosted the excellent Lancaster House conference to promote the tourist industry in Bosnia and Herzegovina. An excellent new guide has been

[Mr. MacShane]

published, and British tourists can go there. Despite our concerns about the problems with Karadzic and criminality, no British soldier has lost his life as a result of violence, although there have been some dreadful accidents. I believe that all British citizens will be given a very warm welcome there, whether as historical tourists—the hon. Member for Castle Point referred to Sarajevo as the place where 20th century history took its disastrous wrong turn—or eco-tourists. I believe that there is a lot of good hunting, shooting and fishing, so the sports and tourist desires of many different members of the community in Britain are catered for.

Hon. Members asked me about the continuation of the ICTY. The ICTY mandate will continue. United Nations Security Council resolution 1503 of last August made it clear that the ICTY will try Karadzic, Mladic and Gotovina, even if the trials fall outside the usual period granted to the ICTY. It is scheduled to come to a close in 2008, but we are determined that those three gentlemen will be brought to The Hague. Again, I make it clear that they can become old or go to their graves, but the British Government and other Governments will insist that they accept responsibility for answering to the very serious charges against them. We believe that there should be a completion strategy for the ICTY, and that it should be met.

The hon. Member for Tweeddale, Ettrick and Lauderdale asked about finances. Some large and significant UN member states seem to be backward in paying their dues to the ICTY, and we are pressing them hard to rectify that. We do not have a particular view about Milosevic's trial and the recent reports about his health problems. It will be a matter for the tribunal to decide, but we have every confidence that it will find a fair and satisfactory solution to allow the completion of the trial with minimum delay.

I was asked about financial support for Bosnia and Herzegovina. The Department for International Development has provided £82 million in bilateral assistance to Bosnia and Herzegovina since the signing of the Dayton peace agreement. In addition, according to the last available records that we have, which cover 2001, the UK's share of Commission expenditure in Bosnia and Herzegovina amounted to £18 million, which we estimate to be some €12 million, for 2003. Britain is putting its money where its mouth is by supporting Bosnia and Herzegovina.

We welcome the creation of stronger state institutions. We believe that the politicians of the federation that represents Bosnians, Croats and Republika Srpska accept that there will be no future other than the building of a sovereign independent republic, a European state, called Bosnia and Herzegovina. There will be no repartition or reattachment to Serbia or Croatia. I am pleased to see the much better co-operation between Belgrade and Zagreb, and I make it clear that both the Serbs and the Croats fully accept that Bosnia and Herzegovina will be a republic with a strong and clear future. It will, we hope, soon be a member of the EU and NATO.

Bob Spink: Before the Minister finishes, will he return to the question of the Office of the High Representative? The post will end for Lord Ashdown next year. Will the Minister give the Government's view as to how matters should proceed following that?

Mr. MacShane: Lord Ashdown kindly accepted our invitation and the invitation of the people of Bosnia and Herzegovina and the entire international community to continue in office for one more year. We will take this one stage at a time. He said clearly that he wants to be the last man in that office, and that is everyone's wish, even further south in Kosovo, where a new UN special representative has just been named. It is our wish that all the countries, republics and different component elements of what was Yugoslavia should operate as self-governing entities. I cannot comment in advance on where we will be next year, on any replacement or on the future of the post.

On Monday, I was at the OSCE parliamentary assembly meeting in Edinburgh, at which the Chairman-in-Office, Dr. Solomon Passy, the Bulgarian Foreign Minister, made clear his belief that, other than in Kosovo, the OSCE should wind down its operations in the western Balkans and start looking further east to the Caucasus region. Broadly speaking, he is right.

I want to put on record again that I have seen a gradual growth of normality during my visits to the area. I do not want to raise any more European hackles this morning, but I had the pleasure of travelling through Sarajevo on a tram that was decorated on an entente cordiale theme. It was nice to see the Union flag and the tricolour painted on the tram. Very nice, young Bosnian university and school students were learning French and English and being told that their future would be much better if France and Britain co-operated. Their future will be much better if we in the European Union can co-operate under the new treaty.

Bit by bit, a new spirit is rising in Bosnia and Herzegovina. I thank all hon. Members for participating in the debate. If I have not answered all the questions—I may have answered questions that hon. Members did not ask—I will be happy to write to them in detail on those matters.

10.37 am

Sitting suspended.

Animal Rights Extremists

11 am

Mrs. Jacqui Lait (Beckenham) (Con): I am grateful to you, Mr. Olner, for the opportunity to raise this subject, because it is a matter of increasing concern to me. I have had a long involvement with this issue, because almost 25 years ago I worked in the chemical industry and I saw then the difficulties faced by staff and companies.

We are now seeing increased levels of animal rights activity. Most of us are familiar with the saga of Huntingdon Life Sciences, the way in which City shareholders were targeted and the damage that that has done to the company. I pay tribute to Brian Cass and his staff for managing to refinance themselves and continue their valuable work.

There have been many instances of animal rights extremism since then. In the most recent quarter, from April to June this year, there have been what are euphemistically called "home visits"—22 to employees and 32 to company directors. The director of the building company Montpellier, which is involved in the construction of the Oxford animal research laboratory, resigned from the business. There have been 24 instances of phone, fax or e-mail blockade, which are immensely threatening to employees and, more worryingly, to their families, including children. I have seen the effect on senior research scientists when their families have been targeted. It has led to divorce, mental breakdowns and distressed children who have been unable to benefit from their childhood.

There have been 46 instances of damage to property, 94 publicly advertised demonstrations and 164 demonstrations that were unadvertised. Almost 3,000 people have been involved in protests. My office overlooks Portcullis House, and I remember one evening when people demonstrated outside about Yamanouchi for about two hours, disrupting not only the business that I was trying to conduct, but that of many other Members and members of the public.

There have been 80 arrests at demonstrations and 43 occasions when vehicles have been damaged. In many cases, corrosive fluid has been used, and in 33 cases tyres were cut or pierced. When corrosive fluid is used, tyres have to be changed anyway in case there has been some damage, and it is estimated that the costs of those attacks in one quarter alone are £250,000. We know that Cambridge university has had to scrap plans for its primate research laboratory and that Oxford is facing real trouble with its research facility as senior staff receive "home visits". Huntingdon Life Sciences and Hall farm, which breeds guinea pigs for the research industry, have also been targeted.

I recognise the fact that a small number of people are involved in the terror tactics; the vast majority of people who take a strong stand against the use of animals behave legally. The Home Secretary reportedly supports the Humane Research Trust, which is a legal organisation. The problem is, however, that those extremists are causing immense damage to our scientific and research base, and the Government do not appear to have the resolve to address the issue effectively. In the US and Japan, which are our main competitors in many of the research, pharmaceutical and bioscience industries, the perception is that the UK does not treat the issue seriously enough and will not take substantive action.

A new group called Victims of Animal Rights Extremism was launched in the House of Commons in April to try to help resolve the problem. It is a coalition that includes Amicus, the Bioindustry Association, the Association of Medical Research Charities, the Research Defence Society and Huntingdon Life Sciences. A Bill has been drafted to deal with the situation faced by people involved in this area, but the Government have still not made their position clear. I want the Minister to clarify whether they want that Bill, and if not, what way forward they propose to deal with the issues. It is the right of people working in those industries to have that clarification.

Lord Sainsbury, in his recent evidence to the Select Committee on Science and Technology, of which I used to be a member, pledged to introduce legislation, but rejected a single Bill, saying that he preferred to amend other legislation. The implication was that that would be a quicker route to deal with the problem. Specific legislation already exists in the United States, and seven members of SHAC—stop Huntingdon animal cruelty, the group targeting HLS—USA were recently arrested and charged under that legislation. It is therefore clear that such legislation does work.

For a while, I thought that the Government's preferred method, which is Lord Sainsbury's option of piecemeal legislation, might come to pass. There was a rumour that the Government were planning to amend section 14 of the Criminal Justice and Public Order Act 1994 to deal with "home visits" by amending—this seems slightly ludicrous—the Domestic Violence, Crime and Victims Bill, which has recently been in Committee. That rumour appears not to be coming true, but I hope that the Minister will tell us whether there is any substance to it. If not, what proposals does she have to deal with the issue of "home visits"?

If the Home Office is planning to amend that Bill in a piecemeal fashion, will the Minister also outline which legislation will be amended and how it will be done? For instance, is the Home Office planning to amend the Protection from Harassment Act 1997 in order to protect companies? There is currently no protection for companies, and nor is there any requirement for companies to protect employees, even though they have an overriding duty of care to take appropriate steps to do so.

Is the Minister planning to deal with "home visits" not by amending section 14 of the Criminal Justice and Public Order Act 1994, but by clarifying the Human Rights Act 1998, so that article 8 of the European convention on human rights, which deals with the right to respect for private and family life, takes precedence over article 10, which provides for freedom of expression? Is she planning to change the law so that companies do not need to spend significant amounts to secure injunctions, in addition to extra security costs that run to millions of pounds and reduce the UK's competitiveness as a location for biomedical research? It cannot be right that the onus is so heavily placed on the victims to protect themselves from the extremists.

Will the Government address the issue of consistency in relation to convictions in the courts and encourage the Crown Prosecution Service and the courts to

[Mrs. Jacqui Lait]

consider not only the one incidence of terrorism that has led to a person being in court, but the overall pattern of intimidation or terrorism, when they sentence someone charged with such offences? Could restraining orders such as antisocial behaviour orders be used?

The Parliamentary Under-Secretary of State for the Home Department (Caroline Flint): They are being used.

Mrs. Lait: I am delighted to hear that ASBOs have been used. The Minister now has the perfect opportunity to advertise that fact and to ensure that more courts and the CPS are aware of it. We still have to see what force ASBOs will have in the long run. They are taking out some of the young toerags for a while, but I am not certain how long that will last.

Given the draconian powers and lengthy sentences that have been introduced to deal with the war against terror, I ask the Minister what makes animal terrorists different. Should they not also be charged under that legislation, making their sentences longer?

The Government's argument may be that specific legislation takes too long to introduce. I am sure that the Minister will agree that any postponement would mean waiting at least two years, because it is doubtful whether legislation could be passed before what is generally understood to be a proposed general election next May. It would take two years whoever won. Will she explain what the Government plan to do in the interim? If they do not wish to amend the legislation that I have mentioned, which legislation are they planning to amend? What ideas did Lord Sainsbury have? Which ones will the Minister advance? Will the Home Office or the Department of Trade and Industry take them forward?

What co-operation is there across Government to ensure that different Departments act in a concerted way so that a coherent body of law is produced instead of one specific measure? Does she plan to amend the legislation and—this may be a bit of a nerdy point—will that be done by statutory instrument or by amending Bills? Perhaps the Domestic Violence, Crime and Victims Bill could be amended as it goes through the House. Will the Government amend proposed legislation?

Who is gripping the issue to ensure that it is covered across Government and what time scale is envisaged to get a reform in place? Will the issue be dealt with before we prorogue in the autumn or before we rise for any general election next year? The previous Home Secretary—now the Foreign Secretary—was clear about the issue:

> "We will not tolerate a small number of criminals trying to threaten research organisations and companies."

This is an opportunity for the current Home Secretary to send out an equally clear and authoritative statement that he will not tolerate such activity.

At the most basic level, that would help to protect the Government's own investment and the development of new medicines and research funding for life sciences. If we look closely at the pharmaceutical research base in the UK, we find that it has shrunk during the last two decades. Jobs and companies have moved quietly away. The decision to move is a complex one, but one factor in the equation is undoubtedly the unpleasant environment created by animal extremists. The irony is that the countries to which the companies move often have less animal-friendly protection laws than we have in the UK. We need a strong skills base to take advantage of our innovation abilities. That means that the issue of animal extremism needs to be gripped and clear remedies proposed.

This is the opportunity for the Minister to come forward with clear proposals about what the Government plan to do to ensure that people who work in science, who are our lifeblood in this country, no longer need suffer the terror of phone calls in the middle of the night, attacks on their cars, being attacked with baseball bats, as Brian Cass of HLS was, or being terrorised, as a pensioner in my constituency was. That man's pension came from a company which, following a complicated series of takeovers, acquired shares in HLS. That elderly gentleman and his elderly wife received phone calls right through the night. Posters were stuck on their garden gates. Posters were put on the streetlights down their road, saying, "This murderer lives at . . . " and featuring their photo.

In this day and age, it is not acceptable that people who carry out a service to this country in any way, shape or form should face horror and terror from a small number who take extremism to its extremes and terrify, hurt and maim people physically and mentally. The Minister has the opportunity to set the record straight about what the Government wish to do to ensure that those people are not affected.

11.13 am

The Parliamentary Under-Secretary of State for the Home Department (Caroline Flint): I congratulate the hon. Member for Beckenham (Mrs. Lait) on securing this debate, because it gives me an opportunity to say once again in a public forum that I, colleagues across Government and the Government as a whole recognise how important the area is, and to say how seriously we take it. In this public forum, it is also important to send to all members of the British public who care about animals a strong message that some people, often in their name, are using illegal activities to pursue those who are doing nothing illegal and are the victims of the sort of activities of which the hon. Lady gave examples.

We also need to send out a strong message that, although we need to do more, we need accurately to report what happens to people. I understand that the attack on Mr. Cass resulted in a 10-year sentence for the person who carried it out. That person was caught, arrested, charged and convicted, and it is important that the media report that as well, for the benefit of people who think that they are going to get involved in the sort of activities that might result in violence, but whose more common features are criminal damage, phone calls, letters and abuse.

It is worth reminding ourselves that the UK has the toughest regulations in the world on the use of animals in scientific procedures. UK scientists have to satisfy strict criteria before they are allowed to experiment on animals—a fact that, I am afraid, does not seem to carry much weight with animal rights extremists, although it is absolutely true. Whatever the extremists say, most people in the United Kingdom—a recent survey gave

the figure of 90 per cent.—believe that the use of animals for medical research is justified so long as it is done without causing unnecessary suffering to the animals. Research using animals has contributed to almost every medical advance in health care in the past century, including all current medicines and vaccines, medical devices such as replacement heart valves and surgical procedures including organ transplants.

That situation will not change in the short or medium term. The development of new drugs and medical and veterinary technologies will continue to depend on the responsible use of animals. As the hon. Lady said, we therefore need to ensure that scientists can continue to do that important work on behalf of us all without harassment or intimidation. It is not only the scientists who are actively involved in that work. Particularly in the past few months, we have seen a move by the animal rights extremists to attacking the people who supply companies. Such people have no direct involvement in the work of the institutes and organisations, and by the very nature of the attacks on them, extremists are trying to create a climate of fear and to undermine the existence of companies such as Huntingdon Life Sciences.

We have already had an insight today into the activities of the extremists, which include publication of the names, addresses and phone numbers of target companies' employees on an extremist website, with an accompanying innuendo in that if their names are featured on that website, activities will follow. We know only too well what form those activities might take. There have been threatening letters, harassing telephone calls, floods of e-mails, attacks on cars and graffiti on people's homes. Anonymous letters have been sent to the neighbours of targeted directors making false allegations. In the case of one individual, the allegation was that they were a paedophile. Packages have been sent to the homes of target persons containing offensive material such as used toilet paper and razor blades. There have been late-night home visits involving masked extremists vandalising cars, smashing windows and spraying graffiti.

Since becoming the Minister with responsibility for this area, I have had several meetings with representatives from the bioscience industry and other companies. I have met victims of such activity and heard about their experiences at first hand. My colleagues and I are in regular contact across Government, and Lord Sainsbury and I meet regularly. We are not only responding to the general issue, but have responded strongly to the individual targeting of particular companies. We also have regular contact with senior police officers to discuss policing and enforcement at national, regional and local force levels.

The hon. Lady will understand, as we do, the complexity of dealing with the individuals involved in such activities. The fact is that the leaders behind them do not show their hand. There are midnight visits and people carry out the activities anonymously, so piecing things together and taking effective action against them is not easy, but we are trying to address that challenge. We have ensured that animal rights extremism features in the 2004–07 national policing plan, which means that police forces should take account of it. Every police force should be aware of what powers are available, and we have recently established a unit in Cambridge that exists primarily to improve performance at force level and to act as a support and a service. Where things are not happening at force level, that unit can be contacted for additional action. In recent weeks, particular companies have been targeted, and the unit has played a big role in working with us to address particular concerns.

The Association of Chief Police Officers recently appointed an assistant chief constable to the new role of national co-ordinator with responsibility for developing regional and national responses to animal rights extremists. As I said, we have also used Home Office funding to create a national extremism tactical co-ordinating unit, which is based in Cambridge. It will provide police forces and others throughout the country with tactical guidance, information and advice.

We also need to work with industry. Understandably, companies often do not want to take a proactive approach—for example, by warning their suppliers. Nevertheless, we must be able to share information for the good of all. We must be able proactively to help people to protect themselves and to know what to do when their switchboards—

Mr. Bill Olner (in the Chair): Order. The hon. Member for Oxford, West and Abingdon (Dr. Harris) should not be playing with his mobile phone while the Minister is speaking.

Caroline Flint: Companies must know what to do when there is a campaign of phone calls to their switchboards and where to go with information about suspicious activities. We need not only greatly to improve our relationships with the main companies, but to identify what we can do to reassure people elsewhere in the supply chain who work with them.

There were at least 138 arrests of animal rights activists during the first six months of this year, compared with 37 during the same period in 2003. We are working with the police, other agencies and companies to improve the availability of information on arrests. We are looking carefully at where arrests are made, what charges are laid and when cases come to court. That will help us to work better with other sectors of the criminal justice system to ensure that, as the hon. Lady suggested, cases that come to court are not seen in isolation, but connected to the wider campaign of animal rights extremism, which seeks to undermine the legitimate practices of business in this country.

Mrs. Lait: I am very pleased to hear what the Minister says about the courts, but will she address the principal issue that I raised: the legislative changes that, as Lord Sainsbury acknowledged, must be implemented? What plans does she have in that regard?

Caroline Flint: I will come to that. I have eight minutes left, and I intend to use them all.

The Government are looking at better enforcement throughout the criminal justice system. Of course, penalties are important in that respect, and they must reflect the circumstances in which a person is brought before the court. One ASBO has already been used on someone who committed an offence linked to animal rights extremism, and more ASBOs are in the pipeline. As with other areas of antisocial behaviour, we intend to

[Caroline Flint]

ensure that police forces and the criminal justice system are aware that tools already exist to contain and curtail people's activities.

Over the past few months, we have been debating how to improve law enforcement, and one way is to ensure that the powers that are available in the criminal justice system are actually used. Recently, we made two changes to the Anti-social Behaviour Act 2003. We amended the definition of a public assembly in the Criminal Justice and Public Order Act 1994 from one consisting of 20 people to one consisting of two or more persons. We also extended the offence of aggravated trespass in that Act to cover trespass in buildings. Both changes came into effect on 20 January, and we have endeavoured to ensure that the relevant powers are used effectively. Indeed, they have already been used on several occasions to control intimidatory protests and office occupations, although that does not mean that they should not be used more widely. We have tried to ensure that companies and other organisations are aware of them, so that they do not think that there are no laws or powers to deal with this issue. A lot of the time, however, the issue is effective enforcement.

In 2001, we made several changes to legislation specifically to tighten up the law to deal with the problem of animal rights extremism. One of the most significant changes gave polices officers a new power to issue directions to protestors to move away from homes where protests may cause harassment, alarm or distress. That power is being used to minimise the impact of protests by animal rights activists outside the homes of targets, but we are looking further into the issue of home visits. For example, the police have directed the removal of offensive banners and prevented the use of sound systems and musical instruments. The legislation is being tested by animal rights extremists. They generally comply with directions before the need to arrest arises, but we need to engage with law enforcement agencies to make sure that they are being used to the fullest power of the law.

As I said, we are considering what more can be done to protect people who are targeted in their homes and to ensure that activists cannot exploit gaps in the law. We have introduced new provisions in other legislation. Section 1 of the Police and Criminal Evidence Act 1984 has been amended so that, since 20 January, the police have had the power to stop and search for articles that could be used to commit criminal damage. That could apply to an animal rights activist carrying a spray gun with intent to spray graffiti or to someone with a brick who intended to smash a window.

Since 1 January 2004, the courts in England and Wales have had the power to ban from driving persons convicted of any offence. Again, that measure could be used by the courts when sentencing persons convicted for criminal damage, public order offences or harassment. Taking away an activist's car for a few months is likely to cause a lot of inconvenience. That is part of our effort to disrupt the activities in question and not make things easy for the people concerned.

On 1 July, we announced the outcome of our review of section 24 of the Animals (Scientific Procedures) Act 1986 in the context of the Government's commitment to freedom of information. Section 24 of the 1986 Act prevents the unauthorised disclosure of confidential information by Home Office Ministers, officials and others with functions under the Act. It does not waive or vary the provisions of the Freedom of Information Act 2000, but creates an additional criminal offence, should there be unauthorised disclosure of confidential information.

The decision that has been taken follows consultation with stakeholder groups, and reflects the significant misgivings about the potential impact of repealing section 24 that continue to be expressed by scientific stakeholders in the face of violence and intimidation from the criminal activities of a small section opposed to animal research. We have decided not to repeal it at this stage. In the meantime, we are considering ways to inform the public better about the law and to provide more information about why and how animals are used and the related regulations. We want a better dialogue and do not want to allow those who propagandise to get away with issuing their false and distorted pieces of information.

We are open to considering further legislation to address the criminal activities of animal rights extremists. The hon. Lady mentioned the United States of America. Views on the success of its legislation are mixed. At the moment, there is discussion about that legislation having left some parties, such as suppliers to companies and organisations involved in the use of animals, out of the relevant scenario. The USA has found the matter difficult as well.

I am pleased to hear about the seven recent arrests, but considering the time for which the legislation has been in force in America, it has been used pretty rarely. We have good relationships with the FBI and work internationally on tackling some of the issues, as well as with the people behind the organisations and their activities in our communities.

We are open to the idea of more legislation. Our concern has been about passing quickly the legislation that we need. We recognise that the activities undertaken by the people in question could easily be undertaken by another group that felt that it had a particular concern about something. For example, there have been attacks in America on facilities that provide for women to have terminations. The activities could be harassment of employees. We are considering legislation that can respond to such illegal attacks on individuals who are not breaking the law. That is why we are not considering a narrow measure purely about animal rights extremism.

That does not mean that we do not need more legislation. We are looking at that possibility, but we also want to make better sense of what we have and to consider how to improve enforcement. To do that, we have established a national forum of officials in the past few months. We have now decided that it will be ministerially led, so that we can better assess how it can act as a delivery group to achieve outcomes and implementation on the ground, and deal better and more quickly with issues that arise. We shall have to plan for some issues in the medium and long term, but we shall have to deal up front with events affecting people today.

11.30 am

Sitting suspended until Two o'clock.

British Indian Ocean Territory

2 pm

Jeremy Corbyn (Islington, North) (Lab): I welcome the opportunity to debate what I consider to be a very serious issue. It touches on honesty in politics and in government, and it touches on issues of constitution and law and the way in which a group of people have been grievously treated by this country and, to some extent, the United States for more than 40 years.

The people who lived for hundreds of years on the Chagos Islands were descendents of its first inhabitants who had been dropped off there as slaves and traders or had settled there. They lived a settled existence, fishing and producing copra, and they inhabited an idyllic and pristine environment. Their problem was their location—the Indian ocean. The United States was eyeing it up in the 1950s and 1960s as a potential base, and subsequently decided to build what they euphemistically called a "communications facility" on the island of Diego Garcia. The communications facility turned out to be two of the longest runways that the world had seen and a base from which 4,000 US troops could operate. The base is now routinely used for the bombing of Afghanistan and Iraq, and the United States considers it to be a crucial communications facility.

Prime Minister Wilson and President Johnson discussed the matter in the 1960s and decided to do a deal and evacuate the population of Diego Garcia to make way for the American communications facility. The Americans insisted on the evacuation of not only Diego Garcia, but the entire archipelago, despite the fact that its other islands were some distance from the putative communications facility.

The language used by the then Colonial Office was outrageous beyond belief. Simon Winchester wrote a wonderful piece on the subject in *Granta* magazine in which he quoted the then permanent secretary in the Colonial Office who described the population inhabiting the islands as a group of "Man Fridays" and stated that it would be simple and easy enough to move them out of the way. The deal subsequently went through and, to make ready for the American base, the British authorities proceeded to remove people from the islands. However, it was never done openly.

Only two days ago outside the Foreign Office, I met a man who was part of a demonstration there. He told me that he had left the islands in 1966 and that he was not allowed to go back, as many others were not. When they went to Mauritius or the Seychelles—mainly Mauritius—for medical treatment or education, they suddenly found that they could not go back.

When the time came for the British to remove the population in earnest, they did so—putting them on a ship, taking them to Port Louis in Mauritius and simply dumping them on the quayside. When my hon. Friend the Member for Linlithgow (Mr. Dalyell) speaks, I am sure that he will describe the conditions that he saw when he went to Mauritius at the time. The people were dumped there in terrible destitution. To ensure that nothing was left on the islands, the British commissioner had the problem of what to do with the islanders' domestic animals and pets. The dogs were rounded up and gassed, all the animals were killed and the islands were left empty and uninhabited to make way for the American base.

The poor islanders were forced to eke out an existence in terrible poverty in Mauritius and the Seychelles. Ignored by everybody, they managed to survive and they never gave up two things: first, the hope, determination and desperation for the right of return; and secondly, the hope that one day, somebody, somewhere would recognise the fundamental injustice of their treatment.

Time has moved on and it is 48 years since the original and disgraceful deal was done between Wilson and Johnson, but the injustice has not gone away. I visited Mauritius a couple of years ago to meet the Chagos islanders and to see the conditions in which they live. They are very poor indeed. We have to remember, and we should remember, that the compensation that they finally won, some 15 years after the original removal from the islands had begun, was mainly eaten up by debt collectors and land agents. No one was given sufficient compensation and no one was made rich or wealthy by the process. This has been the subject of a court case that is still going on, so I cannot comment on anything more than the original facts of the case. However, it seems that the islanders were cajoled into signing what they did not believe to be a full and final settlement, and were told to accept it as such. The injustice and the poverty go on.

When I was in Mauritius, I spent a week visiting as many Chagossian families as I could. I talked to them about their lives on the Chagos Islands, when they lived there, and their lives now. They described their sustainable form of living, the type of community, religion and schools that they had and their lives in general. It was fascinating to talk to them, but one could see the hurt in their eyes at the way that they were taken from the islands and dumped on the quayside at Port Louis. Many of those families still live in desperate poverty in metal huts with outside toilets and little furniture. Although the current Mauritius Government have been kinder to them than previous ones, they are still very poor people.

Those people, however, were always going to campaign for their hope of a right of return; they would never give up. Eventually, a case was lodged in the British legal system and, in a court order of 2000, they were granted the right to return under British immigration law. It was ruled that they had the right of return. The following year, a further step forward was taken when the British Overseas Territories Bill was introduced in Parliament. My hon. Friend the Member for Linlithgow and I raised the question of the eligibility of the Chagos islanders for British citizenship, on the basis that they would be entitled to British citizenship like everyone else in overseas territories had they not been removed from the British Indian Ocean Territory. To their credit, the Government accepted the thrust of our argument, and a Government amendment was tabled and accepted in Committee. Therefore, the islanders were given the right to British citizenship. There is, unfortunately, a grey area in which I hope ministerial discretion will be used to deal with the small number of those who have fallen outside the provisions of that law.

[Jeremy Corbyn]

Things looked quite good in 2000 and 2001, and a compensation claim was lodged to re-open the issue. In meetings we had at the Foreign Office with the Minister's predecessor, Baroness Amos, on the right of return and the possibility of a visit, we thought that things were going very well. Indeed, in the Commons, Ministers have asserted two things. One is that there is a right to return, and the second is that there was no impediment to anyone going back at any time. Things were looking good, and we had hope, as did the islanders.

On 10 June this year, which everyone will remember as election day, staff at the Foreign Office were not out ensuring that people were voting. Instead, they were at the palace asking the Queen to sign an Order in Council. When I was told that an Order in Council had been signed, I misheard or misunderstood. I thought that it was a statutory instrument that I would be able to pray against, as I assumed other hon. Members would, so that decisions made by Ministers would be subject to some form of democratic accountability. I had to reconsider, and I spoke to Sheridans' Richard Gifford, the excellent solicitor who has represented the Chagossians for many years. He calmly explained to me that I had misunderstood, and that an Order in Council signed by her Majesty was law. It overrides everything in which we believe about the democratic accountability of the Government.

There are two orders: one is the British Indian Ocean Territory (Constitution) Order and the second is the British Indian Ocean Territory (Immigration) Order. I shall just quote a little of one, to give the Chamber a flavour of it:

"Subject to the provisions of this Order, the Commissioner"—

appointed under the constitution order—

"may make laws for the peace, order and good government of the Territory".

The order then goes on to declare,

"without prejudice to the generality of subsection (1)",

that the commissioner in effect becomes the supreme Governor of everything in the territory. The order says:

"All laws made by the Commissioner in exercise of the powers conferred by subsection (1) shall be published in the *Gazette* in such manner as the Commissioner may direct. Every law made by the Commissioner under subsection (1) shall come into force on the date on which it is published".

We have handed power over to a commissioner. Never mind the fact that there were islanders living there and that several thousand people until that point had every right to live there; apparently, they now have no rights whatever. So much for the constitution order.

The immigration order was the second one passed, and I shall quote just two of its sections. Article 7 says:

"An immigration officer, acting in his entire discretion, may issue or renew a permit or may cancel a permit before the expiration, subject to the right of appeal provided in section 10."

That is for people who wish to visit the Chagos Islands. Article 10 says:

"A person aggrieved by any decision of an immigration officer may appeal to the Commissioner, whose decision shall be final and conclusive."

So the only person to whom one can appeal if one does not agree with a decision to prevent Chagos islanders going to their own islands is a commissioner appointed specifically to control the Chagos Islands in every way for evermore.

The Minister made a written statement to the House on 10 June, although frankly it should have been an oral statement and made at a time when he could have been cross-questioned about it. At least, however, we are debating the subject here in Westminster Hall today. His statement said:

"Following the departure of the Chagossians in the late 60s and early 70s, the economic conditions and infrastructure that had supported the community of plantation workers ceased to exist. While the judicial review proceedings were still pending, the Government therefore commissioned a feasibility study by independent experts to examine and report on the prospects for re-establishing a viable community".—[*Official Report*, 10 June 2004; Vol. 422, c. 33WS.]

I have some comments to make on that. The Chagossians did not depart from the islands in the 1960s and 1970s; they were rounded up, taken away and thrown off the islands. Let us not beat about the bush: that was a disgraceful, immoral act. It is time that a Minister stood up and apologised for that act committed by the Government of the time and for the treatment of the Chagos islanders by succeeding Governments.

I was kindly given the three volumes of the feasibility study by the Foreign Office when it came out in November 2000, and it said that there were problems with water supply, periodic flooding, storms, seismic activity and so on, as the Minister points out. However, it did not say that no one could live there or that life was impossible on the islands. When pressed on the matter, the Foreign Office retreats into arguments about the potential cost of resettling the Chagos islanders. I have two points on that. First, they have a moral right to return. Secondly, would any Minister stand up in the House and say that the cost of keeping the population on Pitcairn, St. Helena, Tristan da Cunha or the Falkland Islands was such that we were going to withdraw the entire population? They would not dare.

Mr. Kelvin Hopkins (Luton, North) (Lab): My hon. Friend mentioned the Falkland Islands. Has he made any comparisons between the costs that he is talking about and the amount of money spent on defending the Falkland islanders when the Argentines invaded?

Jeremy Corbyn: Indeed, the costs are on two completely different scales. The costs involved in administering the Chagos Islands are very small. At the current time, all the income from fishing licences—about £50,000 a year—is taken up by administration, and other money is paid to continue that administration. Were the islands to be resettled, however, and were there to be serious discussions with the islanders about resettling them, there would be an economy on the islands. There is fishing there, and the possibility of ecotourism or copra. Quite a lot of activities could take place on the islands. However, I do not get the feeling that there is any wish, desire, hope or intention of going down that road. The whole desire is to put the issue to one side and forget about it. That is because of an American base on Diego Garcia, for

which I suspect nothing is paid, and because the Americans have said that they do not want anyone anywhere near their base owing to security concerns.

I think that we have every right to ensure the settlement of the outer islands—at least—and that we have a right to know exactly what is happening on Diego Garcia, which is, under the terms of the colonial order, sovereign British territory. Are there any prisoners on Diego Garcia? Is it being used for the sort of vortex of American justice such as occurs in Guantanamo Bay? I am assured that it is not. I want to hear that assurance again today and it would be much better if there were an independent inspection of what is going on.

I will make only a couple more points because I want to make sure that other Members get a chance to speak. On Tuesday, a group of Chagos islanders went to the Foreign Office to demonstrate. They handed in a petition signed by a substantial number of Chagos islanders who are living in this country legally. The petition demands:

"1. Restoration of our right of abode in the outer islands of the territory.

2. Restoration of our fundamental rights as British Overseas Territories Citizens.

3. The immediate payment of compensation.

4. The setting up of a pilot resettlement in the outer islands.

5. The setting up of a social survey in Mauritius and the Seychelles with recommendations to support the vulnerable group of our community.

6. The organising of a visit to the ancestral sites in the British Indian Ocean Territory for the Chagossians living in Mauritius, Seychelles and the UK"

—and, presumably, anywhere else in the world. It seems to me that that is a minimal demand. I had a response from the Minister today and I hope that he will be able to give us further positive news on the possibility of a visit and a return to it.

What are the options open at present? There is the option of return, but the Prime Minister, when questioned on the subject by the hon. Member for Banff and Buchan (Mr. Salmond) and myself in the House last week, did not give us any positive answers. I wrote to the Prime Minister straight after that, pointing out:

"The Chagossians' removal was the result of a particularly awful secretive deal done by the 1966–70"

Labour Government and that

"one had high hopes that this government would have improved upon their actions."

I go on to complain about the timing of the orders and point out that the early-day motion that I tabled, which has been signed by more than 60 Members, asks the Government to withdraw—in other words, rescind—both the orders. The effect of that would be that the Chagos islanders would be allowed to return to their homes.

The letter from the Minister, which I received today—7 July—promises to continue discussions about the possibility of a visit. I welcome that and I hope that it can be arranged quickly. Last time a visit was arranged, a ship was chartered, but then it was mysteriously not available. That followed a lengthy discussion about the need to visit Diego Garcia as well as the other islands. I am sure that that was a coincidence and that I should read nothing else into it, but the islanders ought, at least, to have every right to visit all the islands, including the grave sites and so on in Diego Garcia.

It is very hard for us, as Members of Parliament in the comfort of Westminster, to understand what it is like to be taken from one's home for no reason—other than that some foreign power, of whom one is barely aware, wants to build a base there—and not to be allowed to visit the graves of parents, family or anybody else.

A letter has been sent to the Foreign Office by Sheridans law firm on behalf of the Chagos islanders. Richard Gifford wrote to me today and outlined a number of points. He asks the Prime Minister to speak to President Bush desperately quickly about the need to proceed with

"the resettlement . . . for the 'outer islands'",

to negotiate "civilian landing rights" on the outer islands and the

"revision of the employment practices of the employment agency acting for the US",

because—by some mysterious process—Chagossians seem to be denied the right not just to visit the islands but to work as civilians on the US base on Diego Garcia. That is of immense hurt to the Chagos islanders.

I feel frustrated about the process. I am sure that my friend, the hon. Member for Linlithgow feels even more frustrated because he has been a Member much longer than I have. An injustice, a wrong, a hurt was done in the 1960s and 1970s. It has not yet been righted. An apology has not been given. The right of return has not been granted. Surely the Government could rescind both orders and have proper talks with the properly elected representatives of the Chagos islanders on how we can carry out the law of this country—the court order of 2000—allowing that right of return. That seems to be the very least that we owe those people. They have suffered enough and they should suffer no more.

2.20 pm

Mr. Alex Salmond (Banff and Buchan) (SNP): I warmly congratulate my hon. Friend the Member for Islington, North (Jeremy Corbyn) on securing this debate and endorse everything that he said in his excellent contribution.

I shall speak briefly because I know that other hon. Members also want to speak. I want to draw on two points that were raised by my hon. Friend and to give them a little more emphasis. I want to return to the origins of the scandal and to look particularly at what we now know, under the 30-year rule, was said in the Foreign Office about Diego Garcia and the other islands of the archipelago. Every Foreign Office Minister, up to and including current Ministers, and every Foreign Office staffer who has been involved in the story over the past 40 years should hang their heads in shame at what has been done to these defenceless people.

The 30-year rule information that we now know refers to the "problem" of Diego Garcia. It was not a problem until the realpolitik of the relationship between the United States and the United Kingdom made it a problem to get rid the islanders out of their homes—to clear them, as we would say in Scotland—for the

[Mr. Alex Salmond]

convenience of an arrangement made between this country and America. Foreign Office documents show that one Foreign Office diplomat said that

"unfortunately along with the birds go some few Tarzans or Man Fridays whose origins are obscure, and who are hopefully being wished on to Mauritius."

The same documents show that Foreign Office officials were worried that they might be open to "charges of dishonesty" and referred to "old-fashioned" concerns about "whopping fibs" that Ministers were being asked to tell about Foreign Office policy. I am glad that at least one old-fashioned Member of Parliament, the hon. Member for Linlithgow (Mr. Dalyell), has pursued the matter and championed the cause of the islanders over the past 40 years. The rest of us, perhaps with the honourable exception of the hon. Member who raised this debate, should be ashamed that we have not done more to support that campaign. The more we discover about the matter, the more disgraceful, underhand and thoroughly disreputable the long-term treatment of those few thousand people is shown to have been.

They were cleared from their island for the convenience of the United States and the United Kingdom, and most were abandoned in Mauritius. We know not just from assessments from friends of the islanders but from the High Court judgment that the conditions in which they have been living are disgraceful. They have been living in abject poverty, left to cope with an urban lifestyle when they have been used to a subsistence rural lifestyle. They were totally abandoned with pitiful and insulting compensation being offered over the years. That has been the fate of those few thousand people who were charged under the Crown to the protection of successive Governments but were abandoned disgracefully to their fate.

Mr. Hopkins: It strikes me that there is something of a parallel between what has happened to the Chagos islanders and the highland clearances in Scotland, when the rich and powerful drove the poor and weak from the land. That has scarred and informed Scottish politics ever since. Is it not significant that two of the three speakers here today are Scots?

Mr. Salmond: I am glad that the hon. Gentleman raised that point, because I was about to come to it. One of the first and better acts of the Scottish Parliament when it came back into existence on the mound was in a debate such as this when it apologised collectively for the historic injustice of the highland clearances. They were not the responsibility of any Scottish Parliament, but it was felt none the less by all parties in that Parliament that such an apology should be offered, and that was done by representatives of all the parties. I very much hope that the Minister will do exactly what the hon. Gentleman suggested and proffer some sort of apology to the few thousand Chagos islanders who deserve not just an apology but some sign that future action and policy will be different from that in the past.

The islanders won the High Court judgment in 2000, which was in the days of ethical foreign policy. I shared the hopes that were expressed earlier that at last something would be done to rectify the historical grievance and injustice. I accepted, as I think did many islanders, that there was an American base of long standing on Diego Garcia and that it might not be possible for all the islands to be reinhabited. However, basic rights—such as the right to visit the graves of ancestors, to occupy the outer islands and to receive reasonable compensation, and the right of the duty of care that any Government and the Crown should have over these people—should have been respected as de minimis compensation for the wrongs and injustices of the past. In fact, none of that occurred, and instead the Government, in a sneaky, underhand way, passed two Orders in Council on European election day to prohibit debate, to remove what little rights had been won and to rectify loopholes in legislation that allowed the assertion of the human rights of the islanders and their descendants.

The analysis that the islands are no longer capable of sustaining occupation because of global warming must be pretty bad news for the American military base—perhaps the runway is about to disappear under water. I have an overwhelming feeling that if Mauritius could be persuaded to send just one gunboat to the outer islands to establish the Mauritian flag again in what is arguably its territory anyway, we would decide that the islands were worth reclaiming on behalf of the Crown and dispatch a taskforce to the Indian ocean.

Global warming is an interesting concept, because it conflicts rather dramatically with what is on the US navy website. In a welcoming introduction to "The Footprint of Freedom" and Camp Justice, Diego Garcia is described as a paradise on earth and it is said that one of the best stationings that any US serviceman can have is on Diego Garcia. The website states:

"Although it is a British Territory, there are fewer than 50 British personnel (or Brits as they are commonly known) on the island."

The Minister had better explain how the Government claim to know better than many respectable outlets of the US press. The *Washington Post*, for example, claims that prisoners are held on Diego Garcia for "rendering" before being transferred to Camp X-Ray. How confident is the Foreign Office in the information that the US authorities have offered it on what is happening on Diego Garcia, given that the Prime Minister seems to be revising his previous confidence in judgments that he has made about the international situation? Ultimately, the Minister should accept the collective responsibility of this and previous Governments for what has been done to the islanders. An apology should be proffered, but above all there should be a change of approach and of policy by the Government, who should offer some justice and some compensation to the islanders.

It may be thought that because of indolence or lack of concern among most Members of Parliament—there are a few honourable exceptions, who are here today—such an issue is of no great moment, but it is precisely such issues that are of great political moment, because no member of the public could hear and understand what has happened to the islanders without having an overwhelming sense of injustice. If the Government cannot rectify the wrongs of the past for these few thousand people, what hope is there for their having any moral compass on the great issues of the day? Unless the Government are prepared to act and rectify the wrongs of the past, they are, in a moral sense, every bit as homeless as the islanders of Diego Garcia.

2.29 pm

Mr. Tam Dalyell (Linlithgow) (Lab): Let none of us suppose that there is a complete lack of interest in this country on this issue. When the hon. Member for Banff and Buchan (Mr. Salmond) had the opportunity to put a question to my right hon. Friend the Prime Minister, I was in company in Scotland. However, I subsequently heard, not only in university circles but more widely, that it was an important question. Indeed, some people went so far as to observe that it was the most sensible question asked of the Prime Minister for some weeks.

My hon. Friend the Member for Islington, North (Jeremy Corbyn) has inspired an important debate, but perhaps it comes 40 years too late. It was in 1964 that the Government began misdescribing the long-settled population as transitory workers in order to mislead the world into thinking that they had no obligations to that population. My clear recollection is that I raised the subject with the then Foreign Secretary, Patrick Gordon Walker. Frankly, having been defeated at Smethwick and about to be defeated at Leyton, his mind was on other things. A later Foreign Secretary was George Brown. When the general problem of the British Indian Ocean Territory was raised with him, he told me, in colourful language, to mind my own business. Perhaps I was not as tough then as subsequently, but George Brown was a formidable operator in his heyday. I raised the subject on the prompting of the late Sir Ashley Miles, the biological secretary of the Royal Society. It was his concern about the Indian ocean that first raised my acute interest.

Article 73 of the United Nations casts a "sacred trust" on a sovereign power to promote the welfare and advancement of the people, but the Government surreptitiously deported the islanders and misled the world about their status. At the United Nations on 16 November 1965, the British representative Mr. F.D.W. Brown, acting on the instructions of the Foreign Office, misdescribed the islands as

"uninhabited when my government first acquired them".

misdescribed the population as

"labourers from Mauritius and Seychelles",

and misled the UN into stating that the new administrative arrangements had been

"freely worked out with the ... elected representatives of the people concerned".

Instead, they bought the plantations, closed them down, forced the people to leave on boats, which incidentally were horribly overcrowded, and led them to exile, where they still remain. Their lives have been a tragedy of misery, poverty and despair, the only alleviation of which has been the heartfelt desire to return to their homeland, where their villages and ancestors lie.

In 1969, on my return from Australia, I stopped in Mauritius to stay the night with the former general secretary of the Labour party, Len Williams. Harold Wilson had wanted him out of Transport house and made him Governor-General of Mauritius. His wife Margaret Williams was a very intelligent and nice lady, and she decided that I should spend a morning with some Ilois people. It made a strong impression on me.

What is remarkable is that in the same speech by Mr. Brown representing the Foreign Office, he described the wishes of the Falkland islanders, whose representatives were consulted. Here we return to a previous intervention and a proper comparison with the Falkland islanders, of whom Mr. Brown said:

"It has been suggested that this population is somehow irrelevant and that it has no claim to have its wishes taken into account ... it would surely be fantastic to maintain that only indigenous inhabitants have any rights in the Country".

He then quoted Woodrow Wilson from 1918:

"Peoples and Provinces are not to be bartered about from sovereignty to sovereignty as if they were chattels or pawns in a game".

Within months, the Chagos Islands had been given to the United States and the destruction of the islanders' homes and lives was soon to follow.

These days, we are all too familiar with conducting foreign policy on the basis of false or misleading facts. The historical record now revealed by the islanders' legal struggle has after 30 years shown that a small and vulnerable population of British subjects can safely be written out of the history book on the pretext that they are not really a population at all. There is nothing new in deceiving the world while acting in breach of civilised standards of international and constitutional law. That point was made by my hon. Friend the Member for Islington, North in his powerful speech.

When the islanders finally won their struggle to return in the High Court in November 2000, Lord Justice Laws stated:

"The people are to be governed, not removed."

He also stated that the Immigration Ordinance 1971 was an "abject legal failure", which had

"no colour of lawful authority."

That is not my view but that of a distinguished Law Lord.

We are supposed to have an ethical foreign policy. The then Foreign Secretary, my right hon. Friend the Member for Livingston (Mr. Cook), accepted the Court's judgment and said:

"I have decided to accept the Court's ruling and the Government will not be appealing.

The work we are doing on the feasibility of resettlement of Ilois now takes on a new importance. We started feasibility work a year ago and are now well under way with phase two of the study.

Furthermore, we will put in place a new immigration ordinance which allows Ilois to return to the outer islands while observing our treaty obligations.

The Government has not defended what was done or said 30 years ago. As Lord Justice Laws recognised, we made no attempt to conceal the gravity of what happened".

History is repeating itself with the same moral turpitude. This time, given that the islanders had already been promised that the Government's policy was to move towards their resettlement on the islands, the new banishment is a cruel change to what has already been offered. Moreover, the reasons given are again based on inaccurate and misleading information.

The Foreign Office press statement claimed that it was the feasibility study that prevented resettlement. I am glad that this Minister is replying to the debate, and I thank him for his personal courtesy in seeing my hon. Friend the Member for Islington, North and me in the Foreign Office. He cited a conclusion, supposedly made by the consultants in their executive summary, that the costs of maintaining long-term inhabitation are likely to

[Mr. Tam Dalyell]

be prohibitive. However, that was not based on any work of the consultants, whose terms of reference precluded any consideration of cost. Even if he had read only the executive summary, he would know from page 3 that the consultants reported:

"This report has not been tasked with investigating the financial costs and benefits of resettlements".

I feel entitled to ask where the conclusion came from. It was certainly not from the consultants.

The Minister further stated that

"human interference within the Atolls . . . is likely to exacerbate the stress on the marine and terrestrial environment and will accelerate the effect of global warming."

However, other things might accelerate global warming.

"Thus",

he continued,

"resettlement is likely to become less feasible over time".

Again, that judgment was not based on the work of the consultants, who stated in volume 3, paragraph 8.3:

"At the present time it is not possible to quantify the risk associated with climate change for the Chagos Islands."

The Minister's conclusion had crept in from somewhere else.

Finally, it is impossible to take seriously the suggestion that only a resettled population will face difficulties. Are we really to believe that the 64 islands offered back to the islanders by the then Foreign Secretary, my right hon. Friend the Member for Livingston, are going to sink under the waves, while the one island occupied by the Americans is to provide defence facilities for generations to come? It is the biggest military base outside the continental United States.

Only yesterday, in the Court of Appeal, Lord Justice Sedley referred to the shameful treatment to which the islanders were subjected:

"The deliberate misinterpretation of Ilois history and status, designed to deflect any investigation by the United Nations, the use of legal powers designed for the governance of the islands for the illicit purpose of depopulating them, the consequent uprooting of scores of families from the only way of life and means of subsistence that they knew, the failure to make anything like adequate provision for their resettlement, all of this and more is now part of the historical record."

Moreover, he went so far as to compare those removals with the highland clearances of the second quarter of the 19th century. He stated:

"Defence may have replaced agricultural improvement as the reason, but the pauperisation and the expulsion of the weak in the interests of the powerful is the same. It gives little to be proud of."

Now there has been a cruel new blow to this mistreated population. Their hopes, which were raised by this Government, have been dashed. Nothing in this game of cat and mouse is any less culpable than the lies and inhumanity that characterised the removal of the population.

It is not, however, too late to render justice. The right of the islanders to return to their homeland should now be recognised, and proper scientific studies should be undertaken, with proper, independent input from respected scientists whose conclusions ought to be binding on the Government.

2.43 pm

Mr. John Grogan (Selby) (Lab): I am pleased to be able to make a brief contribution to the debate. I am relatively new to this subject, but when I read the press reports a few weeks ago I could not believe that the Government, whom I so strongly support, are taking this action. I know the Minister to be a good man, and I cannot believe that his sleep is not a little troubled due to these problems.

The test of any Government, or any man or woman, is how they deal with injustices felt by powerless people. I urge the Minister to make a stand on this issue; if there are forces beyond his office, outside or within the Foreign Office, that are urging this course of action, I urge him to take a stand. I have looked at the press release—that is all we can go on as to the reasons why we are taking this action. I could see four: the risk of flooding; the precarious nature of life for any people who return; the effect on the delicate marine and terrestrial life caused by people who return; and the cost.

With regard to the risk of flooding, I have consulted one or two experts on the level of the land there, and a lot of it is higher than that in East Anglia. We know about flooding in my constituency of Selby, and if we accepted the argument on flooding that the Government are using, half of my constituency would be depopulated. Some outlying islands were inhabited in the past, and some were based on banks that were shifting in storms. There were tall copra trees on the islands and the inhabitants had worked out a mode of living—growing copra successfully, and in some cases raising huts on stilts. The argument does not seem overwhelming to me.

We have talked about the precarious nature of the life that would face any islanders who returned to the outer islands. The hon. Member for Banff and Buchan (Mr. Salmond) was rather restrained and understated in quoting the American publicity about the islands. I shall detain the Chamber for a moment to give a little more flavour of what the US navy says about Diego Garcia in its message to its recruits. It says that Diego Garcia boasts

"unbelievable recreational facilities and exquisite natural beauty"

as well as "outstanding" living conditions. There is no mention of the threat of imminent demise from flooding. In fact, I understand that the US is seeking to extend the lease on its base, which would expire in 2016, so it is thinking long term. There is a windsurfers club, a yacht club, an annual Miss Diego Garcia competition, regular picnics to what the US describes as some of the best unspoiled beaches in the world, fishing, snorkelling and a beauty parlour. It does not sound that precarious to me.

As for the delicate marine and terrestrial life, the impact of the 1,500 US personnel, the British personnel, the 2,000 civilian contractors and the various military equipment must be at least as worrying, if it is the major concern, as the effect of some islanders returning to the outer islands.

The cost of returning is obviously a serious matter. From a preliminary scan of the literature, it is very difficult to work out whether any payment has ever been made by the US Government for the use of the island.

Mr. Hopkins: It occurs to me that with all the wonderful facilities at Diego Garcia, the American

forces must have first-class health provision. Would it not be a generous offer if the Americans provided health services for the returning islanders in return for occupying part of their islands?

Mr. Grogan: That would be a very generous gesture, shoulder to shoulder. Perhaps it could be the first gesture of President Kerry in November or December.

I would be interested to hear the Minister comment on whether any payment by the US Government has ever been made. Officially, the Foreign Office denies it, but time and again the suggestion in the literature is that the British Government at the time got a $14 million reduction in the cost of the Polaris nuclear missile system. I do not know whether that is true.

Clearly, with all the magnificent leisure, tourism and health facilities, it would not be beyond the wit of man or woman to develop a tourism strategy for the islands—perhaps the North Yorkshire tourist office could give some advice. I have a marginal seat, so perhaps there will be a job for me there. In any case, we do not seem to be dealing with a basket case of an economy, and I think the Minister knows that in his heart. It would be a great sadness for me and for other Members—present and not present—if a Labour Government did not bring justice to these islanders who have very little power. I appeal to the Minister to think again.

2.49 pm

Tom Brake (Carshalton and Wallington) (LD): I congratulate the hon. Member for Islington, North (Jeremy Corbyn) on securing the debate and on setting out in stark terms a dark chapter in our history and the impact it has had on the Chagos islanders. Other Members have dwelt at length on the history of what has happened, but I want to focus on the immediate past, the present and the future.

On resettlement, the Government statement of 15 June, which banned all rights of return of the Chagos people to their homeland, relied in part for its justification on the findings of the June 2002 feasibility study on the resettlement of the islands. Several hon. Members have referred to that and I want to highlight a couple of points.

That report concluded that the resettlement of the islanders would be prohibitively expensive and precarious to their safety. The Minister will be aware that Jonathan Jenness, who is a resettlement expert, carried out an independent review of that study. He examined the claims that the Government-inspired report made and it is clear that the Government's consultants were not given the task of assessing the financial costs and benefits of resettlement. The Department for International Development has not carried out, or received, any estimate of costs of the resettlement of the islands. I would be interested to know whether any Department has such figures.

On the safety of the environment, the review conducted by Mr. Jenness found that the Chagos Islands have a "benign environment" and that no available material can assess the possible consequences of global warming. As several hon. Members have pointed out, the Minister must explain why a micro climate exists in Diego Garcia, which ensures that it is safe from global warming, whereas the rest of the islands are under threat.

On resettlement in general, the review of the study—undertaken by Mr. Jenness—says that

"it is fatuous to imagine that the islands cannot be resettled . . . they were settled, successfully for several generations".

Of course, Diego Garcia is successfully settled by the Americans and the BIOT administration. What assessment have the Government conducted of the review by Jonathan Jenness? Can they make any such assessment public, so that we can see how they responded to the valid points he made? I hope the Minister can say whether any discussions took place between the UK and the US Governments on these matters in the run-up to the decision that was taken on 15 June?

On compensation, to which other hon. Members have referred, it is clear that the level provided was insufficient and that when the Chagos islanders entered into the arrangement that we are discussing it was not made clear to them precisely what they were signing up to.

On visitation rights, the Minister must say why the security concerns are so great that people are not, for instance, allowed to return to visit graves. Before I turn to the issue of Camp Justice, I will discuss the report in today's papers that Mauritius may sue for Diego Garcia. Perhaps he can say also what discussions have taken place with the Mauritian Prime Minister on that subject. How many times has the UK been taken to the International Court of Justice—that is what is being proposed? Has the Prime Minister replied to Mr. Berenger's letter? I understand that he is very angry not to have received a response. Can we have assurances from the Minister that the Government will not retaliate and perhaps take it out on the Mauritian Government in relation to subsidies that they receive for sugar?

Mr. Salmond: On that point, a report in *The Guardian* today suggests exactly that. It is incumbent on the Minister to deny that pressure will be placed on the Mauritian Government not to pursue the case, which is their absolute right under international law.

Tom Brake: I agree, and I am sure that the Minister will use this opportunity to put that on the record.

I will briefly touch on the issue of Camp Justice, to which other hon. Members have referred. For those who are not familiar with it, I have a satellite picture of what it looks like. It is difficult to see individuals, but this is clearly an extensive camp.

Mr. Salmond: Are there any weapons of mass destruction?

Tom Brake: It is not possible to see any weapons of mass destruction, but there are some very large hangars.

Hon. Members have referred to reports in the *Washington Post* and *Time* magazine of claims that prisoners are being held in the camp by the Americans for so-called rendering—which others have described as torturing—or at least for questioning before being transferred to Camp X-Ray. Similar claims are being made by Mauritius-based campaigners; I understand that no journalist has been able to visit the camp.

[Tom Brake]

I hope, therefore, that the Minister can say how long he expects the camp to be operational. Is it designed to hold prisoners? Does the UK have control of any sort over the operations within the camp? Is there any dialogue with the US over what goes on in the camp? I understand that the US would need permission from the British Government to hold prisoners there. When a question was last raised about the matter—in January 2003—no such request from the US Government had been forthcoming. Have the US Government made any request to keep prisoners there more recently than that?

It would be extremely useful to clear up any misunderstanding by the *Washington Post* and *Time* magazine of the purpose of the camp if the Minister were to arrange for a visit—possibly a parliamentary visit—so that hon. Members could see precisely what is happening and deal with any concerns we may have about prisoners being held there. I hope he can give us that assurance.

The issue is a sorry chapter in our past and it is poisoning our present. The Minister can start to repair the damage today; the Chagos islanders deserve an apology, compensation, assistance where they are based currently and a right of return. The Government's claim to be the champions of freedom will sound very hollow unless he can deliver on these promises today.

2.57 pm

Mr. Gary Streeter (South-West Devon) (Con): This is probably the most important of all the debates in Westminster Hall in which I have participated since taking on the foreign affairs portfolio in November. I want to put three points on the record. First, I pay tribute to the hon. Member for Islington, North (Jeremy Corbyn) and to the Father of the House the hon. Member for Linlithgow (Mr. Dalyell) not only for speaking so powerfully, but for campaigning on the issue over so many years. Sometimes, we grapple with the legitimacy of this place when there is a powerful Government and a large majority on one side of the Chamber, but it is a legitimate and proper use of the House to raise injustices, national or international, on behalf of a host of people or of a relatively small number. I congratulate the hon. Gentlemen on how they have fought the corner for these people.

Secondly, a grave injustice took place in the 1960s and 1970s, and that is not widely known. It was a stain on our history and there is now an opportunity to do better. I confess that, in preparing for the debate, I found that my knowledge of the issue was extremely limited. I have learned a lot in the past few days in trying to grapple with the matter.

Thirdly, although the original decisions were taken by a Government led by Harold Wilson, a Labour Prime Minister, this is not a party political issue. Conservative Governments in the interim could have done more to put matters right and did not do so. I am interested not in apportioning blame, but in trying to see where we go from here.

Mr. Dalyell: I think I have his permission to say that Lord Balneil, who is now the 29th Earl of Crawford and Balcarres, was the very capable Foreign Office Minister in charge. He said that the only time during his career as a senior Conservative Minister in the Foreign Office when he was really unhappy about brief was on this issue.

Mr. Streeter: I am grateful to the Father of the House, and I look forward to reading his memoirs, because his knowledge of the senior figures of the past 30 or 40 years is impressive.

I would like to think that what happened to the Chagos islanders in the 1960s could never happen again, given the way the media are today and our attitude towards human rights and transparency. However, when I think about the unlawful incarceration of so many people in Guantanamo Bay, which I have spoken about two or three times in this Chamber and in the House, that undermines my confidence in today's commitment to human rights as well as common sense.

We cannot undo the events of the 1960s, but we can do better in righting some of those wrongs. I intend to give the Minister 20 minutes for his winding-up speech, because many questions have been asked. Regardless of where I am in my remarks, I intend to sit down—probably abruptly—at 3.10 pm.

Many hon. Members have talked about comments that have come to light that were made by Foreign Office officials—and, sometimes, politicians—during the abject episode in the 1960s. One of them sticks in my mind. It was made by Sir Paul Gore-Booth, the senior Foreign Office official—the Father of the House probably knew him well. In 1966, he wrote to a diplomat:

"We must surely be very tough about this. The object of the exercise is to get some rocks which will remain ours . . . There will be no indigenous population except seagulls".

The Tarzan and Man Friday comment was made in response to that telegram. It was a classic "Yes Minister" moment. Irrespective of the facts, a story needed to be promoted, so they promoted that story.

I appreciate that it is difficult for the Minister to respond to debates such as this—it seems 1,000 years ago that I was in his position. However, I ask him to go as far as he can in accepting that a major injustice took place. If he feels that an official apology is called for, everyone in this Chamber will welcome that.

It was sensible for the Government to carry out a feasibility study. We welcomed that, and we appreciated that it was made public and placed in the Library. I do not want to go into the details; others have successfully done that today. However, some of the reasons given for not coming down in favour of allowing people to go at least to the outer islands simply did not make sense. Others have powerfully made the point about global warming and flooding. Some of those reasons do not ring true. They are not credible, and I ask the Minister to answer some of the specific questions that have been asked.

In the Minister's statement of 15 June, he seemed to be saying two things at the same time. I am reminded of a famous statement: "If you are trying to sell shampoo, you can say that it makes your hair look shiny or you can say that it gets rid of dandruff, but you can't say both." The Minister appeared to be saying that the reason for the decision is global warming and the precariousness of living there, and that it is essential for

security reasons, but he cannot say both. What is the real reason that the Government have taken this uncharacteristically robust—and, I think, unfair—position?

To follow up on the comments of the Liberal Democrat spokesman about the Americans, I would like to know the extent to which they were involved in the recent decision to file the Orders in Council and to make the written statement. I recognise the importance of the US air base. It has been used to good effect in the recent wars in Afghanistan and the Gulf. B-52s have flown from there. I strongly support our alliance with the Americans and their commitment to global security. However, this Government need to grapple in their mind and conscience with the question of when an alliance becomes a relationship of subservience.

The Minister needs to deal with that point today. I was not in the House last Wednesday when the hon. Member for Banff and Buchan (Mr. Salmond) asked the Prime Minister a sensible question about this issue. Although the hon. Gentleman went over the top, as he sometimes does, the answer from the Prime Minister was a rant—a total, blind commitment to the Americans. Can that commitment really be at any price, even at the cost of a major injustice to the people we are talking about today?

Mr. Salmond: I think the Prime Minister has some difficulty in distinguishing between a country called America, which has a constitution, and the personality of a President, George W. Bush, who has an Administration. The Prime Minister's inability to distinguish between the two is one of his major weaknesses.

Mr. Streeter: I am grateful to the hon. Gentleman for putting that on the record.

Why on earth was it necessary for the Government to deal with this issue in the past few weeks in the way they have? Why was it necessary to execute Orders in Council, with no prior discussion, no consultation, no debate and no warning? It came as such a bolt out of the blue that, I freely confess, the Opposition—for whom I take responsibility for the issue—missed it completely for a number of days. Perhaps we were focusing on the tremendous local election results that we received on 10 June and the fantastic European election results that we received on the following Sunday.What on earth was that all about? I understand that one of the officials in the Foreign Office publicity department, when pressed about the timing of the announcement, said:

"Obviously this was discussed at length within the Foreign Office".

Within the Foreign Office—that is great, isn't it? It did not let anyone else in on those discussions. However,

"it was decided through our legal advisers that this was the most appropriate way."

I speak as a lawyer—never let lawyers make decisions such as that. He went on:

"To do it any other way would have taken an inordinate amount of time."

Well, excuse me for being in a Parliament. We are here to scrutinise such decisions and to debate them. I am so sorry if today's debate is taking

"an inordinate amount of time".

It is what this place exists for.

Jeremy Corbyn: Can the hon. Gentleman confirm whether he, as Opposition spokesperson on the matter, was informed of those announcements being made?

Mr. Streeter: I am glad that the hon. Gentleman asked that question, because I checked this morning with the shadow Foreign Secretary, my right hon. and learned Friend the Member for Devizes (Mr. Ancram), whether discussions were held at a higher level. There were no such discussions and no approach was made. There was no indication, no Chinese whispers—nothing.

I say to the Minister that that is simply no way to introduce a major decision of this kind. It represents a major reversal in Government policy to slam-dunk and to prevent the islanders from returning. The order does not just say that we are not going to take them back; it actually says that we are not going to permit them to return. That is another point. Why is that so difficult? If the islanders want to take that upon themselves—I agree with those who say that we are supporting relatively uneconomic communities in other parts of our territories—why is it wrong?

I believe that it is possible for the Chagos islanders to return, at least to the outer islands. I understand the American sensitivity in terms of security and defence, but I do not know why they want every island cleared. The Americans tend to go over the top in such situations. We must have our own robust view on the matter. I believe that it is possible for the islanders to return to the outer islands, while still maintaining our treaty obligations to the Americans over the base at Diego Garcia. The Chagos islanders have been very badly treated.

I accept that difficult decisions must sometimes be taken for legitimate security and defence reasons. Tough decisions have to be taken by all Governments, but where they affect an innocent people, as in this case, the compensation should be generous. Decisions should be implemented in an honest and transparent way that does not compound the injustice. That clearly has not happened in this case, and the Minister has some explaining to do.

3.8 pm

The Parliamentary Under-Secretary of State for Foreign and Commonwealth Affairs (Mr. Bill Rammell): I should like to start by genuinely congratulating—these are not idle words—my hon. Friend the Member for Islington, North (Jeremy Corbyn) on securing this Adjournment debate. I do not always agree with him, but I admire and respect the commitment and passion with which he pursues the causes in which he believes. Similarly, I would direct those remarks at the Father of the House, who has pursued this issue diligently and persistently over a matter of decades, which is enormously to his credit. I know that concern for the Chagossians and interest in BIOT is genuine and long standing on the part of many hon. Members, so I think the opportunity of today's debate is important. From my perspective and that of the Government, it gives us a welcome opportunity to put on the record our position on BIOT and the reasoning behind our recent decisions, which I believe were justified.

[Mr. Bill Rammell]

I shall start by acknowledging that, in my view, the decisions taken by successive Governments in the 1960s and 1970s to depopulate the islands do not, to say the least, constitute the finest hour of UK foreign policy. In no sense am I seeking to justify the decisions that were made in the 1960s and 1970s. Those decisions may be seen as regrettable, but the Government must deal with the current situation. The responsibility of the UK Government for the decisions taken in the 1960s and 1970s has been acknowledged by successive Governments since then, as is demonstrated by the substantial compensation that has already been paid to the Chagossians.

Having said that, the Government must deal with the situation that we face today, some 33 years after the depopulation. We have had to judge whether it is realistic, feasible or appropriate for the islands to be repopulated today. We do not have to judge whether what happened in the past was right or wrong, but whether it is appropriate, justifiable and sustainable to repopulate today. We have had to focus on that decision in recent weeks.

I believe that it would have been wrong for our decision to have been influenced by concerns about Government actions in the past rather than by the realities of today. Nevertheless, as I said earlier, successive UK Governments have acknowledged our moral responsibility; that was why compensation was paid.

I shall set out some of the history behind the creation of the British Indian Ocean Territory, and the chain of events that has led to hon. Members raising concerns on behalf of the Chagossian community today.

The islands of the Chagos archipelago, in the middle of the Indian ocean, were originally uninhabited and remained so until the French assumed sovereignty in the 1700s, and began to exploit them for copra in the 1780s. The islands became British when ceded, together with Mauritius and the Seychelles, by France to Britain in 1814. The islands continued to be administered from Mauritius.

During French rule, and for a short period thereafter, the copra plantation was run with slave labour. However, when slavery was abolished in all British possessions in the 1830s, the work force became contract labourers. That continued to be the basis of employment for as long as the copra plantations remained in operation.

Prior to Mauritius achieving independence, and with the agreement of the Mauritius Council of Ministers, the islands were detached in 1965—several hon. Members referred to that—to form part of the British Indian Ocean Territory. The territory was created to provide for the defence needs of the USA and Britain. At that time, Britain gave Mauritius an undertaking to cede the islands to Mauritius when they were no longer required for defence purposes. Again, let me be clear that I do not seek to justify the decisions that were taken in the 1960s and 1970s.

Some time after the islands had been set aside for defence needs in 1965, it was decided that the islanders should be relocated to Mauritius and the Seychelles, and arrangements for that to be done were made in the late 1960s and early 1970s. The vast majority of the islanders—some 1,200—were relocated to Mauritius. At that time—I believe appropriately—Britain made £650,000 available to the Mauritius Government for the express purpose of assisting resettlement. At today's prices, that is equivalent to almost £5.5 million.

It is worth mentioning that the majority of Chagossians automatically acquired Mauritian or Seychelles citizenship when those countries achieved independence. In addition, the British Overseas Territories Act 2002 gave the majority British citizenship. Such citizenship carries with it the right of abode in the UK, which some have already taken up, and freedom of access to other EU countries. That change, which was referred to by my hon. Friend the Member for Islington, North, was widely welcomed by the Chagossians, and indicated the Government's commitment to our responsibilities.

At the time of the detachment of the islands from Mauritius, the population consisted solely of the employees of the copra plantations and their dependants. Some of those employees were transient contract labourers, but others had more settled roots in the islands—in some cases their families had lived there as plantation workers for several generations—and regarded the islands as their home. The people who had that sort of connection with the islands were known as the "Ilois", which is the Creole word for islanders, or as "Chagossians." The whole population was dependent on employment in the copra plantations for its livelihood and basic services.

In 1982, Britain made an ex gratia payment of £4 million in return for withdrawal of legal proceedings brought by a member of the Chagossian community in Mauritius, in addition to the previous £650,000 for the Chagossian community in Mauritius. Everyone who was registered as a Chagossian—approximately 1,350 people—benefited from the fund. At today's prices, that sum is the equivalent of £9 million. At that stage, it was agreed by all concerned, including the Chagossians and their representatives, that that payment by the British Government was a full and final settlement against all the claims against the Government arising from the relocation of the Chagossians to Mauritius, their resettlement there and their preclusion from returning to the Chagos Islands.

Nevertheless, in 1998, another member of the Chagossian community instituted judicial review proceedings challenging the validity of a provision of the BIOT immigration ordinance 1971, which prohibited the entry of any person into any part of the territory, unless they obtained permission to do so. The judgment, which was given in November 2000, held that the provision of the 1971 ordinance was invalid to the extent that it excluded the Chagossians from the whole territory. At that stage, the Government decided to accept that finding and not appeal, and the 1971 ordinance was replaced by a new one, which allowed the Chagossians to return and reside in any part of the territory, except, for defence reasons, Diego Garcia. A reasonable question at that juncture would have been, "What has changed between now and then?" That is a legitimate question to which I will try to respond.

At the same time as that judgment, the Government had also commissioned a study in 2000 into the feasibility of resettling the Chagossians on the islands

other than Diego Garcia. I stress that that was done by independent experts. The report on the final phase of that study was made public in July 2002, at which stage a copy was rightly deposited in the Library of the House. I know that there has been much mockery of those conclusions this afternoon, but I am directly quoting from that study, which was drawn up independently. It concluded that

"whilst it may be feasible to resettle the islands in the short term, the costs of maintaining long-term inhabitation are likely to be prohibitive."

That was not dreamed up by a Foreign Office official or a Minister; it was the conclusion of the independent experts. I ask hon. Members, whatever they feel about past decisions, to consider whether it is realistic and sensible, having been presented with that advice, to move towards repopulation.

Tom Brake: Will the Minister set out for the benefit of other hon. Members what studies have been carried out to consider whether the costs are prohibitive?

Mr. Rammell: I will come on to answer that key point.

Jeremy Corbyn: Before the orders were made—if that was the basis of making them—why was there no discussion with anybody, such as the islanders, who has knowledge or interest in the matter, or a real desire to see the Chagos Islands reinhabited? Why was this done by Ministers and officials in secret in the Foreign Office?

Mr. Rammell: There was always going to be an opportunity for these issues to be debated, but it was right, given the imminence of the intention to repopulate, that we took considered action, and I believe that we did so.

The report says:

"Even in the short term, natural events such as periodic flooding from storms and seismic activity are likely to make life difficult for a resettled population."

It also says:

"Human interference within the atolls, however well managed, is likely to exacerbate stress on the marine and terrestrial environment and will accelerate the effects of global warming. Thus resettlement is likely to become less feasible over time."

The report advised specifically, with respect to climate change, that

"the main issue facing a resettled population on the low-lying islands will be flooding events, which are likely to increase in periodicity and intensity and will not only threaten infrastructure, but also the freshwater aquifers and agricultural production. Severe events may even threaten life."

It also highlighted the implications for resettlement on such low-lying islands of the predicted increase in global sea levels as a result of climate change. That is where the facts, as my hon. Friend the Member for Selby (Mr. Grogan) said, need to be taken into account.

It is worth highlighting that the highest points on the islands are only about 2 metres above sea level and, in most areas, are just a couple of feet above sea level. We have to make a judgment, but not on whether we already have an existing, settled population who we need to protect and support. We are talking about islands where there is no settled population at the moment. That is the factor that we must take into account. In effect, therefore, as I said in my statement to the House on 15 June, anything other than short-term resettlement on a purely subsistence basis would be highly precarious and would involve expensive underwriting by the UK Government for an open-ended period, and probably permanently.

We made an assessment based upon comparative costings with other overseas territories with which we have significant experience, and we believe that the initial resettlement costs would be of the order of £5 million in start-up costs and £3 million to £5 million annually thereafter. The Department for International Development thinks that those estimates are overly optimistic and that the costs may well be higher. We are not talking about minimal costs.

Tom Brake: Will the Minister give way?

Mr. Rammell: I will not give way.

If one is prepared to sign a blank cheque for resettlement, one can repopulate, but we have a responsibility and significant contingent liabilities with the overseas territories and we must take accounts of costs.

Mr. Salmond: The sums that the Minister mentions are very small compared with the enormity of the issue and the blot on the moral conscience. Does the European convention on human rights apply to the British Indian Ocean Territory, and does the International Criminal Court have jurisdiction over Diego Garcia under the terms of the American lease?

Mr. Rammell: As I understand it, the ECHR does not apply, as there is no settled population. With regard to the hon. Gentleman's other question, I will respond later because I do not want to give a response that is not entirely accurate.

Due to the fact that settlement is not feasible, the Government decided after long and careful consideration—that was genuinely the case—to legislate to prevent it. Equally, however, legislation to restore full immigration control over the entire territory is also necessary, and I do not absolve ourselves from responsibility for this so as to ensure and maintain the availability and effective use of the territory for defence purposes for which it was constituted and set aside in accordance with the UK's treaty obligations entered into almost 40 years ago.

On that basis, two prerogative Orders in Council were made on 10 June restoring full immigration control over the islands of the British Indian Ocean Territory. Those controls extended to all persons, including members of the Chagossian community. This point has been made on several occasions, but a prerogative Order in Council is the normal way in which the UK Government legislate for an overseas territory. Indeed, legislation in that form on BIOT has been entered into in the past.

Jeremy Corbyn: All the other British overseas territories have some form of resident population and some form of representative local administration who are consulted before an Order in Council is made, which

[Jeremy Corbyn]

is, in effect, a decision made by the local population. Why was there no discussion whatever with any representative of the Chagossian community?

Mr. Rammell: That is the very point that we are debating. There is no settled population within BIOT and that is why we have to make the decisions that we have to make.

Several Members have raised questions about the manner in which we reached that conclusion and asked whether there was any pressure from the United States of America. Let me be abundantly clear: we made our decision based on our own assessment of the situation and not as the result of any pressure or lobbying from other parties. I have certainly received no representations from the United States and I do not believe that the Foreign Secretary has had any representations on the issue for a significant number of years.

I understand the concerns that hon. Members have for the Chagossians following the two Orders in Council, and I do not seek to justify or defend actions that were taken in the past, but the decision not to allow any form of resettlement on the islands was taken only after long and careful consideration of the current circumstances.

Tom Brake: Will the Minister give way?

Mr. Rammell: No.

Tom Brake: On a point of order, Mr. Olner. The Minister said a few moments ago that DFID reckoned that the costs of resettlement were understated.

Bill Olner (in the Chair): Order. That is a point of debate, not a point of order.

Tom Brake: It is a point of order.

Bill Olner (in the Chair): Order. No, it is a point of debate, not a point of order.

Mr. Rammell: I am genuinely trying to respond to the legitimate questions that Members have put, and I ask for the opportunity to do that.

As far as compensation for the Chagossians is concerned, the High Court judgment established that we have no legal obligation to pay any further compensation beyond what has already been provided. The Chagossians have sought to lodge an appeal against that judgment but, as the compensation payments that have already been made are equivalent to £14.5 million at today's prices, I can make no promises about further payments. If hon. Members want to make further representations on that issue, however, we will listen to them as is our proper constitutional duty.

I understand—this was raised by my hon. Friend the Member for Islington, North—the wishes of many Chagossians to visit the islands to see the graves of their ancestors. We have twice put in hand preparations for such a visit, but those fell through on both occasions for reasons that were absolutely and categorically beyond our control. I heard what my hon. Friend said on that, but the boat that was bringing the Chagossians to the islands was not owned by the British Government, who had no influence over it. At that stage, we were happy for the visit to take place and, as I have written today to my hon. Friend, we remain genuinely prepared to organise and finance a visit to the outer islands in co-operation with the representatives of the Chagossian communities in Mauritius and the Seychelles.

The current position on Diego Garcia is that the Americans have made it clear that, on security grounds, they cannot, at present, agree to a visit that includes the cemeteries there. Under our treaty with the Americans, access to Diego Garcia cannot be permitted without the agreement of both Governments. None the less, if the Chagossians confirm that they would like an organised visit to include Diego Garcia, I am prepared to make representations to the Government of the United States of America.

Another issue that I should mention concerns not the problems of the Chagossians but the claim that the Government of Mauritius have made to sovereignty over the BIOT territories. As the House will have seen from the written statement made yesterday, the Government have amended the UK's declaration accepting the jurisdiction of the International Court of Justice under article 36(2) of the court's statute. A copy of the revised declaration, set out in a letter to the United Nations Secretary-General dated 5 July 2004, has been placed in the Library of the House. As my written statement yesterday explained, the revised declaration makes changes to the former declaration put forward on 1 January 1969.

That former arrangement confirms a Commonwealth exception that excludes jurisdiction in respect of any dispute with the Government of any other country that is a member of the Commonwealth. That Commonwealth exception is of long standing, and is retained by a number of Commonwealth countries. The change that we have made broadens the scope of the exception so that it now covers a dispute with a Government of another country who have been a member of the Commonwealth. Although those changes are of general application, their immediate significance is that they prevent any Commonwealth country from circumventing the present limitations by withdrawing from the Commonwealth and then instituting proceedings against the UK Government in respect of an existing dispute. We have acted in that way to prevent such a move because we believe that that would be against the spirit of the existing Commonwealth exception, which is a view and a practice adopted not only by us but by many Commonwealth Governments.

As I have said on several occasions, we are not seeking to defend actions that were taken in the 1960s and 1970s, but we have to deal with the situation as it is today, some 33 years on, when there is genuinely no settled population in the BIOT territories. Previous Governments have introduced substantial compensation for past actions, which I think is right and proper. Clear and genuine evidence has been put before the Government on the longer-term viability—or non-viability—of repopulation of the islands. We have received a report based on independent advice from independent experts, which, at the very least,

significantly questions the sustainability and viability of repopulation of the islands. In those circumstances, and given the overall context of an ongoing set of contingent liabilities to the overseas territories running into hundreds of millions of pounds, for us cavalierly to have gone ahead and said that we would allow repopulation to take place would not have been the right decision. I do not believe that it would have been a sustainable decision, and that was a significant imperative behind the reasoned position that we took.

I congratulate my hon. Friend the Member for Islington, North on having secured this Adjournment debate. I recognise the strength of feeling on this issue, and that what I have said will not be agreed with, or welcomed, by everyone. However, the debate has enabled us to have a significant airing of the issues.

Sex Offenders

3.30 pm

Jane Griffiths (Reading, East) (Lab): I am pleased to have this chance to raise the important issue of involving the community in the treatment of sex offenders.

What is the point of raising this subject today? When people have questioned me on what I am about to discuss, I have been asked whether I am interested in supporting the sex offender only, and not the victims. In other words, is this just a woolly liberal desire and do I care only about the sex offender? I want to make it clear at the start that, like most people, my motivation and interest in raising this matter comes from a desire to prevent people from suffering sexual abuse. The point is to consider what can be done in practical terms to protect people from such abuse. It is important to be clear about that from the outset.

What happens when a convicted sex offender is released into the community? Normally, when an offender is released, police and social services are aware of where they live. There will be systems in place to protect the public. The offender will get visits from the police public protection officer, and the number of times that they are visited will depend on the perceived risk from the offender to the community at large. Usually, family and friends will shun them, leaving them feeling isolated. Often, they will not be where their home was. They might suddenly have to move a few times if people living nearby find out about the offence that they have committed. That is just the sort of situation that is believed to be most likely to encourage the sex offender to reoffend, and that is not good news for people in the community.

How does a community respond to the release of a sex offender into its midst? It is understandable that there will be fear and concern for the safety of those in the community. In an extreme, that can lead to what happened to Arnold Hartley, a convicted sex offender who was murdered in his home in Redcar, Cleveland, last November. Similarly, we all remember the scenes in Paulsgrove, Portsmouth. That is not the kind of community involvement in the treatment of sex offenders that I am seeking through this debate. That would just reinforce the feelings of isolation and otherness that play a key part in offenders repeating their behaviour, and would not reduce sexual abuse. In fact, such involvement risks increasing it.

Can something be done to change the situation? One solution put forward by the media, particularly the *News of the World*, is Sarah's law, named after Sarah Payne. That aims to involve the community by informing it of where sex offenders live. The view is that the community could then protect itself from the sex offender, monitor his behaviour and hold him accountable.

Among those dealing with the management of sex offenders living in the community, general community notification is thought likely to cause more problems than it would solve. Fear in the community would be exacerbated. The offender might be made to feel more isolated, and there would then be more examples of the sort of behaviour that arose in Paulsgrove, and what happened to Arnold Hartley might be repeated. For anyone who wants a reduction in sexual abuse, that is

[Jane Griffiths]

not a good prospect. Such action would not reduce the amount of sexual abuse, and a reduction in such abuse was, as I said, my motivation for seeking the debate.

In the mid-1990s, a scheme known as circles of support and accountability started in Canada. It was the coming together of two groups. There was recognition in the criminal justice system that most offenders were released from prison on a licence before the end of their sentence, and were provided with support to resettle into society. The licence also provided a mechanism for ensuring the accountability of the actions of the offender, and the ability to recall them if they offended again or were at risk of reoffending. However, prisoners too dangerous to be released early had no support or accountability when they left prison at the end of their sentence. There was also a feeling of powerlessness within the community when a potentially dangerous individual was released into its midst. That is the kind of feeling that led to calls for Sarah's law in the UK a few years later.

In Canada, the response was for groups of people, primarily churchgoers, spontaneously to group together around one or two offenders. From this experience, a project grew, funded by the people who ran the prisons and probation service in Canada and administered by the Mennonite church. The police in the part of Canada where circles have been operating for some time have become convinced that the scheme works and co-operate with it.

In fact, in those parts of Canada where circles have operated, recidivism among sex offenders has been cut by more than 50 per cent. to just 10 per cent. Of the 30 offenders who had taken part in the pilot in Ontario, just three had reoffended, whereas the statistical expectation would have been for seven to have done so. Let us think of the people who have been saved thereby from the trauma of sexual abuse.

Having heard about the Canadian experience, the Quakers organised a workshop in June 2000 at which five Canadians addressed representatives from the Home Office, police, probation services, Church groups and charities, and described the circles of support and accountability. Following the meeting, the Home Office decided to carry out a pilot project and asked for expressions of interest. Hampshire volunteered, and a project was established.

Present at the meeting was the manager at the Wolvercote clinic, which focuses on reducing abuse by assessing and treating sex offenders. He was aware of the situation of men who leave prison or the clinic to be met by nobody. Inspired by the meeting, he set up a circle for an offender leaving the clinic, and that has now grown into a full-blown pilot managed by the Lucy Faithfull Foundation. A third pilot has been established in the Thames valley, managed by Quaker Peace and Social Witness.

What is a circle of support and accountability? An offender is identified anything up to a year before release. He will be a high-risk sex offender with high levels of need and little or no support from family or friends in the community. The offender is referred to as the core member of the circle, and he could have offended against children or adults. Typically, four to six volunteers join a circle. They have to be prepared to commit a substantial amount of time over one year in the first instance. They need to be responsible, to have their feet on the ground and to be mature about their own sexuality. The project screens volunteers, and if they are not suitable, they are not taken further. Only after that are checks taken up. In the Thames valley project, which I will focus on, the police provide the references. That means that as well as any record of criminal convictions, the scheme also receives any intelligence that the police have on the volunteer.

Volunteers receive 16 hours of training and will have met as a group for at least three weeks before meeting the core member. One session will involve a visit from the sex offender registration officer. The aims of the sessions are: introduction exercises and team building; practical issues; group boundaries, guidelines and individual contact; circle contact; essential information about the core member; discussion of the introduction of the core member; and any fears or concerns. The aim is that the circle will have a robust diversity in age, gender, interests and so on and that it will generally meet the core member before their release. Initially, the circle meets once a week with the core member. In between, at least one circle member will be in touch with the core member each day, with contact ranging from a phone call to going out for breakfast or to a cinema or other social event.

As its name suggests, the circle's aim is to provide support and accountability in stages such as moving from a hostel into other accommodation, finding work or starting to establish a social life. The circle provides support when things go wrong, such as when there are rejections from work or promises of accommodation that do not materialise, and in managing working relations with other inmates of the hostel. Basically, the circle is there for when things go wrong—things that might otherwise dishearten the core member and tip them back into patterns of behaviour that lead them to reoffending. Studies show that although it can take 28 months for an offender to be caught, it can be one month before they reoffend.

The core member has to apply for the circle before release. As a rule, they must be motivated to change and not to reoffend, although one offender in Oxford is an entrenched paedophile who still believes what he did was not wrong, but is motivated to make the circle work because he does not want to go to prison. Clearly, that is a telling motivation for anyone.

Let me quote the words of core members from a study conducted as part of a placement with the Thames valley project by Sarah Bell, a social work student at Oxford Brookes university. One said:

"When I am advised or told something which does not necessarily make me feel comfortable, I do listen because I know that it is honesty in order to benefit me."

Another said:

"Coming out of prison was an emotional period for me. If I had not had the Circle, it could have led to re-offending when feeling emotionally down. They have helped me focus in on the way I think so that I do not get into a situation of re-offending."

According to another member:

"Without the circle's support I think I could have re-offended, they offered me support and advice at one of my lowest points and were there to help and support me."

The other side of the project is accountability. The circle challenges the core member and monitors their behaviour. For example, one offender in the Thames valley scheme was taken back into custody as a result of information he gave to his circle. The circle is in a position to monitor things that it is otherwise difficult to monitor in such detail and on such a regular basis. To quote another core member:

"My relapse programme, with the support from volunteers, has real meaning. I feel that I can continue with my main aim of not re-offending."

The circle seeks not to replace probation or public protection services, but to assist them in their work, to protect the public and to help the offender rebuild their life as a productive member of society.

In the Thames valley scheme, there are 10 circles, and 51 people have been through the training. About 50 per cent. of the volunteers are from faith-based communities, and about 20 per cent. are survivors of sexual abuse. There are no hard and fast rules about whether volunteers should be survivors of sexual abuse or whether that should be raised in the circle. However, people who have suffered abuse and who seem to be using the circle as part of their therapy will not be accepted as volunteers.

The benefits of the circle will not necessarily all be in one direction. To quote one British volunteer:

"I suffered from abuse as a child. I was attracted to the project because I hoped that it would help me lay some ghosts . . . My gut feeling is that working in this circle has substantially reduced the likelihood of our Core Member re-offending. I may be wrong, but I just can't see him doing it again. To me, as a survivor, that is the greatest reward I can imagine—that other little girls are spared. To my complete surprise, I have also come to really like our Core Member. It makes me happy to feel that he, too, will be able to live a better life now. It has helped me to see that whatever awful things someone might have done, they still have a human heart beating in their chest."

In Berkshire, there are four circles, three managed by the Thames valley pilot and one managed by the Lucy Faithfull Foundation. I am grateful to the programme manager of the Thames valley project, Chris Wilson, for his assistance in providing me with the information for my speech today. I would also commend to hon. Members the interim report about the project from November 2003. Reading that report inspired me to seek to have this debate.

I will finish by citing two parts of the report. The first is details of what has been learned from the project, and the second is the introduction of the report by Tim Newell, which for me sums up the project. Before doing so, I commend the project to the Minister. I know that he was at a national conference this morning on circles of support and accountability. I hope that this success will spread out around the country.

First, those involved have learned that it is important to consider the mix of volunteers. Five volunteers can be an intimidating number, so there should be flexibility. Attention must be given to team building. Supervision and support is essential, but a balance must be achieved. Volunteers are part of the team and should be included in all decisions.

The introduction to the report states:

"The experience of commitment from courageous volunteers and dedicated staff has demonstrated that the concept of Circles works within our setting of statutory supervision and controls. We are still at an early stage of development and evaluation but the experience has been that working towards emotional health and active citizenship within a group of supporters provides powerful and safe opportunities for growth.

The work achieved so far has major implications for the management of risk in the criminal system. The signs are that serious offenders respond to the opportunity of being held accountable by their fellow citizens. The signs are that there are people willing to volunteer to become involved in this demanding involvement on our behalf. The signs are that there is a wider acceptance that this is the right way to restore dangerous, damaging and damaged people into full community."

3.45 pm

The Parliamentary Under-Secretary of State for the Home Department (Paul Goggins): I begin by congratulating my hon. Friend the Member for Reading, East (Jane Griffiths) on securing the debate. I am sure that everyone is grateful to her for her clear explanation of the development of circles of support and accountability. A little later, I shall refer to some of the work undertaken by circles.

How to engage the community in helping offenders to rehabilitate and break the pattern of offending and reoffending is a key question that arouses considerable public interest and debate. That interest and debate are significantly heightened when the offender in question has committed a serious sexual offence.

The most unwelcome and unhelpful public responses have been those thankfully rare occasions when members of a local community have decided to take vigilante action against particular individuals. My hon. Friend referred to one or two such incidents. I welcome the opportunity to respond to her and present some of the positive ways in which the community is increasingly involving itself in this important work. She was entirely right when she said that it is not soft-headedness or misdirected compassion but hard-headed, practical action that will ultimately reduce reoffending rates.

As the Minister responsible for the correctional services, I am keenly aware, as is my right hon. Friend the Home Secretary, that one of the first duties of Government is to ensure the effective protection of the public. Since 1997, we have introduced a number of important measures to give our criminal justice agencies the powers and tools they need to address the risks and dangers caused by sexual offending.

The Sexual Offences Act 2003 was the culmination of the most comprehensive review of sexual offence legislation since the mid-1950s. Through measures such as creating a new offence of "grooming", we will put in place increased protection for children and other vulnerable people and make sure that the perpetrators of such offences are dealt with appropriately.

The Criminal Justice Act 2003 provides additional powers to ensure that the most dangerous offenders, including dangerous sex offenders, are not released until it is safe for them to be so. We have established the taskforce for child protection on the internet, and the national high-tech crime unit will also provide a powerful enforcement tool to combat child pornography on the internet.

These measures should not be seen in isolation but as a range of complementary initiatives aimed at improving public protection. However, it is the multi-

[Paul Goggins]

agency public protection arrangements—the MAPPA, as they are known—which provide the essential framework in which the criminal justice agencies work together to assess and manage the risks posed by sexual and violent offenders.

I reported in an earlier Adjournment debate on sexual offending—a debate I know my hon. Friend attended. The early indications are that the MAPPA are helping to reduce serious violent and sexual crime. For example, in 2002 03 only 2 per cent. of highest risk MAPPA offenders were charged with a further serious sexual or violent offence.

It is important to mention at this stage the recent statutory changes we have introduced to create a new role for lay advisers to the MAPPA. We have successfully piloted this arrangement in eight areas and are now appointing lay advisers in all 42 probation areas.

Lay advisers are not directly involved in the management of offenders, but they can attend case conferences to observe how risk management is carried out and they will be part of each area's MAPPA strategic management board. I would like to share with my hon. Friend the comments made by the chief constable for Dyfed-Powys on the role of lay advisers. He said:

"They represent a community interest in public protection and bring a different perspective from that of the professional interests in the MAPPA. This gives a freshness of view, a disinterested opinion which can, as the pilot arrangements showed, provide a 'reality check'."

The concept of a reality check is important and reflects the balance that we need to strike between the rehabilitative treatment of offending behaviour and the monitoring and management of the risks posed by sex offenders in the community. My hon. Friend was right to point out that there is no contradiction between the roles of statutory agencies and those of community volunteers. Those complementary roles give added protection when people work effectively together.

The Government recognise that long-term protection of the public requires sex offenders to address their offending behaviour. That starts with structured and effective assessment. In the offender assessment system, known as OASys, the Prison Service and the probation service have developed a highly effective tool to assess risk and work out how offending behaviour can be addressed. OASys provides the objective basis on which those services can build effective supervision and intervention programmes to manage risk and make offenders face their unacceptable behaviour. The services are developing a comprehensive range of sex offender treatment programmes to challenge unacceptable behaviour. Programmes are based on carefully evidenced research into what is effective in addressing sexual offending.

The managers of voluntary sector-managed approved premises and other residential facilities have also developed a mature understanding of the challenges of managing sex offenders in a community setting. That allows them to complement and add value to the work of statutory agencies, which reinforces my hon. Friend's point.

The activities of the Prison Service and the probation service to help sex offenders to be rehabilitated through a combination of careful assessment and targeted interventions are making a difference, but treatment in the community must go hand in glove with effective monitoring. The introduction of sex offender registration in 1997 and the strengthening of the notification requirements that we undertook in the Sexual Offences Act 2003 are proving effective in that regard.

It is important that statutory agencies are organised and equipped to meet the challenges posed by sex offenders, but my hon. Friend rightly highlighted the role that the community can play. I assure her that the Government are keenly aware of the wealth of imagination and energy that local communities and voluntary sector organisations can bring to understanding how sexual offending occurs and, even more importantly, how it can be prevented. The correctional services, for which I have direct responsibility, work closely at a number of levels with a wide range of voluntary sector agencies in this sphere. Indeed, when I became the Minister with responsibility for prisons and probation, I was heartened, if not a little surprised, by the level of involvement by voluntary organisations in prisons, the probation service and communities. An impressive array of organisations work in that way.

My hon. Friend spoke eloquently about the role of circles of support and accountability, which is an impressive example of a community-based initiative. She was right to say that I spoke this morning at its first national conference. Fourteen circles are running, including those in her constituency, which she mentioned. A circle of support is precisely as she described: a group of volunteer members of the public who come together, with the help of a central organiser, to provide a network of personal relationships with a sex offender. I was grateful to her for highlighting the emphasis that is placed on appropriate screening, training and support for such volunteers. They are not left to do the job without support; they are given appropriate help.

Through such a network, a circle can provide social and practical support. Circles build on the good work undertaken in sex offender treatment programmes and the MAPPA. As well as supporting offenders, volunteers act as the eyes and ears of local agencies by passing vital information to the multi-agency public protection panel.

I am pleased with the initial feedback that I have received from the earliest circles, which includes a range of evidence on such matters as offenders being supported in a way that enables them to live more independently, by getting a job, for example, or moving to their own accommodation, thereby helping them to overcome personal crises that are, perhaps, inevitable after a long period in prison. They are also helped to develop their own social networks, as my hon. Friend described, which can be difficult.

I believe that the circles' working in partnership with the police and probation service in monitoring the high-risk behaviour of one particular offender, who may have been quite close to my hon. Friend's constituency, led to that offender's recall. That shows that there is effective

support and also the right kind of feedback to the statutory agencies, so where there is a real risk, an offender can be removed.

I am particularly impressed by the way in which circles can engage people from across the community. It is interesting to look at the backgrounds of the scheme volunteers. They form a diverse group that includes a retired farmer, a university professor, a journalist, a secretary, a computer software engineer, a member of the clergy, a solicitor, a nurse and a warehouse worker. That is indeed a rich, varied group.

Mr. Bill Olner (in the Chair): No politicians.

Paul Goggins: Indeed, but perhaps in the future, Mr. Olner.

One volunteer in the Thames Valley project, who was quoted in the report to which my hon. Friend referred, captures the essence of the participation in active citizenship that this Government are keen to encourage. They said:

"It has affirmed my belief in citizenship and collective responsibility. No one knows what challenges lie ahead, but so far, only good has come out of this: for me, for the offender and for the children who need adults who will not turn away."

Everybody wins: the offender is supported, the community is protected, and the volunteer gains a sense of citizenship and pride in what they do.

The Home Office provides £173,000 to fund three separate three-year pilot projects with circles of support and accountability, of which just under half—some £82,000—is for the Thames Valley project. The three pilots involve three different voluntary sector organisations, all of which bring different skills, experience and approaches to their projects. Our funding is guaranteed until the end of the current financial year. I will be receiving a detailed end-of-year evaluation of the projects, but I have asked for an interim report to be made available to me in September.

The evaluation will examine the experience of offenders taking part in a circle and explore whether involvement leads to improved psychological well-being, through increased self-esteem, for example. It will also assess other benefits, such as better access to work, education and accommodation. In the longer term, that information will be linked to reconviction outcomes for the offenders on a case-by-case basis to develop a firm evidence base for circles in England and Wales, in the same way that we have developed treatment programmes under the "what works" principles. It is too early to say whether we shall then be in a position to maintain the projects on the present basis or roll them out more widely. However, I will be meeting representatives from the Thames Valley circles project on 12 July to discuss the issues concerning the future of the project that is linked to my hon. Friend's constituency.

Support circles is an important programme, but there are other initiatives with which the Home Office agencies are working to deliver community engagement with sex offenders. The "Stop it now!" campaign is a public health education campaign aimed at preventing child sexual abuse by increasing public awareness of how abusers operate. My hon. Friend will be aware that one project is based in the Thames valley area, and the freephone helpline is available for members of the community to contact the project for advice and information.

The Leisurewatch scheme is another example of community involvement. It trains leisure staff to identify suspicious behaviour on the part of potential child abusers. The voluntary community sector makes a significant contribution to the education, employment and resettlement of offenders. I gratefully acknowledge that community groups are beginning to make a real contribution to the way that sex offenders are managed.

School Places (Sefton)

4 pm

Dr. John Pugh (Southport) (LD): Adjournment debates such as this often come too late, as they are either a reaction to something that has already happened or a demand to address a problem in which either resources or political will are lacking—or both. I do not think that this is one of those occasions. It is a chance for us in Westminster and the Minister in particular to influence a process that has barely begun, in which Government advice could be a significant directive help.

What instigates the debate is that Sefton metropolitan borough council—the Sefton LEA—has announced a primary school rationalisation/closure programme. It is a major exercise. It features the closure within a year of 11 schools and the review of the cases of a further 16. As we stand here, the proposals are out for what is referred to as "informal consultation".

I think that everybody recognises that, particularly when it comes to school closures and rationalisation of provision of any kind by any local authority at any time, tough decisions always have to be made, and in some cases, they should be made. We all understand that councils have to make tough decisions and that good politics is not the same thing as cheap populism. In this case, the LEA expects to encounter a fair number of howls of protest and many choruses of opposition. It has steeled itself to an adverse public reaction.

However, there is a distinct difference between making a tough decision and making the right one. If one is going to make a tough decision, one must make sure that it is the right decision and a fair and rational one that can be publicly defended by a public body. What is sad about the Sefton proposals, which are in a large document that I have in front of me, is that they are a response to a surplus place problem, and the solutions that they advocate for that problem are, I think, taxing—if not severely stressing—relationships between the LEA, schools, communities, parents and the children concerned.

That is a great shame, because Sefton has traditionally had a good relationship with its schools. Throughout the period for which the previous Government were in office, there was never a school that succeeded in opting out of local authority or that seriously wanted to do so. Funds were maintained in Sefton in good years and in bad, often to the cost of other services. Sefton was one of the first LEAs to give schools control over their own budget, long before the Government mandated it to do so.

Sefton had that sort of record to fall back on, but the proposals have blemished it to some extent. As a result of that good and positive relationship, attainment is high. Sefton has a fair number of beacon schools, its standard assessment test results are good in primary schools and its schools are generally well resourced both in terms of equipment and staff. The Minister will accept that that has something to do with the efforts of the Government to ensure that funding goes in that direction. I give credit to the Government for that, and I hope that the work load agreement will do nothing to impair it. Sefton schools, particularly primary schools, seem to be relatively well resourced by historic standards.

MPs in Sefton have had a similarly constructive relationship with the local authority. At least two of them had a very close relationship with it, having at one time been members of it. The dissolution of those satisfactory relationships is obviously based on the problem of surplus places and how it can be tackled. To be fair, that has been emphasised repeatedly to the authority by Ofsted, the Audit Commission and the district auditor in management letters. The Government have also not been slow to alert Sefton to the fact that there is a problem. At one time, the removal of surplus places was intimately linked to the Sefton capital programme, so Sefton could not help but be mindful of it.

Sefton does have a problem. It is estimated that it has about 3,762 surplus places in the primary sector alone, although total primary school places number up to 23,000. There is no expectation that the problem will vanish overnight. The birth rate and census figures do not suggest that things will change for the better. With the phenomenon of young people being burdened with debt and unable to buy houses, I suspect that the age of child rearing will rise and that the patter of tiny feet will not be heard with greater frequency throughout Sefton. Additionally, the deserved expansion of some popular schools has aggravated Sefton's initial problem.

The problem of underused surplus places is further complicated by a separate problem that the Minister will understand and wish to respond to. He and I discussed the Sefton formula when considering the 4 per cent. guarantee on the increase for pupil places that the Government have recently instigated. During the debate on the statutory instrument, I said that, worthy though the initiative is, it will have a complicating effect on the Sefton formula.

The Sefton formula compensates schools in Sefton as the rolls fall and distributes money in a particular way. There are many complications, such as the square metreage rule and so on, which I need not go into now, but the formula endeavours to compensate schools for a decline in rolls. The Government's recent statutory instrument, which contains the good news that all schools will receive 4 per cent. more, also contains provision to do the same thing. That has resulted in one Sefton school that is on the closure list receiving £4,218 per pupil, and another primary school, which is similar in structure but not in terms of its pupils, receiving £1,998 per pupil.

There have been genuine difficulties and unhappiness in Sefton with the formula, which has been an added pressure on the problem of surplus places, although it is a separate problem and should not be wilfully or inadvertently confused and confounded. I am sorry to say that, in the local authority's document, the two problems are confounded to some extent. There is wholesale agreement, however, that something must be done and wide acceptance throughout the Sefton education community that the problem must be addressed sensitively but effectively.

The problem is that, looking at the first rush of proposals, what Sefton is choosing to do is partly perverse. I would fault many things in the document. One page features the word "logic" in bold letters, presumably with the expectation that we might find some logic there, but there is not a great deal of fair argument. I could ignore the fact that Sefton's decision

makers have been told, ludicrously, that there are savings in the package of £5.7 million. That is not the case, because £5.7 million can be saved only if schools are obliterated, the children go somewhere else and Sefton does not accept the responsibility for educating them. I could ignore the fact that the document presented by Sefton misrepresents the cost of running schools. Figures are quoted for the average cost per pupil—I assume that they are quoted accurately—but it is not explained that some pupils have a higher weighting because of deprivation, because they have free school meals, because they are infants and so on. When comparing school with school, the decision makers did not get the full information.

I shall also ignore that fact that, to my certain knowledge, some of the people who composed the document do not appear to have taken the elementary precaution of visiting all the schools that they intend to close, and consequently have produced some suggestions that closer inspection might have identified as physically unrealisable. I shall ignore the fact that it appears to me that the early years partnership, which is an important consultee in this affair, was left entirely out of the loop during the composition of the proposals. Furthermore, I shall ignore the fact that in the evidence presented to decision makers, there is an astonishing ignorance about what facilities are available in which school. In some cases, the document fails to identify the important facilities in schools nominated for closure.

If I ignore all those things, I can turn to what might be called the logic in the Sefton plan. It has a kind of central thread as to why some schools are chosen for closure rather than others. The thread appears to be that the authority believes that it could manage without the schools on the closure list. That is what all the schools have in common. Some are undoubtedly failing and some are the walking wounded of the primary school world. The performance of some is acknowledged to be excellent, and some are in new buildings and are temporarily under-subscribed. Most strangely of all—this is what exercises me most and exercises many parents to an even greater extent—some are excellent schools that are performing well and are, by any standards, full.

The common strand uniting all the schools is that they are relatively small, and it is self-evident that it is easier to close a popular, successful, small, full school and to accommodate the pupils in a less full large school than vice versa. That is the logic, if I can put it like that, that drives and seems to influence the Sefton proposals most.

The Minister does not need me to point out that the tack that is being taken, or the thrust of the plan, has nothing to do with raising standards, rewarding success, the wider community agendas that schools are supposed to embrace or school transport issues. To any reasonable parent, that appears transparently unfair.

I should like to cite two real cases, so that I am not talking pure theory. St. Teresa's infant school is a one-form entry school with a nursery attached. Ofsted regards it as in the top 5 per cent. The governors are supportive, the head teacher is excellent and the staff are committed. Pupils, parents and teachers are incensed at any suggestion that their school, full to the legal maximum as it is, should be on a closure list.

I would like to read out a comment from the report of the last inspection of the school, carried out by Her Majesty's inspectorate of schools. It is addressed to the head teacher, and it says:

"You must be very proud not only of your staff and pupils, but also members of your governing body and the parents and parishioners who give of their time cheerfully and unstintingly. Under your leadership and direction, you have ensured that all have a part to play in the school's splendid achievement."

Mr. Tobin, the inspector, goes on to say:

"(All the more puzzling, therefore, that the school's success has not been recognised in terms of Beacon status!)"

According to pupil performance indicators, the school is in the top 5 per cent. of the national aggregate point score for reading and writing and in the top 10 per cent. of the national aggregate score for maths. What touched me most about the school were not those statistics, but a letter from a parent whose son was afflicted with autism, who described what their child personally got out of a school that performs so well.

That is not an isolated case. I could cite the case of Kings Meadow in Ainsdale, which is in the heart of an ex-council estate and has about two surplus places. The bizarre thing about proposing to close Kings Meadow is that, although at one time it was a school in trouble, it now subscribes to more or less all the positive forward-looking agendas that the Government support. The school is located in a pocket of deprivation where parents will have difficulty in getting their children to another school. It is very much part and parcel of the community, it has a nursery where numbers are increasing and it has now been given New Opportunities funding for wrap-around care on a three-year basis. It is well supported by the Sefton early years partnership and it has had £110,000 invested in it to provide better child care provision. It also provides all the necessary and desirable services that a school can offer to an area of relative deprivation.

It is perverse for that school to be closed. According to Sefton's plan, mums—many of whom do not have a car—will be forced to make a daily journey across a major road and over a railway line, and they will be targeted to go to a school, Shoreside, which does not have the capacity to take them.

Mr. Bill Olner (in the Chair): Order. I am sure that the hon. Gentleman wants the Minister to give a responsible reply, so I remind him that we only have until 4.30 pm.

Dr. Pugh: I am aware of that, and I am three quarters of the way through what I have to say.

Mr. Bill Olner (in the Chair): I would think that that is very discourteous to the Minister, quite frankly, if the hon. Gentleman wants him to respond adequately.

Dr. Pugh: I will bring my remarks to a close, but there are certain key things that I need to say.

Rationalisation in Sefton is always going to be hard. The situation is complicated by geography and by the fact that Sefton has a large denominational sector. However, the decisions presented and argued for by the local authority are explicable only as prejudice against smaller schools. As it stands, the agenda does not give sufficient weight to issues of choice and standards.

[Dr. Pugh]

I recognise that the diocese and the archdiocese will have an input when the final decision is made by the school organisation committee and possibly the adjudicator. However, key factors in the process will be the ministerial guidance, which all these bodies must attend to, and the interpretation of that guidance.

I conclude by asking the Minister to test how far what is currently outlined is in the spirit of that guidance. It seems to me that it is biased against small schools, rewards successful schools with closure and does not give primacy to raising standards. Is that a rational interpretation of where the Government guidelines should take us? I argue that it is not. I ask the Minister to look into the matter, and I would welcome it if he could find time to visit Sefton and some of the schools there to explore the plan further. If he cannot do that—I understand that he has to keep to many pressing engagements—could he meet a delegation of head teachers?

At the end of the day, this issue is about standards. I understand from some recent comments of the Prime Minister that standards are in the forefront of his mind, but surplus places may be a little less so.

4.19 pm

The Minister for School Standards (Mr. David Miliband): It is nice to serve under your chairmanship again, Mr. Olner, and I look forward to responding to the points made by the hon. Member for Southport (Dr. Pugh). He deserves the congratulations of the watching hundreds or even thousands—on television, if not in the Room itself—on securing a debate about this important issue. Early in his remarks, he said that he wants to engage in good politics rather than cheap populism. In my experience, good policy makes good politics, and I hope we can find some common ground on that basis.

The hon. Gentleman raises an important issue involving how to deliver a primary school strategy designed to raise standards, not just in literacy and numeracy, but across the curriculum. I am sure that he would agree with me that an enriched curriculum is an important part of primary school experience.

I want to set out some ground rules for the decisions that local government has to take on school places and surplus places. First, there may be some confusion among those watching or reading this debate about whether there is a rule relating to surplus places.

4.20 pm

Sitting suspended for a Division in the House.

4.30 pm

On resuming—

Mr. Miliband: I was explaining that, contrary to popular opinion or allegation, there is a no surplus places rule. The responsibility for managing the supply of school places rests with the local education authority. I know that the hon. Gentleman and his party will join us in standing up for the constitutional role of local government in making such decisions. At local level, people are best placed to ensure that schools meet the needs of parents. In managing the supply of places, LEAs must first ensure that schools provide good quality education and serve the needs of the local community.

The hon. Gentleman is concerned about the survival of small schools. I am sure he agrees that it is important that policies are designed to raise standards in all schools, irrespective of size, because the quality of education matters most to parents. I have no hesitation in saying that small schools have an important place in our education system. One of the strengths of English education is its roots in the community.

However, I would point out something rather interesting to the hon. Gentleman: there are, I think, 89 primary schools in Sefton. Obviously, I would not have thought that they are all in his constituency. Only one has fewer than 100 pupils and 27 have fewer than 200. That is striking for a couple of reasons. First, Sefton does not have too many of the very small schools of fewer than 75, 50 or 40 pupils that are a significant issue in many parts of the country. Secondly, I guess that it has an above average number of schools above the national average size, which is about 200.

That shows that it is right that local people are able to take account of local diversity in reaching their decisions. I understand that Sefton is consulting on the proposed reorganisation programme about which the hon. Gentleman spoke. It is projecting a 10 per cent. fall in the demand for school places between 2003 and 2006. That projection is against a background of—I think I am right in saying—5,000 children being lost to the system over the past 10 years and a 13 per cent. surplus in primary school places in 2003.

It is important that I set out what the framework is for local government to make its decisions. There are five stages to the process: consultation; publication of a proposal; the six-week representation period; the decision making; and, finally, the implementation. Sefton LEA is very much at the first stage of the process and is consulting widely on it with the Churches and other bodies.

I think that the hon. Gentleman will know that Ministers no longer make decisions on closing schools. Given my generous nature, he might bemoan that loss of central power. The decisions are devolved to local level—to school organisation committees, whose members represent all aspects of the local community. He mentioned in passing that if there is no agreement, the independent adjudicator takes a decision. They would take into account the effect on educational standards of the decision, the availability of alternative provision and travel implications, as well as the view of local parents. I hope that gives him some idea of the criteria we set.

I do not wish to underestimate the challenge that falling school rolls present to local authorities. I do not think that the hon. Gentleman tried to hide those difficulties in the least bit. There were 500,000 surplus places in primary schools in England last year, which is almost 12 per cent. of capacity. On the basis of the current forecasts, we estimate that primary schools will lose about 50,000 youngsters a year for the next couple of years. That adds up to a 4 per cent. fall by 2007. I am

sure he agrees that 12 per cent. surplus places represents a significant number of local decisions on the allocation of resources.

That has implications for how much can be spent in the rest of the system. When examining the small schools issue it is important to look at funding, which the hon. Gentleman mentioned. All schools receive funding in the form of a delegated budget share via a locally agreed formula set by the LEA in consultation with schools. The budget share is primarily based on pupil numbers along with other factors, including a recognition not just of school need, but of pupil need. Small schools cannot rely solely on the number of pupils on roll, or, in technical jargon, the age-weighted pupil units, to deliver sufficient resources for schools to function satisfactorily.

To deal with the diseconomy of scale in small schools, LEAs invariably have other factors built into their formulae to protect smaller schools. It is an open question how one defines a small school, which in some county areas would be fewer than 50 pupils, rather than the Government's definition of fewer than 100, or fewer than 200 nationwide. In most cases, a small school would be a primary school in a rural setting, but there are some in urban areas, too.

It is important to mention the per-pupil funding guarantee that the hon. Gentleman referred to. In 2004-05, a minimum increase is 4 per cent. per pupil, where pupil numbers are not changing. However, there are special arrangements for very small schools with 75 or fewer pupils in terms of the guarantee. We are soon to publish our proposals for 2005-06, the second year of the stability pact that we have agreed with local government. Those announcements learn from the lessons of this year, which has been more successful for the operation of the school funding system than 2003-04. The decisions will have to take account of the work force reform to which the hon. Gentleman referred, which has an impact on primary schools.

Falling school rolls do not automatically need to lead to closing schools. The hon. Gentleman will be pleased to know that officials from the Department are working with LEAs and the Audit Commission to develop a range of approaches that LEAs can use in addressing surplus school places. Although the number of surplus places is increasing with the decline in primary school pupil numbers, the provision being offered to the under-fives as well as to school children out of school hours is rising. Small schools can become extended schools and use their spare capacity for other purposes. One of the great strengths of small schools is their sense of community, on which they can capitalise, and extended schools can help.

Services delivered from school sites are accessible to the community. They can offer a wide range of services such as child care, parenting and family learning classes, and health and social care opportunities, and can be of great benefit to the wider community. Children can see specialists, parents can engage with the education system, adults can access important training opportunities and the whole community can benefit from a wide range of activities from sports to the arts. We will be supporting LEAs in developing options to utilise the schooling estate in a way that promotes standards and increases the range of services.

Small schools can make resources go further by collaborating or, ultimately, forming a federation, with other schools. Federations can deliver the curriculum through collaborative approaches that enable the sharing of facilities, staff and expertise. For example, shared heads, teachers, administrative staff and information and communications technology co-ordinators are an increasing part of the education scene.

I do not want to understate the importance of the issues raised by the hon. Gentleman on behalf of his constituents—

Dr. Pugh: In the Government's guidance, in respect of rural schools there is a presumption against closure. It may not be stated in the document, but is there a presumption in the Department against the closure of schools that are full and successful?

Mr. Miliband: As I said, our guidance, which relates to local education authorities and to the role of the adjudicator, is to take educational standards seriously and to recognise also that other factors come into play. The hon. Gentleman is right: the technical position is that there is a presumption against the closure of rural schools, for obvious reasons, which he will recognise as there are rural areas in his constituency and in his borough. We suggest that school standards issues are taken into account, but the presumption is as he described.

I am sure the debate will carry on. Many hon. Members have similar issues to raise and I look forward to engaging with them as the discussion proceeds.

Question put and agreed to.

Adjourned accordingly at twenty-one minutes to Five o'clock.

Westminster Hall

Thursday 8 July 2004

[SIR NICHOLAS WINTERTON *in the Chair*]

Asylum Applications

[Relevant documents: Second Report from the Home Affairs Committee, Session 2003–04, HC 218, and the Government's response thereto, Cm 6166.]

Motion made, and Question proposed, That the sitting be now adjourned.—*[Derek Twigg.]*

2.30 pm

Mr. John Denham (Southampton, Itchen) (Lab): I welcome the opportunity to introduce the debate on our report, which was published in January. I thank fellow members of the Committee, who have worked very hard, since before my time as Chairman, to produce the report. It is a substantial and useful report, as is reflected in comments from outside the House. The Refugee Council, for example, welcomed it as

"a substantial, evidence-based report"

that

"should be welcomed by all those genuinely interested in developing a credible asylum system."

I emphasise the fact that there was consensus and the report was unanimous. Obviously, there were differences on some points of content, which are reflected in the record of the votes, but the final report was unanimously agreed. The Committee included two former Home Office Ministers—the redoubtable right hon. Member for Maidstone and The Weald (Miss Widdecombe) and me—and several other strong-minded members, so the fact that we produced a unanimous report is significant.

I will not quote the report at great length, but at paragraph 73 of our conclusions we stated that

"there is more in common between the overall strategy of the main political parties than is apparent at first sight. In particular, they are advocating a reduction in in-country applications for asylum, balanced by a significant increase in the number of refugees accepted through UNHCR. There is broad agreement on the need for more effective processing of claims, a reduction in illegal working and effective action on removals. A greater public understanding of these constructive common elements in the main parties' approach, as well as of the undoubted differences of principle on some issues, would help to make asylum a less divisive issue in the wider community."

I want to underline that fact. The issue is of great public concern. It is important that the public debate among the political parties concentrates on genuine differences and does not seek to exaggerate differences in areas in which they do not exist, because if the debate gets out of hand, it will not be any of the mainstream parties that benefit, but the extremist organisations that are trying to exploit public concern. That observation by the Committee is very important, and I will continue my remarks in that tone.

A broad overview of the report is that the state of the asylum system is much better than it was a few years ago. In Committee we had a debate, which I will not go into, about the historical record, the responsibility and the efficacy of different policies that have been adopted over the past 10 or 12 years—but the main point is that the system is better today than it was only a couple of years ago. We also recognise that whatever debate there may be about domestic policy, Governments of all political parties have essentially faced a problem generated by international circumstances and conditions, rather than by things that have happened at home. All Governments have inevitably struggled with some of the consequences of those international developments.

I will highlight the key improvements. First, the number of applications has been substantially reduced. Secondly, the time taken to process applications has been reduced, particularly for first applications. Thirdly, there has been an improvement in the record on removals. That said, there are still problems and challenges, which I will come to in a moment.

It is worth looking briefly at the nature of the problem. Much of the public debate between the various organisations has shown differing shades of opinion and has tended to be polarised. One side says that pretty much everyone who seeks asylum comes from a part of the world or a country suffering internal conflict or conflict with its neighbours, and that those who come here are therefore overwhelmingly genuine refugees seeking safe haven. The other side says that pretty much everybody is a bogus claimant, coming here merely to enjoy the economic benefits of living here, our benefits system, our housing or whatever else is on offer.

The Committee examined the evidence and the various claims and analyses, and came to a balanced view of the situation. We recognised that evidence could be pleaded on both sides of the argument. The Committee's conclusion, set out in the report, was right as far as I could see from the evidence. First, it concluded that most of those who come to this country or to other western European countries seeking asylum come from countries where there is a level of internal conflict or conflict with neighbouring countries. Equally, the evidence, including evidence in cases that go all the way through the appeals system to the High Court and beyond, suggests that about half of the applications made in recent years were from people with a well founded fear of persecution under the Geneva convention, and that half of them were not. The latter applicants have sought refuge here without having a strong case under the Geneva convention.

That conclusion is not as surprising or contradictory as it might seem. Most people who leave their home country, wherever it is, are unlikely to do so without reason. A level of conflict or instability that may lead to economic insecurity and poor personal prospects may well be the trigger for people to move, even though they may not have a well founded case under the Geneva convention. At the same time, others at the other end of the spectrum, who may have a well founded case, are moved to leave their country because they can make a new start in a different country, with better prospects for their families.

As we say in the report, people leave their own country to seek asylum here or in Europe for a spread of motivations and reasons. However, our judgment that, at least in the recent past, about 50 per cent. of claims are well founded and 50 per cent. are not is probably as close as we can get. I said that people have different

[Mr. John Denham]

motivations in order to underline something that we all recognise. Those mixed motivations and different reasons make the system complex for Governments to administer. The nature of the decisions that have to be taken is complex, too.

I now turn to the areas highlighted in the report to which the Government need to pay greater attention. First, it is true that the number of asylum applications has fallen rapidly over the last year or so. That appears to have continued since the publication of our report. However, the quality of the initial decision making remains poor, and too many decisions for comfort are overturned later in the appeals procedure. There will, of course, be a temptation to take what some might call a peace dividend out of the reduction in the number of asylum applications and the reduced expenditure that could follow.

However, I stress to my hon. Friend the Minister that any freed-up resources should be invested in strengthening the initial decision-making process, in improving the process and in training staff, so as to achieve a higher success and accuracy rate. That will pay dividends down the line, not least because people will have greater confidence in the system. It will also take the heat out of a contentious issue, which has been debated in the House since the publication of our report—the attempt to simplify the appeals system, set against the need to ensure that asylum seekers' rights are not jeopardised. If people had greater confidence in the initial decision, there would be less concern about the appeals procedure. That will be a tricky issue, with the comprehensive spending review coming up, and the reduction in Home Office staff and so on, but investing in the initial decision-making process is crucial.

Secondly, the Government need to recognise the need for more effective action on returning failed asylum seekers; indeed, changes to the procedures are necessary. We recognise in the report that considerable progress has been made in stepping up the number of removals, but we cannot yet say that we are completely on top of current decisions, let alone that we are tackling the backlog of failed asylum seekers.

I draw hon. Members' attention to the proposals in our report for a radical change in how these matters are handled; in particular we suggested piloting a requirement for asylum seekers to attend a specified place to receive the decision on their asylum application. At present, they get the decision—yes or no—by letter, and say, "What will happen now?" They usually have little idea. If asylum seekers had to attend a centre to get their decision, and if the decision was positive, matters such as a job, national insurance number, housing and so on could be lined up for them. If the decision was no, in addition to counselling and support, arrangements could be made there and then to plan their leaving the country and, if necessary, their detention.

The third point about the overall system that the report highlights is that there would be less of a pull factor for economic migrants, and possibly greater effectiveness in removals, if there were less ability to obtain illegal work. The report stresses the importance of taking action against those who employ illegal labour and suggests the use of the Proceeds of Crime Act 2002 against employers who knowingly employ illegal labour, because at present the penalties are far too low. I am glad that the Government responded positively to that idea.

I want briefly to discuss returning failed asylum seekers. There is still a need for more independence in the production of the country assessments made by the Home Office about whether the human rights situation in a given country is good enough to return asylum seekers. There have been improvements, but we still think the assessments should be more independent of the Home Office. Asylum seekers are still being told that it is safe to return home when not only they but civil organisations and non-governmental organisations challenge that assessment.

The Minister may be aware of recent correspondence between the Bishop of Winchester and the Home Secretary about the situation in the Congo. On one hand, the Home Office says that it is safe for people to return home; on the other, the Church of England, with its extensive network of Church contacts in that country, says that it is not. More independence in human rights assessments would bring greater confidence in the system and fewer delays in removing people.

The report also highlighted the fact that those who even the Government recognise cannot be returned at present are in limbo. In the later stages of the legislation, the Minister introduced new measures to ensure that such people would be gainfully occupied, and when he replies to the debate he may be able to say more about what he expects the impact of those measures to be.

During the Committee's work we drew attention to the problems caused by section 55 of the Nationality, Immigration and Asylum Act 2002. The Government changed the rules to give people slightly longer to claim after entering the country, but an independent review of how section 55 operates would be valuable. When people's cases are assessed they are supported by the National Asylum Support Service, and I suggested that any savings in the system should be ploughed back into improving the asylum application process. The Committee said that the NASS system was not yet working as it should, and that there was a case for greater investment in the asylum support system. That should be a call on some of the resources freed up by the fall in the number of asylum applications.

I have mentioned the substantive areas for improvement that the Committee recommended should be addressed, and I want to end on three or four significant wider points about how the asylum system is developing. First, border controls are being moved into Europe. Sangatte has closed, and action is being taken against airlines and others who bring people into the country, so the only people who can get here to make an asylum application are those who have substantial financial resources; if their network of family and friends cannot pay the people trafficker, they cannot get in.

However, it is not obvious that this country best meets its international obligations by granting refugee status to those who manage to get through all those hoops to get here. We suggested in the report that, as the number of in-country asylum applications falls—inevitably, I think—there should be a significant expansion in the number of refugees accepted into the

country through co-operation with the United Nations High Commissioner for Refugees. The Government have already started that on a small scale.

We should like the Home Office to be involved with other Departments in conflict prevention. Most asylum seekers come from countries where there is conflict. The Ministry of Defence, the Department for International Development and the Foreign Office all look into conflict prevention, but the Home Office, too, should be able to argue that certain areas are a priority because they will produce a large number of asylum seekers.

We said in the report that we should like changes to the convention, but we ruled out the idea that this country should ever contemplate withdrawing from it. As we recognise that any change to the convention must be a matter of international consensus, none of us should hold our breath at the prospect of immediate change. However, we recognise that the convention does not really reflect the needs of a modern, mobile world.

For example, the vast majority of those currently in Darfur would probably be able to make a successful application for asylum in this country, because they had suffered genocide or persecution in Sudan. Only the lack of money and flights prevents them from getting here. However, the best way of dealing with what is happening in Sudan would not be to move the entire population to western Europe. We need a set of international obligations that give the rich nations of the world more responsibility for tackling the problems more effectively.

I have already spoken for longer than I intended to, but I hope that I have covered the main points. We stated in the conclusion of our report:

"the overriding priority is to maintain recent progress in improving the applications system, to reduce the backlog further and to increase both the fairness and the speed of the system. Efficiency should be combined with humanity".

We also said:

"whether we are dealing with genuine asylum seekers or economic migrants we should never lose sight of the fact that we are dealing with human beings, not numbers, and they should be treated accordingly".

Mr. Deputy Speaker: I thank the chairman of the Committee, the right hon. Member for Southampton, Itchen (Mr. Denham), for introducing the report. I now call another Select Committee Chairman, the hon. Member for Banbury (Tony Baldry).

2.47 pm

Tony Baldry (Banbury) (Con): The right hon. Member for Southampton, Itchen (Mr. Denham), and the Home Affairs Committee have done the House a considerable service in producing the report. The Chairman is to be congratulated on securing a unanimous report, not least given the participation of my right hon. Friend the Member for Maidstone and The Weald (Miss Widdecombe). I can imagine that chairing such a Committee could on occasion be quite challenging.

Two events in which I have an interest and which prompt me to think about the issues in question are coinciding today: the International Development Committee, which I chair, has today published a report on migration and development, and simultaneously the Court of Appeal is hearing Cherwell district council's application against the overruling by the Deputy Prime Minister of his planning inspector's decision on the accommodation centre at Bicester. I should like to say something about all those matters.

I suggest that perhaps the House should increasingly be considering not asylum policy but migration policy. One difficulty that has arisen is that the impression can be gained from the media that every migrant is an asylum seeker. In fact we have many migrants, some of whom are refugees and some of whom claim refugee status that they are not entitled to. We need a migration policy.

The International Development Committee identified several myths about migration. Migrants are not a "problem", but people trying to improve their lives, who must be treated accordingly. There is a myth that a tidal wave of migrants is about to crash upon our shores. That is wrong. Migration is economically and politically important, but it remains the exception rather than the rule. International migration has increased in the past 40 years, but there is still a tiny amount—less than 3 per cent. of the world's population live outside the country of their birth—and most migration is between developing countries. A large proportion of international migrants move between poor countries, and the number of migrants who stay in their own country far exceeds that of international migrants. I shall detain the Chamber with only one fact: there are 175 million international migrants in the entire world. India alone has 2 million internal migrants, and China has 120 million. One must put some of these issues into perspective.

As the Chairman of the Home Affairs Committee said, it is not always the poorest most desperate people who migrate, because very often they cannot afford to. Often it is those with access to resources who migrate, so one cannot simply assume that policies to help migrants, particularly international migrants, will also help the poorest people. We must also be conscious of the fact that although migration can lead to a brain drain, flows of remittances and the return of migrants with new skills can offset the loss, and may even lead to a brain gain.

It is perfectly possible—we believe that it must be possible—for there to be a triple win on migration policy: for migrants, for migrant-sending countries, and for migrant-receiving countries. We need to think about how we can improve remittances and how we tackle trafficking and smuggling. All those issues are in the report, and I hope that the House will consider them. Indeed, I hope that the House will have an opportunity in due course to debate the report in full.

I shall not detain colleagues any longer, except to say that we should stop regarding migration as a problem, as the tabloid newspapers often present it, and see it as an opportunity both for us and for sending countries. We need a migration policy, not simply an asylum policy. We have sometimes got ourselves into a muddle as a result of administrative cock-ups and the way in which they were dealt with. The Romanian saga was one such example. The media got the impression that we were going to be overwhelmed by people from EU accession states seeking work in the EU—an impression that the Government did not help to dampen down. That has not happened, as the figures announced

[Tony Baldry]

yesterday demonstrate. Indeed, quite a lot of people came from Poland, looked around, saw the cost of housing and went back to Warsaw.

The construction industry will tell anyone who visits construction sites in London that it is desperately short of skilled people, and if we go to any general hospital in the UK and ask around, we find that many of the people working there have been trained overseas. If they were not there, there would be a serious gap in the provision of health care and other vital services. We were not helped by the way in which the Romanian affair was handled.

I suggest to the Minister that accommodation centres represent another administrative cock-up. I have no quarrel with any of the conclusions drawn by the Home Affairs Committee: the report was unanimous. However, I draw the attention of the Chamber to one point. In its summary, the Committee calls for a more flexible approach to the siting of accommodation centres, but it is also fair to say that in relation to its conclusions in paragraphs 138 to 141, the Committee did not take oral evidence from anyone other than the Minister. If it had done so, the Refugee Council and pretty well every organisation concerned with the welfare of refugees would have confirmed their continuing concern about the fact that the Government's existing proposals are for sites that are too large and in the wrong place.

We all understand how this particular policy came about. Night after night, it seemed, there was television footage of young men trying to get on to trains coming through the channel tunnel from Sangatte. A genuine impression was given of a situation getting out of control. Ministers clearly believed that they needed to be seen to be doing something in response, so they advanced the proposal for accommodation centres.

Those of us fortunate enough to have been Ministers know that those Ministers will have had to write to the Treasury, which will have written back saying, "Well, it sounds like an interesting idea, but we're not totally convinced. If it's going to go ahead, it can only be on land on the existing Government estate." Therefore, with a limited budget, Home Office Ministers felt that they could have only a limited number of accommodation centres, so they would have to be for a large number of people—750 in each. Every organisation concerned with the welfare of refugees persistently tells Ministers that that approach is wrong and will not work.

Following the abandonment of attempts to use the Newton site in Nottingham yesterday, we are three years down the line—the process started in 2001—and the Government have been able to identify only one site, the decision on which is subject to judicial review in the Court of Appeal. Even if that site is successful, to have been able to identify only one site on the Government estate in three years suggests that the prospect of identifying more sites of this size, and getting them through the planning process, is unlikely.

Ministers must recognise that in the cases of Newton and Bicester there were full public inquiries. One of the great things about public inquiries is that people have to come and put their arguments rationally; they cannot be irrational, emotive, racist or irresponsible. An inspector hears planning arguments on planning grounds and makes a planning judgment. Having heard the evidence at Newton and Bicester, the planning inspectors said that the developments should not go ahead. In the case of Bicester, the Deputy Prime Minister chose to ignore completely the advice of the planning inspector, and that is the matter of the case before the Court of Appeal. The Government have not identified any site in their estate that meets with the agreement of the planning inspector.

Since 2001, the number of asylum seekers has dropped considerably, almost back to 1997 levels. Perhaps the summer months would be a good time quietly to rethink the whole approach. I commend to the Minister the following recommendation in the Home Affairs Committee report:

> "Given the delays in opening accommodation centres, and the fall in asylum applications, the Government in its response to this report should clarify how many accommodation centres it intends to establish, with what capacity, on what timetable and at what cost."

The Committee also recommended that there should be a flexible approach to the siting of such centres. I suggest to the Minister that while considering the Department's response to the Select Committee's report over the summer months, Ministers should re-engage in discussion with groups such as the Refugee Council and the Immigration Advisory Service, as well as with MPs.

The history of involving MPs is disappointing. I received a telephone call one day from Lord Rooker, whom I much admire and like, to tell me that an announcement was going to be made the following day about the accommodation centre in Bicester. There was no subsequent discussion or engagement by the Minister's predecessor, the right hon. Member for Stretford and Urmston (Beverley Hughes), who saw it as a test of will that she should drive the policy through unchanged. Well, circumstances do change, so perhaps this is the time to have a rethink and to re-engage with groups concerned with the welfare of refugees and with MPs.

We must try to produce a policy that meets the needs for accommodation centres across the country, as recommended by the Select Committee, but does not involve huge accommodation centres stuck out in the middle of the countryside. I am against the idea of 750 people being stuck for up to six months on the outskirts of Bicester. What is more, the centres will be run by Group 4. The report from Mr. Philip Shaw on what happened with Group 4 at Yarl's Wood is still outstanding on the Minister's desk, and I find it strange that the Home Office, before it has had the opportunity of considering that report, appears to have awarded the contract for the running of the Bicester centre to "Global Solutions"—or whatever name Group 4 has decided to rebrand itself with to prevent us from remembering that it used to be Group 4.

I ask that during the recess Ministers take the opportunity for a period of quiet reflection on accommodation centres. The Newton decision yesterday means that their current policies are pretty much in tatters. If they were to engage with groups that are concerned with the welfare of refugees, they could develop policies for accommodation centres that would

command wide support in the community and the country. Their current policy is totally friendless; it cannot find support anywhere.

3.1 pm

Mrs. Janet Dean (Burton) (Lab): Asylum and illegal immigration are emotive and contentious subjects, and also more complex than many people imagine. One of the Home Affairs Committee's conclusions sums up that complexity. It says:

"The categories of 'economic migrant' and 'genuine refugee' often overlap. We note the research evidence that conflict, not poverty, is the defining characteristic of asylum seekers' source countries, though not all those who come from such countries are genuine asylum seekers. Equally, people genuinely seeking asylum may also be seeking to better their own and their families' lives. Likewise people who do not personally have a well-founded case for asylum may be coming from countries suffering conflict as well as from countries which are not."

The importance of the subject was reflected in the recent decisions by the Home Affairs Committee to conduct three full inquiries into various aspects of asylum and illegal entry: border controls, removals and asylum applications.

One of the reasons why there has been so much public opposition to asylum and illegal immigration is that the system appeared to be out of control. The scenes shown on our televisions of young men trying to jump on to trains in France, and the Sangatte refugee camp, certainly gave that impression, and undermined the confidence of the general public. The fact that other countries in Europe had similar problems, and that most refugees in the world escape to their neighbouring countries, which are themselves some of the poorest, seemed to go unrecognised.

I am pleased that there has been co-operation between our Government and that of France in tightening the borders in France. When we conducted the inquiry into border controls, members of the Select Committee visited the Sangatte camp and were appalled by the conditions there. I am thankful to say that it has now closed. We also saw areas of Calais and areas around the Eurotunnel where those seeking to enter the UK could easily gain access to lorries and trains. Indeed, such activity had a severe impact on rail freight for a considerable time. The installation of security fencing has secured those potential points of entry into Britain.

There are several reasons why people want to come to the UK rather than to other European countries. Some of those are negative, such as the perception that there are delays in the process, which allow people to get lost in the system. Others reflect the positive aspects of the country. In the report we comment that:

"Asylum seekers' perceptions of the advantages of the UK may simply reflect this country's longstanding reputation for justice and fairness."

Another factor is the strength of the UK economy, meaning that there is the opportunity for work, both legal and illegal.

If we are to have a system that is respected by the public, we must ensure that the process is efficient and effective. I am pleased that the actions taken by the Government to increase security and to reduce the attraction of coming to the UK have cut the number of asylum applications so dramatically over the past year or so. Everyone should welcome the 60 per cent. reduction in applications between October 2002 and March 2004 reported by the Government in their response to the report. The increased number of removals, and the speeding up of decisions on asylum applications, so that 80 per cent. are now taken within two months, are also important improvements to the system, for which the Government and their staff should be commended.

In its report, the Committee recognised the need to address the problems at both ends by reducing unfounded applications, and by swiftly and humanely removing failed asylum seekers. However, it must be recognised that as we make it harder for people to arrive in this country illegally, genuine refugees, too, will find it more difficult to seek asylum here. Most of those who enter the UK to seek asylum do so through people traffickers. They tend to be young men, who have been able to raise such funds from families and communities to pay their passage. The Committee concluded that they were not necessarily representative of the refugee population that could claim asylum in the UK.

Our report said that the Government had a moral obligation to provide legitimate routes by which refugees can gain access to this country, to assist refugees closer to their country of origin, and to tackle the routes of enforced migration. In that respect, I welcome the fact that the UK has agreed to accept up to 500 refugees a year through the Government's Gateway resettlement programme. I am also glad that the UK has been an active partner in negotiations regarding the development of a common European asylum system, and that we have played a major role in shaping Eurodac and the Dublin II regulations, which will facilitate the identification and return of asylum seekers who are the responsibility of other member states.

The report emphasised the need to improve the quality of initial decision making to ensure that we have a fair, fast and effective asylum system. As my right hon. Friend the Member for Southampton, Itchen (Mr. Denham) said, we referred to the need to front-load the system, putting in the right resources at an early stage. We suggested that there should be access to good quality legal advice and interpretation services, to avoid the necessity of reconsidering decisions through the appeal process. Although I am disappointed that the Government do not accept that in most cases, the attendance of legal advisers at the substantive interview would provide value for money, I am pleased that there is a commitment to ensure that publicly funded legal advice available to asylum applicants is accredited and of a high standard.

The quality of the decision making can be improved by the language analysis scheme, and the Committee supported the extension and development of that service. We also recommended that the Home Office should recruit more caseworkers and interpreters with a specialist knowledge of the claimed countries of origin of asylum seekers. I welcome the Government's review of the initial training of asylum caseworkers, as well as the proposal to have refresher training for experienced caseworkers.

One of the reasons for the fall in the number of people claiming asylum last year was the implementation of section 55 of the Nationality, Immigration and Asylum Act 2002, and we were concerned by reports of the distress caused to individuals who could not claim

[Mrs. Janet Dean]

benefits because of that section. We welcome the modification made by the Home Secretary to extend to 72 hours the period within which arrivals to the UK would be expected to make a claim for asylum to qualify for benefit. Although it is true that families are exempt from section 55, and there is a reconsideration process, I am disappointed that the Government have rejected the Committee's recommendation that there should be an independent review of the working of section 55. However, I welcome the decision to display posters at all ports of entry advising those who intend to claim asylum that they must do so on arrival.

The Committee hoped that if a review of the operation of section 55 were instigated, welfare support for failed asylum seekers could also be considered. There is currently a problem for those who have been refused asylum: they are destitute and unable to leave the country, through no fault of their own. As I understand it, section 4 support may be available, but that might necessitate someone moving away from friends to access that support, and individuals who may be eligible may not be aware of the help available. I hope that the Government will be able to publicise the availability of section 4 support better. It might also be advantageous to give those who cannot be returned home a temporary right to work to support themselves.

I hope that the debate will be helpful in illustrating the complexities of the issues, and the difficulties in establishing a system that will command the respect of all who need to seek asylum, as well as of the public; some people meet asylum seekers, but others only hear about them through the media. We must remember that we are talking not about statistics but about individuals who, for whatever reason, have travelled many hundreds of miles away from their homes and families.

3.10 pm

Bob Russell (Colchester) (LD): In his introduction, the right hon. Member for Southampton, Itchen (Mr. Denham) rightly drew attention to paragraph 73. I commend him for that, and for the manner of his presentation. I also concur with much that has been said by my colleague on the Committee, the hon. Member for Burton (Mrs. Dean), and by the hon. Member for Banbury (Tony Baldry). I particularly congratulate the hon. Member for Banbury on his reasoned contribution; I am sure that his view will be echoed on his party's Front Bench. It is a pity that the good sense reflected in the unanimity of the Committee—which will, I am sure, be repeated here—is not always found in other Chambers, and certainly not in our media.

I would like to draw attention to paragraph 76 of our conclusions:

> "Britain's reputation for fairness and tolerance should not be exploited by those with no genuine claim for asylum, and even more so by the criminals running the international gangs, nor should it be sullied by ill-informed or exaggerated debate. We hope that our report will contribute to a rational debate about the asylum issue."

That is probably a forlorn hope. Nevertheless, it is important to state it. Every politician, elected or unelected, has a duty not to inflame the situation but to try to present reasoned arguments as to what is the truth and what is fiction. In paragraph 59, we say:

> "Illegal working can have a particularly pernicious effect on community relations and an unfair impact on the legally employed workforce. It is important that the Government should be seen to be vigorously tackling the problem."

The Chairman rightly drew attention to some illegal acts by employers. We need to follow that down the employment chain. The possibility will not have escaped hon. Members' attention that the relatively cheap food—salad, in particular—in our supermarkets could have been harvested by illegal immigrants employed by gangmasters, who are engaged by farmers who have to keep the prices down because of the stranglehold of the major supermarkets. It could be that our supermarket bosses are indirectly associated with some of the illegal employment practices.

When the Government tackle the issue, I hope that they will follow it all the way through and find out who else is involved in the chain. The right hon. Member for Maidstone and The Weald (Miss Widdecombe) highlighted the fact that there are very few prosecutions for employment of illegal workers under section 8 of the Asylum and Immigration Act 1996, and she was right to do so. We must not assume that Morecambe bay was a one-off incident. I am thankful to say that its consequences were unique, but I suspect that it was not an isolated instance of illegal employment.

Those who read the *Daily Mail* or the *Daily Express*—which, sadly, give comfort to racists, bigots and the ill informed—could well believe that the country is awash with scroungers and people living off state benefits. That might describe some of the indigenous population, but dozens of asylum seekers have come to my advice bureau over the years, and I have yet to see one who has been anything other than a "get up and go" person. There is no future for them at home because of a range of issues, and asylum is the only way for them to get out of the world in which they live.

Without exception, such people want to contribute to the United Kingdom, not to live off it. The evidence—I hope that the Minister will confirm this statement, as we do not regularly hear it from Government Ministers—is that people who settle in this country and get work are net contributors to the public purse, not a drain on it. Ministers need to say that time and again, in the hope that the *Daily Express* and the *Daily Mail* may one day report it.

I return to paragraph 6 of the report's conclusions and recommendations. One of the reasons why people come to the United Kingdom to seek asylum is that:

> "The UK may well be seen also as having a greater commitment to fairness and due process and respect for treaty obligations."

That theme continues in paragraph 7, where the Committee—it was unanimous— states:

> "We do not believe that Britain can be described as a soft touch for asylum seekers."

We took evidence from people who had been asylum seekers, had made their case and been accepted. They came and gave evidence, and they contrasted the fairness, justice and humanity that they witnessed on arrival in this country with what happened in some of

the other countries that they had come through. Not once did they say that Britain was a soft touch. The next morning, the *Daily Express* said something like, "Asylum seekers admit Britain is a soft touch".

In a previous existence I was a branch secretary of the National Union of Journalists, and there was a time when there was a code of conduct. I do not know whether that still exists, but if it does, it is about time that the NUJ took up the issue with the section of the national media that is failing this country, distorting the truth and misleading the general public, with the consequence that political parties can use that to justify their attacks on those who have chosen to settle in this country because circumstances so dictated.

I represent—I shall get the plug in here—Britain's oldest recorded town, and for 2,000 years we have absorbed people into our town, starting with the Romans but going all the way through the Saxons, the Normans, the Danes and people from the Low Countries, until recent times when brave men from Poland came and fought alongside the British in the second world war. That continued through the 1950s, '60s and '70s.

This country needs and has benefited from the people who come here, such as the Ugandan Asians or the people from the West Indies who came here in the '50s and '60s for transfer to the national health service. That message is too seldom mentioned. The report brings us up to date and into the 21st century. It explains why this country has, and has had for centuries, a proud record of welcoming ashore those who have fled their home country because there is no future for them, for a variety of reasons. This country has been the richer for that.

Far from being a drain, the people who came here as asylum seekers and have made Britain their home have been net benefactors to the economy—I return to that point, because nowadays everything seems to be money driven. I implore the Minister and his colleagues to mention it, and it would be nice if the Prime Minister would do so once or twice as well. I hope that the Government will take the Committee's recommendations very seriously. I stress again that they were unanimous recommendations, carefully thought through. Witnesses from various points of view gave evidence, and we distilled that. For a Committee to come up with unanimous recommendations on such a vital and controversial subject as asylum is the equivalent of Greece winning Euro 2004.

Mr. Deputy Speaker: Before I call the next speaker, I have one point to make. Morecambe bay has been mentioned in the debate, and it is appropriate to advise the House that criminal charges have been made, so the case of the cockle pickers' tragedy is sub judice. I ask Members to exercise caution in their remarks if they refer to that matter. The circumstances can be taken into account, but the cases must not be mentioned.

3.20 pm

Mr. Martin Salter (Reading, West) (Lab): I apologise if my speech is somewhat fuzzy; I am trying new glasses, and switching back and forth is not easy, as we see every Wednesday at Prime Minister's Question Time. The Prime Minister is a year older me, and probably suffering in the same way.

Like Bernard Manning when he makes inappropriate comments, people who begin a contribution about race or asylum often have to lay out their credentials first. Some of what I have to say may be controversial, and I want to put on record that I have spent 25 years working with *Searchlight*, the magazine funded by the Board of Deputies of British Jews, in fighting the rise of the far right and organised fascism and the racial attacks and abuse that go with them. I have also been a member of Reading Council for Racial Equality, and I understand from an audience that I was recently granted with my hon. Friend the Minister that roughly 31 MPs are responsible for 40 per cent. of correspondence with the Home Office on immigration and asylum casework. My researcher was pleased to hear today that she is responsible for much of that correspondence. She is probably towards the top of the list—not that she will be getting a pay rise.

I want to put on record as well my congratulations to my right hon. Friend the Member for Southampton, Itchen (Mr. Denham) and his colleagues on the Home Affairs Committee. I have spent many hours reading the report, and it is a significant contribution to the debate on asylum and immigration in this country. It is a debate that in part, thanks to the tabloid press, prejudice and suspicion, threatens to poison race relations in this country.

My constituency of Reading is one of the most ethnically mixed and proudly multicultural towns that one could ever come across. The far right has never gained a foothold on the streets of Reading, and I will do everything in my power to ensure that it never does; it has never been able to exploit some people's well founded fears and other people's prejudices for political gain. However, we have seen it advance, including in the European elections, and we know that this issue is exploited for political ends.

My starting point is, properly, the Home Affairs Committee report and, in particular, some of its observations. It states:

> "We note evidence that conflict, not poverty, is the defining characteristic of asylum seekers' source countries, though not all those who come from such countries are genuine asylum seekers. We consider that, very roughly, about half of claimants can justifiably be regarded as economic migrants rather than refugees".

To take slight and gentle issue with the hon. Member for Banbury (Tony Baldry), he must have been very lucky in his advice surgery if every single asylum seeker who came before him was genuine.

All hon. Members who have an extensive case load will have seen people who have tried to abuse the system. I am talking not necessarily about people whose family have saved up to smuggle them from one side of the world to another, but about deliberate overstayers. I remember seeing last year in my advice surgery a lady from India who had overstayed a tourist visa by several months and was advised by a solicitor, unbelievably, to apply for asylum—from one of the most modern democracies, indeed the largest democracy, in the world. It was a blatant abuse of the system, simply intended to spin out the length of time she could stay in this country.

I also remember, with some pride, the amount of effort that it took Foreign Office Ministers, my staff and me to get Elizabeth Siah-Vandi into this country to

[Mr. Martin Salter]

rejoin her mother. Elizabeth was 11 years old when the fighting broke out in Sierra Leone. She witnessed the horrific spectacle of her own uncle, who was her guardian at the time, being beheaded in front of her. It took us three years to trace her through the United Nations High Commissioner for Refugees and through three African countries, before finally reuniting her with her mum in Reading. It is a tribute to Sierra Leone's education system that Elizabeth was quickly able to attend and compete with others of her age in her class at her local school in my constituency.

Those are two asylum stories: one genuine, the other legally aided, corrupt abuse of the system. That tells us one thing—that we have a problem. As the hon. Gentleman said in his contribution, the problem transcends party politics. I deplore the politicisation of the issue, because it only plays into the hands of those who wish asylum seekers and people of different races, nationalities and religions no good whatever.

I was particularly interested in the Committee's observations on removals. It has been put to me that the system is not unlike a bath, with the two taps full on and the plug out. *[Interruption.]* From the twitching on the Front Bench, I think that I may be stealing a line from the Minister. The challenge for the Government is how we balance a firm and fair system with one that commands public confidence. Any Government will command public confidence only if there is a credible removal system. It is absolutely absurd that we still do not have a proper embarkation process. On several occasions the Committee made reference to the fact that the Government cannot find out who is in the country at any point in time.

Such research leads me to draw the conclusion that a way of checking identity, perhaps with identity cards, is essential. Having such a system would help us not only to manage our immigration and embarkation systems, but to restore public confidence that our borders are safe and secure, and that the asylum system cannot be abused either by those who seek to profit from human misery or by those who wish the people of this country no good whatever, and who are prepared to take up arms, or use explosions or other acts of terror, for political purposes.

In my community, the reaction to the asylum issue of the settled immigrant communities, of British-born blacks and Asians, is interesting and instructive. By way of preparation for this debate, I spoke to a number of people in my constituency of black and Asian origin. Those people, who are as British as I am, resent the fact that the debate on race and community relationships in this country has become skewed. Someone whose skin is brown or who wears a turban might now, somehow, not be regarded as British any more, but as just another of those asylum seekers whom people read about day after day in the tabloid press. I need say no more.

There was mention of the efforts of my right hon. Friend the Member for Stretford and Urmston (Beverley Hughes) as the previous holder of my hon. Friend the Minister's post. I should like to put on record my appreciation of the efforts that she made while at the Home Office to deal with the backlog and the abuse of the system. She was an excellent Minister and I hope that she will be back in the Government very soon indeed. Significant progress was made under her stewardship in getting to grips with the chaos of the asylum system, for which Governments of different political persuasions have been responsible. New asylum claims halved under her stewardship, reducing to 3,500, compared with more than 8,500 a month in October. We saw new claims being decided within two months, and appeals being completed within six months, so people with unfounded claims can no longer use delays to play the system.

We also saw border controls being moved to France, thus stopping 9,000 people from gaining entry last year; the closure of Sangatte; the securing of the channel tunnel; the installation of new technology at ports to screen for stowaways; and the introduction of fingerprint checks to stop asylum shopping. Thousands of new caseworkers have been employed, the asylum backlog has been reduced to less than half that of 1997, and initial claims are now dealt with in 2 months, compared with the 20 months they took in 1997.

I say all that not to politicise the debate, but because I believe that my right hon. Friend was treated badly by the media and by some Opposition Members. She has a proud record of getting to grips with one of the most difficult issues in Government, and she deserves recognition for that.

It is worth considering how the numbers add up, particularly in relation to new asylum claims, which are mentioned in the report. The figures show that until 1988 we were rattling along with 3,000 to 4,000 claims a year, which was much the same rate as other European countries, but that between 1988 and 1990 the number increased sixfold to 26,200. By 1998, the number had doubled to 46,000. Those increases occurred under the previous Conservative Administration, which sought to grapple with the problem by introducing measures that have since been built on. The fact that asylum claims doubled again under the Labour Administration—they were at 84,000 in October 2002, although they are now back down at the 1997 level—shows that this issue does not bear examination in the party political context.

We should not play party politics with this issue, on which no party can feel particularly proud of its record in government. As the report says, the people who smuggle human beings into this country are organised criminals. They are quickly on top of every change in legislation, whether it is introduced by a Conservative or a Labour Government. They look for new ways around such changes, because the system enables people with no morals or scruples to become multimillionaires overnight.

I did not manage to dig out the exact press cutting, but I remember looking at a criminal rich list—one of those absurd rich lists in *The Sunday Times*—on which the guy to whom I refer, a trafficker, was seventh, I believe. I will not attempt to name him, even with parliamentary privilege, in case it is somebody else. I found it interesting that someone would actually list the trafficking of human beings as his primary source of income, by which he made billions and billions of pounds worldwide. That is the problem that Governments have been dealing with.

We must ask ourselves certain questions. What is asylum for? Who does it help? How much does it cost? Is it sustainable? The Select Committee report touched on some of those issues, but we should concentrate on those specific questions, rather than have a sterile debate about which political party has done more to say no to a higher proportion of people.

What is asylum for? The definition of a refugee is someone who has a well founded fear of persecution on the grounds of race, religion, nationality, membership of a social group, or political opinion. That is an incredibly broad definition; I do not know whether a member of the Ku Klux Klan who felt persecuted in an intolerant America would qualify under it, or where members of specific religious groups would fit into it, in the context of a non-secular state or constitution, but I do know that a definition framed in 1951 has little relevance to Britain, Europe and the world today in the 21st century.

A lot has been said about genuine asylum seekers versus economic migrants. People talk about a well founded fear of persecution, but my reading about dictators and dictatorial regimes has led me to conclude that Hitler, Stalin and other dictators did not spare the over-50s. Looking at the gender and age profile of those seeking asylum, however, we find that 82 per cent. are young males between 18 and 34, 15 per cent. are between 35 and 49, and only 3 per cent. are over 50. Very few are women, and very few have disabilities.

When we ask what asylum is for, we also learn how much it costs, and my right hon. Friend the Member for Southampton, Itchen referred to that. It costs between £10,000 and £20,000 to smuggle people across the world, but the wages of the average Chinese agricultural worker mean that it would take them several lifetimes to pay that level of bribe.

So, although we must always have an asylum policy, the prime beneficiaries seem to be young males who, while undoubtedly fleeing poverty and conflict, have the ability to benefit economically from the opportunities available in Europe. The people smugglers are certainly making millions, if not billions, from trafficking in human misery, with absolutely no regard for human life. Many lawyers are also doing well out of an industry from which, as I read in *The Guardian* the other day, the Legal Services Commission is having to recoup £8 million of public money in the form of legal aid fees that had been wrongly claimed.

The overall costs of asylum are difficult to quantify, but if we piece together some of the answers to the parliamentary questions, it becomes clear that we are certainly talking about a figure in excess of £1.2 billion, with legal aid bills pushing £200 million. That is an awful lot of resources. Is the situation sustainable? As my right hon. Friend said, if the population of Sudan or Iraq arrived on the shores of a European country, our treaty obligations would mean that we had to process every single claim. Of course, that is not going to happen, but the policy is not sustainable.

It is all very well being critical, but where does that analysis lead us? It leads us to say that our treaty obligations are in need of review, if not radical surgery. The Home Affairs Committee stepped away from the temptation to recommend withdrawing from our treaty obligations, but I refer members of the Committee, and the House as a whole, to the evidence of Mr. Martin Howe, QC. He argued, quite coherently, that the right to asylum should be qualified by

"what it is practical for us to achieve",

thus putting some limits on the obligations of receiving countries. The report summarises some of his points, noting that he argued for the UK to reconsider

"its acceptance of treaty obligations"

and that the

"1951 Geneva Convention should no longer be directly interpreted and applied by domestic courts. Instead, entitlement to asylum should be judged against criteria enacted in domestic law . . . The UK should withdraw from the European Convention on Human Rights and not re-enter unless the convention is revised to take better account of the need to tackle terrorism . . . As an alternative, the UK could withdraw from the Convention and then re-adhere to it after a short period attaching 'reservations' under Article 57 in respect of anti-terrorist measures."

Mr. Martin Howe is not the only person who has argued that our treaties look tired and that our obligations are possibly unrealistic. In his keynote speech on immigration on 27 April, the Prime Minister said:

"But since the early 1990s, the nature and volume of asylum claims to the UK has changed radically.

It became increasingly apparent that our asylum system was being widely abused. The UN Convention on Refugees, first introduced in 1951, at a time when the cold war and lack of cheap air travel made long-range migration far more difficult than it has become today, has started to show its age."

The Prime Minister argues that there is a case for change. The previous Minister of State at the Home Office in her evidence to the Home Affairs Committee argued that too. We know that there is a commitment to a convention—plus process, which hopes to update these tired treaties.

Mr. Denham: Just to correct any misapprehension, the Committee certainly would welcome a change in the convention. The Committee believes that the restriction of the convention to state persecution rather than non-state persecution would be the right thing to do, although we recognise that that is not what our own courts have decided and nor is it in the European convention. However, we did not fight shy of saying we should withdraw; we took a positive decision to say that we should not unilaterally withdraw from the convention.

I can speak only for myself, but I think that members of the Committee took the view that it would be unacceptable for the fourth or, according to the figures, fifth richest country in the world simply to turn its back on an international convention rather than to try to change it through the international system. I would not like the impression to be given that the Committee thought that we should leave, but decided not to say so. The decision to say that we should stay and argue for change rather than leave was a positive decision by the Committee.

Mr. Salter: Just as I probably stole the line from the Minister, my right hon. Friend has stolen my conclusion, but it will bear repeating. Hon. Members will have to hear it twice now, but that is always the beauty of interventions.

[Mr. Salter]

The argument, which the Committee and I share, is also shared by Mr. Ruud Lubbers, the United Nations High Commissioner for Refugees. He recently argued, as I will argue in my concluding comments, that, far from throwing money at a system that will inevitably be the subject of abuse, there should be greater emphasis on tackling the conditions from which people are fleeing. In a speech on 9 April 2003, he said:

"Unfortunately, governments often fail to recognize the important role that UNHCR can play in helping them to address refugee issues. As a former Prime Minister, I know that taxpayers want rational, cost-effective programs. So I really wonder how governments can justify spending millions on reinforcing borders, on all kinds of deterrence measures, on custody and detention centers, and on so many other costly domestic approaches, while refusing to invest in tackling the problem at source, where solutions should begin. It seems quite irrational. UNHCR is working with refugees and the internally displaced in their regions of origin. Governments should see it in their interests to fund us, strengthen us and use us."

Those are sentiments with which many of us would concur.

I concur with much of what has been said in this sober debate, which has been in marked contrast to the kind of treatment that the issue gets in the media. I am pleased that the Government and the Committee have not closed the door to reviewing our outdated treaty obligations and, in particular, their somewhat perverse interpretation by our judges, who have probably never seen an asylum seeker outside the court context.

If these reviews do not deliver, we should consider withdrawing from both the 1951 convention and the European convention on human rights in order to force the pace of change. Britain has been proud to argue for and to take a leading role in matters of humanitarian assistance. I do not believe that the current asylum system is sustainable. It is hopelessly exploited, not so much by the asylum seekers as by people who seek to profit from them.

Britain has signed up to the UN target of 0.7 per cent. of gross national income for development aid, but we are still a long way from meeting it. Much progress has been made, but Britain is still at only 0.32 per cent., compared with 0.8 per cent. for Norway and 0.77 per cent. for Sweden. For Britain to take a lead in addressing some of the appalling conditions and conflicts from which many refugees are forced to flee, we must hit our UN targets sooner rather than later. Money wasted lining the pockets of gangmasters, suspect lawyers, people traffickers and dodgy landlords could be better spent helping to improve the life chances of our fellow human beings in other parts of the world who are less fortunate than we are.

3.45 pm

Mrs. Claire Curtis-Thomas (Crosby) (Lab): I offer my sincere apologies to my hon. Friend the Minister and to the hon. Member for Woking (Mr. Malins), but I cannot stay for their concluding remarks, for pressing private reasons.

Asylum, as my hon. Friends have said, is a hugely emotive issue. If we are to reduce the emotive nature of the arguments that we hear, surely we should improve the mechanisms that we use to process asylum seekers when they come to this country. I participated in the inquiry with some hesitation, because, at face value, it seemed enormously complex, particularly for a Member of Parliament who represents a constituency that, by and large, is almost completely white. I have received three inquiries about asylum in seven years; hence my reticence today. So many hon. Members in this Chamber clearly have considerable first-hand experience of asylum seekers and I clearly do not. However, my role on the Committee was to consider process-related issues and to see what could be done to Government processes in order to improve the outcomes for all concerned, because there has been substantial criticism of how successive Governments have executed their role of processing applications.

As my hon. Friends will know, of the 36 recommendations made, 21 were accepted, 12 were rejected and three needed clarification. That is quite something. I have looked at many Select Committee reports whose recommendations were almost all rejected by the Government. I am pleased that, on this occasion, many concessions have been made to the Committee's recommendations.

My remarks will centre on the issues of conflict. I will repeat some of the comments made by my colleagues, but it is right to do so, because the comments are substantial and we feel strongly that our recommendations address a problem that the Government are not tackling constructively.

First, the Committee recommended that the Government should make a commitment to restoring the concession to work after six months once the application processes have been streamlined. The Government rejected that recommendation on the basis that asylum processes to deal with applications are being speeded up. That is undoubtedly true, and the Government are to be congratulated on it, but it does not make the recommendation any less valid. We still have people left in this country for an inordinate amount of time who are not working. That is deeply demoralising and does not acknowledge the fact that the reason why those individuals are here lay well outside their control.

Last Tuesday, I went down to HMS Haslar to visit the detainees in the detention centre there. The centre has been the subject of discussion in the press, and I wanted to see for myself whether there was any substantive truth in the reporting. It turned out that, as usual, the reporting was wildly inaccurate, which supports the comments made by the hon. Member for Colchester (Bob Russell). I found detainees who were there for many months, not expecting to be repatriated, but seeking to be repatriated to their country as quickly as possible and knowing that they would have a long wait. If people cannot be repatriated, they should be allowed to work, especially if they are being detained in prison-like conditions, as those individuals are. They should be offered the opportunity to work in the prison. Detainees at Haslar are not prisoners but detainees; the rules about the minimum wage therefore apply to them, and for that reason they are not permitted to undertake work of any kind. I sincerely hope that that problem might be overcome and that they might be allowed to do something constructive to help them to fill their days in such a difficult period in their lives, especially when, for many of them, those days will go on and on.

The Committee recommended that embarkation controls should be reinstated at UK borders to enable credible estimates to be made of the number of failed asylum seekers who remain in this country. It is estimated that reinstating embarkation controls would cost in excess of £26 million a year, but that is not a huge sum of money when one considers the dispute about who is here. The Government should seriously consider the proposal, as the issue was raised not just by one or two individuals, but was a consistent message about how to control the process and know that we have control over it.

I agree with what the Chairman of the Select Committee said about the refugee convention definition. However, we asked for negotiations to be reopened on the EU draft for the qualifications directive, which proposes harmonisation on the broader, rather than the narrower, interpretation of asylum. I hope that the Minister will say how those negotiations are progressing. The Committee visited Germany and Sweden and we are acutely aware that countries throughout Europe have similar problems to our own. A harmonised directive on the issue would therefore be helpful for all concerned.

The Committee believes that the Home Office should commission an independent review of the decision-making process of the immigration and nationality directorate and publish the results, and that the process should be subject to constant assessment and review. I understand why the Government would not want an independent review of the process, but surely, given the failure rate that is inherent in the existing system, an independent review would be helpful and would restore confidence. People take a dim view of those who are both judge and jury; the directorate takes decisions about applications and reviews those decisions. That does not smack of the fairness that the citizens of this country expect of such a process.

On the matter of the late claim in respect of the refusal of support, I, and, I presume many other members of the Committee, received today an extensive plea from Shelter about the working of section 55 of the Nationality, Immigration and Asylum Act 2002. Hon. Members have not mentioned that report, but Shelter referred to numerous cases in which there are serious problems associated with section 55. We have asked for a review, but the Government do not believe that such a review is necessary or desirable. However, I ask the Minister to reconsider. If there is no significant evidence to support those concerns, we have nothing to lose from a review. In fact, we have plenty to say that will confirm that section 55 can bring people to the point of destitution, which is totally unacceptable in this country.

Finally, I should like to touch on the temporary right to remain in the UK for some failed asylum seekers. The Committee recommends appropriate use of the power to grant strictly temporary rights to remain in the UK to those genuinely unable to return to their countries. The Government have, of course, granted leave for those meeting criteria under the humanitarian protection and discretionary leave policies, and to those whose circumstances engage our obligations under the ECHR and other considerations. However, the Government have indicated that they will not grant even limited leave to failed asylum seekers who cannot leave due to factors beyond their control, such as people making unfounded claims due to obstacles to removal. I sincerely hope that the Minister will also consider extending limited leave to failed asylum seekers who cannot leave this country through no fault of their own. We must consider that limited group of people, but that does not mean establishing a floodgate through which many will enter. It would apply to a limited number of people. I ask the Minister to consider supporting that request.

3.57 pm

Mr. Alistair Carmichael (Orkney and Shetland) (LD): I add my name to the list of right hon. and hon. Members who have welcomed the report, the strenuous efforts that have been made and the very thoughtful debate that we have had today. It has possibly been one of the best debates of this sort that I have attended during the three years that I have been a Member. That reflects well not just on the House but on the Committee.

The right hon. Member for Southampton, Itchen (Mr. Denham) introduced the debate and made two important points. First, he said that this was an evidence-based report and, secondly, that it was unanimous. Those two descriptions are important. Being an evidence-based report, it can be used to nail a number of myths, particularly those to be found in the tabloid press, to which a number of right hon. and hon. Members referred. I understand that unanimity is not easily obtained, but it is certainly worth striving for. As the right hon. Gentleman said, where there is discord among those of us in mainstream parties on an issue such as this, people on the political periphery will benefit—the British National party and its ilk in particular.

We must also recognise the role of the media—a point that was perhaps not made as strongly as it might have been, apart from in the contribution of my hon. Friend the Member for Colchester (Bob Russell). I do not know whether any other hon. Members present endured the British National party's broadcast during the recent European elections. Time and again it returned to press headlines: the *Daily Express* says this, the *Daily Mail* says that. There was talk of swamping and of a deluge of asylum seekers. We should understand that the BNP will use that type of press comment in an attempt to achieve legitimacy and respectability for its views.

Mr. Salter: The hon. Gentleman should not be too surprised about the *Daily Mail* headline. It is probably worth putting on record that this was the newspaper that in 1934 carried the famous headline, "Hurrah for the Blackshirts"—not that I bear a grudge for a long time. It is funny how leopards do not change their spots.

Mr. Carmichael: I cannot honestly say that I was surprised by the *Daily Mail*, but its attitude should concern us all. The other remarkable and commendable feature of the report and of the Committee's approach, as pointed out by several hon. Members, is its recognition of the fact that asylum seekers are not a race apart. It is dangerous to classify people in that way. They are individuals. That struck me quite forcefully last year when several students from Anniesland college, all of whom were asylum seekers, visited my constituency. They met the senior classes at Anderson high school in Lerwick. People were not quite sure what

[Mr. Carmichael]

they were coming to and what was coming to them. It was apparent after a short time together that these people were seen not only as asylum seekers, but as individuals with names and personalities that were good, bad or indifferent.

It is a pity that the hon. Member for Crosby (Mrs. Curtis-Thomas) is not here. I was astonished to hear of the small number of asylum seekers in her constituency. More asylum seekers have come to my surgeries in Orkney and Shetland than to hers. Every year, dozens, if not hundreds, of people come to the isles seeking asylum. Some are from places as far away as Birmingham, Manchester, Sussex and Suffolk. We have concerns about the effect that they might have on our local economy and culture, but we welcome them none the less.

In all seriousness, a couple of cases, one of which remains to be processed, are prominent in my constituency at the moment. I am intensely proud of the way in which the local community in Shetland has got behind my constituent Hazel Minn, a Burmese asylum seeker who is currently resident in the northern part of Shetland. Some 6,000 people have signed a petition in support of her case. That means that a significant proportion of a local community of some 22,000 have got behind an individual whom they have identified as being part of their community. Glimmers of hope like that are tremendously helpful at a time when the asylum issue is threatening to poison race relations and wider politics in this country, as the hon. Member for Reading, West (Mr. Salter) indicated.

The right hon. Member for Southampton, Itchen said that there were three factors at play: the number of applications, the time taken to process them and the removal of those whose applications are not successful. The Government have absolutely no control over the number of applicants, which any number of factors can affect. Indeed, the report on migrants throughout the world, which was published today by the Select Committee on International Development, of which the hon. Member for Banbury (Tony Baldry) is Chairman, was a useful reminder of the fact that the problem is not a UK problem or even an EU problem, but a worldwide problem.

The other two factors—the time taken to process applications and the removal process for those whose applications are not successful—are within the Government's control. Now that we have seen a dip in the number of applications to be processed, I hope that the quality of decision making at first instance will improve. That must be the opportunity that the decrease in numbers presents to us. The number of applications that are refused at first instance but successful on appeal must concern us all, because it is a matter of life and death for many people. If we get it wrong and send them back, their lives will be in danger.

I suggest that if we are able to restore some confidence in the system as a whole, we will succeed in drawing a lot of the poison that is currently a feature of the asylum debate in the UK.

I recently took the opportunity to visit the Dungavel immigration removal centre in Scotland and, at my prompting, the Select Committee on Scottish Affairs recently followed my example. I should like to give my personal impressions of that centre. The Dungavel centre is not the hell on earth that is often painted in the press and by a number of politicians north of the border. However, it is a lock-down institution—the razor wire around the walls and the number of locks on the doors make that clear. I was immensely impressed by the quality of the staff who are employed there and the dedication that they exhibited towards the day-to-day work in which they are engaged.

The institution, for all its softening at the edges, still looks and feels like a prison and I remain concerned that we are keeping children there. I know that one has to balance the need to detain the parents and the benefits of keeping the children with the parents against separating the family, and that there is no easy solution to that problem. The Commissioner for Children and Young People in Scotland is taking a close look at the situation and I hope that the Government will work closely with her.

The continued detention of children in a place like that is something that we will not be able to tolerate for much longer. It is of particular concern because many people in Dungavel, even though they are kept as well segregated as they can be, are awaiting deportation after having served sentences for drug offences or, sometimes, serious assault. One does not know what those people are capable of and we should work towards ending a situation in which they are kept in such close proximity to children.

I want to say a brief word about the confusion of asylum seekers with economic migrants. That is something which impinges on my constituency because we need extra workers in several skills-based sectors, which cannot currently be met from our own resources. We would welcome extra migrant workers. There is a particular need for extra workers in the fish-processing sector, but that need is being thwarted by the somewhat byzantine rules. I am told by one local employer that they can employ people under the skills-based sector scheme to process white fish or pelagic fish, but not shellfish. I do not understand why that should be; perhaps the Minister could find out for me. That sort of distinction seems unnecessary, hinders business, and seems to be of no benefit to the people who would seek to take on those jobs.

The Minister for Citizenship and Immigration (Mr. Desmond Browne): There is an explanation.

Mr. Carmichael: I am not expecting an immediate response.

Mr. Browne: Unless the hon. Gentleman is on tenterhooks about the issue, I shall write to him about it.

Mr. Deputy Speaker: The House is grateful.

Mr. Carmichael: If I was surprised at the *Daily Mail*, I am also surprised that the Minister does not know the answer to that question off the top of his head. I shall await his answer with interest.

I do not understand the Government's resistance to the eminently sensible proposal that there should be an independent review of section 55 of the Nationality,

Immigration and Asylum Act 2002, when so many organisations have expressed concern about its operation. Shelter has been mentioned and Amnesty is another. If the Government are as confident of their position as they claim to be, what do they have to lose by having a further independent review? I do not see what the difficulty is.

The hon. Member for Burton (Mrs. Dean) referred to the concern about the quality of legal advice given to people entering the asylum process. There is an increasing amount of evidence that people are being advised to make asylum applications when that is not appropriate. One such case is referred to in the press today. I speak as a former solicitor, and if even half of what I read is true, I am exceptionally concerned. It is time that the appropriate professional bodies—the Law Society of Scotland and the Law Society south of the border—took control of the situation. If there is abuse, it has to be tackled and rooted out, because it does no good to the individuals making the applications and brings the whole system into disrepute. Most importantly from the point of view of bodies that exist to preserve our professional reputation, it brings the profession into disrepute.

Mr. Salter: Perhaps the hon. Gentleman can advise me. As I understand it, some immigration advisers are not necessarily qualified solicitors. I have also had first-hand knowledge of people being able to get fraudulent case histories and ready-made stories to pursue cases. I believe that that is referred to in the body of evidence of the report. What good would it do to engage the Law Society and Bar Council when another cohort of people is handing out advice, some of which is good and some of which is questionable?

Mr. Carmichael: I would expect that for those engaged in immigration advice who are not lawyers—and there are some even more extravagant claims than those to which I have referred—the Office of the Immigration Services Commissioner would be the appropriate regulator. However, the frequency with which such anecdotal cases are produced is such that the legal profession should take the problem seriously and consider named individuals closely and seriously. As a one-time legal practitioner, I hope that the professional bodies will take seriously their duties to their own profession, if nobody else.

This may sound like a routine plea from the Liberal Democrats, but I believe that there must be some consideration of the EU dimension. That plea is often heard from my party, and when it is I often find it necessary to wash my hands or find urgent business elsewhere. I do not share the unbridled enthusiasm that some of my colleagues have for all matters European, but asylum is one area in which the co-ordination of action would make sense. No one European country should take a disproportionate number of asylum seekers. If individuals were claiming asylum in the first country that they reached and one country was taking disproportionate numbers, successful refugees could be redistributed to other parts of the EU. That aspect of asylum policy requires further examination. In passing, I wonder whether a common asylum policy would have the same effect on the number of applications as the common fisheries policy has had on the number of fish in the North sea.

4.14 pm

Mr. Humfrey Malins (Woking) (Con): I begin by paying genuine and sincere tribute to the right hon. Member for Southampton, Itchen (Mr. Denham) and his Committee, not only for the excellent content of their report, but for the courteous and reasoned way in which he presented it to the House this afternoon. The House of Commons works best when members of different political parties discuss issues together in a Select Committee and produce excellent reports—this being no exception. I agree with the right hon. Gentleman that in many ways we have more in common with each other on many issues than the outside world would have people believe.

I also pay tribute to the hon. Members for Burton (Mrs. Dean), for Dover (Mr. Prosser) and for Colchester (Bob Russell), with whom I spent happy days on the Select Committee when I had the privilege to serve. I remember their constructive contributions. With at least two of them I spent many happy days, and with at least one I spent many happy nights on a Home Affairs Committee trip to Europe to examine the issue of border controls as part of our first report. I will not say who that was, but I am glad to see those hon. Members in their places.

The report stresses that the asylum system—hon. Members have rightly said that there is an overlap between asylum and immigration in many people's minds—must be efficient and humane. Not a single hon. Member here this afternoon would doubt the proposition that the subject of asylum must be handled and talked about in a sensitive and reasoned way.

I remember our report on border controls about three years ago, which referred in its opening paragraph to the dreadful tragedy of the 58 Chinese who suffered an appalling death in the back of a lorry at Dover. The hon. Member for Dover has spoken about asylum matters with his customary skill, care and dedication over some years, and he will remember the beginning of that report and that dreadful tragedy. In a sense, it matters not whether those young Chinese people were genuine asylum seekers or economic migrants. The truth is that 58 young lives were needlessly lost, and that is a tragedy. That incident brought into sharp focus the issue of asylum and the need to talk about it in a moderate way.

Our report pointed out, as does the latest report, that more people are on the move. At the time of our report, we were told that there were the better part of 30 million people on the move in the world. They are moved on by conflicts, famine and war. One factor that encourages the growth of asylum applications or movement to other countries is the complete change in circumstances, in the world since 1951. The hon. Member for Reading, West (Mr. Salter) spoke about the 1951 convention and the changing times. The world was different before 1951, but what has changed it all? I suggest that two things have changed the world in many ways. First, the jet engine has meant that journeys that once took eight months, then eight weeks and then eight days, now take eight hours—and who knows, perhaps one day they will take eight minutes. Getting from A to B is so easy. Secondly, the television has beamed around the world stories about what life is like in developed countries.

We live in a changing world with many more people on the move. A great many of them are genuine refugees under the convention and a great many more are doing

[Mr. Humfrey Malins]

an honourable thing, even if they are not refugees—seeking a better life for themselves. They want to contribute wherever they go. It is a complex problem. When hon. Members say that we need to talk about it moderately and sensibly among ourselves, they are absolutely right.

This Chamber is not combative, unlike the House, which is. I sometimes note a different atmosphere here. It is more like a Select Committee, in which we are discussing a matter among ourselves. I want to make a few constructive remarks about asylum generally and some matters mentioned in the report in particular. Yes, asylum applications have increased fairly dramatically in recent years. However, on this occasion, if not on others, let me acknowledge that Governments of all political persuasions—I choose my words carefully—are capable of developing good policies and not such good ones. I hope that I made that point sufficiently gently not to have scuppered my chances of any more promotions within my party. Not every party has got it right over the years—*[Interruption.]* I may live to regret my last comment.

There was a fairly dramatic increase in asylum numbers from 29,000 in 1996 to 84,000 in 2002. Is that a problem? It is certainly a fact. There has been a drop since then, which has been welcomed in many quarters. Some credit must be due to the Government for the fall in asylum applications in recent months. Applications for indefinite leave to remain have increased so dramatically in recent years that we need to look at the European convention on human rights, and people's rights under human rights legislation. Did other hon. Members refer to that? I think that they did.

In many ways, people have been permitted properly under the law to stay in this country, and have done so pursuant to the Human Rights Act 1998. Indefinite leave to remain was granted in 20,000 cases in 2002, compared with, say, 3,000 some 10 years or so before. We need to consider such matters. The report is in part critical of the Government and in part complimentary. I say that neutrally. I am the first to acknowledge the Government's success in the past six to nine months in certain respects and am pleased to congratulate them. I also join the hon. Member for Reading, West in paying tribute to the previous Minister, the right hon. Member for Stretford and Urmston (Beverley Hughes) for her work on asylum.

Let me briefly highlight one or two areas. The report focuses on initial decisions. Those are very important. Please get it right at the beginning, because money is saved in the long term and the system is not extended for so long that people suffer the anxieties that arise when things take too long. I am a bit worried that, even now, initial decisions are being made by men and women who might not have had enough training to get it right. We are talking about a quasi-judicial role. The decision about an application is sometimes a life-or-death decision. I might not be putting it very well when I say that it is almost a judicial function, but it is a very important role and I am concerned that the starting salary of an initial decision maker is in the region of £17,000 a year. That is quite low. The training given to an initial decision maker is somewhere in the order of 27 days. Perhaps more should be given. Perhaps more front-loading—I think that the Committee used that phrase—into the beginning of the process would result in dividends further down the line.

We should consider not only the quality of initial decisions—we know that appeals against initial decisions are successful more often than perhaps they should be—but the speed of them. I do not know why it takes a long time to get an asylum decision. I wish that it could be quicker. All I do know—this is the only parallel that I can draw with my personal life, as I sit part time as a district judge and a recorder in the Crown court—is that if a lady or gentleman is charged, for instance, with assault occasioning actual bodily harm, it is almost inevitable in the criminal system that the trial will take place within a month, and that the appeal will be heard within another six weeks. Perhaps I am being too simplistic, but for much of the time the criminal justice system has great speed and it would be good if we could have more of it in asylum cases. I appreciate that this and previous Governments have had problems, but the quality and speed of initial decision making needs to be looked at.

The same goes for appeals. Many appeals can take months to get from the initial decision maker to the adjudicator. That is a pity. Sometimes the conduct of the appeal is in the hands of the Home Office. I know many adjudicators personally, so I know that at some hearings before adjudicators the Home Office is not represented. The result, of course, is that the poor adjudicator often has to give the benefit of the doubt to the Home Office—in effect, he has to conduct the case against the applicant on behalf of the Home Office. Those are handling matters, not matters of great principle. However, if they are dealt with efficiently, that can result in an improved system.

The same goes for removals. In their response to the report, the Government use the words

> "It is well trodden ground that . . . we have not been good at processing claims quickly or removing people."

Let me not be critical today, but let me say that removing failed asylum seekers is difficult. I acknowledge that. However, if the public are to have confidence in the system, those who are granted asylum should be made welcome as refugees and fully integrated, but those who are refused asylum all the way up the appeals system should be removed.

Over the years—I say that neutrally—the percentage of failed asylum seekers to have been removed has not been sufficiently high to secure the confidence of the general public. The Government have made an improvement in the last few months, but I have no answers—at least not today, although I might have some later—to the problems that the Government face on removal. Some countries find it difficult to take such people back. There are some countries, such as Zimbabwe, to which we do not return failed asylum seekers, because we are not happy about the situation there. I understand that it is administratively difficult to return people to China. As a matter of routine, we did not sent failed asylum seekers back to Iraq.

There are practical and handling difficulties, and I am the first to accept that there are no easy answers, save that it would be no bad thing if we continued to discuss the issues among ourselves and tried as best we can to reach more acceptable or better conclusions.

The Select Committee report points out that if we do not remove a high proportion of failed asylum seekers, we will move into an amnesty situation. We have had many amnesties over the years, but I am not sure that they generally inspire confidence in the general public.

I shall say a few words about induction centres. We have had a number of asylum Bills in the past three years, so I rather forget which ones I have dealt with and when. However, I am pretty sure that the 2002 Bill—it was about two and a half years ago—dealt with induction and accommodation centres. The Government say in their response that a network of induction centres will be up and running during 2004, and I believe that the Committee applauds that. Will the Minister tell us more?

We had a tremendously long debate about accommodation centres during the passage of the 2002 Bill. I pay tribute to my hon. Friend the Member for Banbury (Tony Baldry) for his diligent work on the issue, not only generally but on behalf of his constituents. The Immigration Advisory Service, the Refugee Council and many others said a couple of years ago that accommodation centres ought to be sited in urban areas and that they should accommodate 200 or 300 people rather than 750. In short, we were worried that the accommodation centres proposed by the Government were too big and in the wrong places. Our worries remain. I believe that not one accommodation centre is yet up and running. It must surely worry the Minister that that is the result so far of a flagship policy announced two or two and half years ago. Is there time over the summer months for the Minister to consider, as my hon. Friend suggested, the prospect of a slight change of tack—the possibility of smaller centres, in urban areas?

Mr. Carmichael: Is it still Conservative policy to use an offshore island as an accommodation centre for processing asylum seeker claims? The hon. Gentleman will know that I may have a constituency interest in that.

Mr. Malins: I am afraid that I have lost a bet with myself. My bet, which I worked out this morning, was that within a minute of getting on my feet I should be asked by someone today about the so-called fantasy island. I shall answer the hon. Gentleman in my own way: we are not here today to engage in an argument about party policy. In my party, at any rate—and I think that there is a semblance of understanding of this in the Home Affairs Committee's deliberations—we are considering quite carefully the merits of offshore processing of asylum applications. The so-called fantasy island was a bit of a dream of the press. We said, and we are still trying to make progress with the idea, that we have a lot of sympathy with the prospect of deciding asylum applications offshore rather than within our shores, in areas near to the asylum applicant's original country.

Mr. Browne: Will the hon. Gentleman give way?

Mr. Malins: I will, but I hope that the Minister will bear in mind that I began in a conciliatory way. Before I give way, I point out that I have not spent the afternoon trying to slam the Government for their policy in any way—yet.

Mr. Browne: I am obliged. Why is the hon. Gentleman so worried? I want merely to seek a clarification. His right hon. Friend the Member for Haltemprice and Howden (David Davis), the shadow Home Secretary, is quoted in the newspapers today as saying that it is still the intention of the Opposition to unveil an explanation of how they intend asylum applications to be processed offshore. That is different, even if subtly so, from the hon. Gentleman's expression of sympathy with the idea. Are we to rely on his hon. Friend's reported remarks in today's newspaper or on his own more conciliatory tones?

Mr. Malins: My best answer is to say that the Minister must rely entirely on my right hon. Friend on policy matters. He will understand that I began the afternoon in a very conciliatory and kind way. I hope to continue in that vein a moment or two longer.

I repeat that one of the matters that I am currently charged with is investigating further how offshore processing could be efficiently carried out, and where it might happen; we are extremely attracted to that approach and as committed as we can be, in opposition and without a Government's resources behind us, to putting it into practice when the next Conservative Government are elected. I do not say anything like "and may that be soon", because that is not my style. I say, "when the time comes".

I have been distracted. I shall return to the report that the right hon. Member for Southampton, Itchen presented to the Committee, and the paragraph about illegal working, to which several hon. Members have referred. It deals with a rather vicious situation, because most of the victims of illegal working are those who do the work, not their employers. As often as not, the employees are treated badly, paid badly and operate in unsafe, unhealthy conditions—a very sad state of affairs. I hope that the Minister will be able to put more resources into finding more illegal employers—under, I think, the 1996 legislation—and into more prosecutions of such persons than have hitherto taken place.

Bob Russell: Would the hon. Gentleman accept my earlier point about the need to follow through such investigations? We should not necessarily prosecute the immediate employer, but follow the chain, perhaps even right up to our major supermarkets, which are responsible for the suppression in agriculture, certainly in salad production.

Mr. Malins: I hesitate to agree entirely with the hon. Gentleman, whose judgment I broadly respect on every issue that we have ever discussed on the Committee together. However, his point is genuine and fairly sensible—that at the bottom of the ladder, so to speak, is the small-time person committing a criminal offence and below that person is the worker, who may be suffering deeply. It is not a bad idea to see whether there is any responsibility—if not legal, moral—among those a little further up the ladder who might be making profits. The hon. Gentleman's point is not at all bad and I accept it.

My last fundamental point is about money. Our asylum system is expensive and there is a lot to be said for diverting resources and investing them in areas of the world from which asylum seekers come. The Committee

[Mr. Malins]

seemed to agree with that and the hon. Member for Reading, West made the same point. We should invest in their economies, if we can, or in the areas nearby, and try to create conditions in which people do not want to leave those countries for economic or other reasons. When I read in a parliamentary answer from a year or two ago that it cost £1,600 a week and £80,000 a year to keep somebody at Oakington detention centre, I wondered whether that money could be better spent anywhere else, or in a different way. We all agree with that point, so I assure the Minister that I am not being critical, but reinforcing the Committee's report, which says that investment in troubled areas is wise investment indeed.

I have tried to speak with moderation to reinforce much of what was said in the all-party report and to confirm my belief that Select Committees probably represent the best workings of the House of Commons. They bring together people who are interested in getting a good result and a good policy. Select Committees are non-confrontational and are most excellent, so I congratulate the right hon. Member for Southampton, Itchen very much indeed.

I am left, as we all are, with the thought that the more we study such issues, the more we become aware that there are no easy answers. I was struck by Lord Rooker's remark when he said, I think a year or two ago, what we all know to be the truth: that, really, there is now no lawful way to claim asylum. People must either pay to enter this country illegally, so are perhaps the wrong people, or enter under one visa and then claim asylum. I do not know the answer to that, but I do know that if good MPs in Select Committee continue sensible discussions, such as those that we are having and those that gave rise to the report, we have a better chance of making progress towards the goal that we all seek.

4.39 pm

The Minister for Citizenship and Immigration (Mr. Desmond Browne): As a Minister of three months' vintage, I am grateful to the Home Affairs Committee—under the sterling leadership first of my hon. Friend the Member for Sunderland, South (Mr. Mullin), who is now Under-Secretary of State for Foreign and Commonwealth Affairs, and latterly of my right hon. Friend the Member for Southampton, Itchen (Mr. Denham)—for producing such an insightful report. I would have been hard pressed over the past few months to find a better summary of the complex issues of asylum and asylum processes. I must confess that I read the report only in the past two weeks, in anticipation of this debate, and I deeply regretted not having read it in the first week after my ministerial appointment. During that time, however, I was kept well occupied by my very able officials who provided me with substantial briefings. Indeed, there are no quiet times or slow news days in this area of public policy, and I have been busy ever since. Nevertheless, I am grateful to the Committee for its report, and to the House for timetabling the debate, which caused me to read the report. It has greatly added to my understanding of the complex issue for which I have responsibility.

While I am on the subject of reports, I take this opportunity to welcome the wide-ranging report by the cross-party International Development Committee, and especially its finding that migrants benefit the United Kingdom. That is clearly the Government's view. The evidence in the report also shows that they benefit the countries from which they come. The report was published only today, but I shall read it in full.

Those who enter by legal routes contribute economically and culturally to the United Kingdom, and they most certainly should not be seen as a problem. I include refugees among those who enter by legal routes, because the acquisition of refugee status means, of course, that people are here legally. Refugee status gives people a retrospective stamp of approval. They may have been asylum seekers at one stage, but once they get refugee status, they are here legally.

Like other hon. Members, I want to take a few minutes to comment on the great disservice that is done to debate on this issue by the lack of any moderate discussion of it. In saying that, I am, however, mindful of this afternoon's discussion, which has clearly been moderate, moderated and informed. Indeed, I might have to resist the temptation to use all the remaining time to answer the detailed and important questions that hon. Members have raised, having been informed by the report. Indeed, they may want me to do that.

However, as I was listening to right hon. and hon. Members' observations about what some organs of the media and other politicians had said about this issue, I made a short note of three episodes from my own limited experience of it. Taken together, they provide a degree of balance, and they will be a constant reminder to me—indeed, I am sure that I will have similar experiences in the future—of how important facts, not myths, are in this connection.

The first example involves the hon. Member for Woking (Mr. Malins); indeed, he involved himself in it. At the most recent Home Office questions, he asked me about the evidence that an immigration officer called Mr. Owen had given during a criminal prosecution in Swansea a short time before. Some hon. Members may remember the case, which later collapsed, amid concerns about the presence of witnesses.

The immigration officer, who had been seconded to the National Criminal Intelligence Service from the immigration service, had been put forward to the court as an expert on people trafficking. His evidence was reported the following day in certain newspapers as proof that the Government were covering up the true number of asylum seekers in this country. The headline said that there were eight times more asylum seekers than the Government said there were. In fact, the man's evidence was that in Manchester, during his experience as an immigration officer, the Chinese community disputed the census number of people in their community in that city, reckoning that the census underestimated the number of Chinese people in the community by a factor of about six.

One might ask what that matter had to do with asylum seekers, and that was a question that I asked myself when I read the story underneath the headline. That man's evidence has also been prayed in aid on the same theme by the Leader of the Opposition at Prime Minister's questions, but subsequently, at Home Office questions, I was asked a question by the hon. Member for Woking. The question was informed by the reporting of Mr. Owen's evidence, which suggested that

there was a significant underestimate of the number of people who were in this country illegally, and that we had lost control of the situation. Because of my legal background, I obtained the man's evidence and read it. He had said those things, but the problem was that he was talking about 1991. I criticise the hon. Member for Woking only gently, because like others, he is probably prepared to rely on the press, but he must be careful what press he relies on.

Mr. Malins: Yes, when I asked the Minister that question at Question Time, it was based on a report in *The Daily Telegraph*, and the Minister replied to me that the gentleman was giving evidence about his experiences in 1994, not 1991. That is what *Hansard* says, not 1991, which is what the Minister just said—but that is a minor point. However, I came out of Home Office questions and have spent the last fortnight trying to find out exactly what was said, and I still do not know. I decided in my own mind that if the Minister was right about what Mr. Owen said, I would offer him an abject apology for my misunderstanding of a newspaper report, but that if it was as I had been led to believe, I would put that to him. It may be necessary for me to apologise for quoting something inaccurately to the Minister; he does not know me well yet, but when he does, he will know that I shall be the first to do that, and that it would, if necessary, be an unreserved apology.

Mr. Browne: I am grateful to the hon. Gentleman for his generosity and I shall ensure that he receives the verbatim record of what the man said in that part of his evidence. He is right that I said 1994 in response to his question, because that is when I understood that Mr. Owen had stopped working on the front line of the immigration service and had moved to the National Criminal Intelligence Service. At that stage I did not have access to the detail of his evidence, but I knew that he had given evidence based on his own experience, which stopped in 1994.

However, by referring to the source of his question, the hon. Gentleman also raises an interesting point, given my own research and observations on this story. I shall not trouble hon. Members much further with the matter, but I collected all the reporting of that evidence, and although all of it in different newspapers ran under different bylines, it was almost verbatim. In fact, in the more lurid tabloids, the reporting was almost verbatim, as it was in *The Daily Telegraph*, but it was presented to the public under different bylines. There may have been five or six court reporters from various newspapers, but I suspect not. I suspect that a stringer gave that information, either through the Press Association or in some other way, to a number of newspapers, and stories were written with only one word different here or there.

That is exactly the sort of thing that can inflame the situation and cause serious difficulties. If people who may be suspicious about certain tabloid newspapers can go to quality newspapers and find exactly the same facts reported in exactly the same way but under a different byline, they will treat that as corroboration, and because of the way in which our newspapers are compiled these days, that is not always the case.

The hon. Member for Banbury (Tony Baldry) has already referred to my second experience, which was the way in which my publication of the EU accession states figures on migration yesterday has been received. In my view—I am grateful to the hon. Gentleman for proving that this is correct—that evidence proves conclusively that there will not be the flood of migrants from the EU accession states with which we were threatened. One newspaper threatened a flood equivalent to the size of the population of Latvia.

We are not going to be flooded. Despite the hysterical whipping up that such reports were designed to engender, that has not happened. However, far from admitting that that was the case, one such newspaper identified part of the figures this morning, and under the headline "14,000 come out of the woodwork", it suggested to its readers that somehow people who had been working in this country and had subsequently registered under the workers registration scheme were to be equated, one would assume, with woodlice or some other form of beast. However, it ignored totally the reality of those figures and the conclusions to which their evidence leads.

I want to share one final anecdote with the Chamber. As part of the process of learning this job, just to show hon. Members that I am not naive and do not have blinkers on, I went to the asylum seekers unit in Croydon to experience as far as I could the process of making a claim for asylum. It was easy to participate in part of that process, but there was a part of it that I could not do; I could not actually be interviewed. Arrangements were made for me to sit in on the interview of an asylum seeker.

As I sat in on that interview, I was struck by how manifestly honest the asylum applicant was being. He narrated a story that in no circumstances would ever have secured refugee status under the 1951 convention. He said quite simply—it was an appealing story in its own way—that he had been living with his parents, who had died in a car crash, and he wanted to come to London to live with his brother, who was settled here. One can understand that; it is an entirely human need, but it would never qualify anyone for refugee status under the 1951 convention. Having listened to that, and having confidently expected that he would have been tutored to tell an entirely different story—if not by his brother, by an agent or someone else—I was impressed.

As he left the room with the caseworker who was dealing with the case, I was left with the interpreter. I said to the interpreter, "Well, at least he was an honest man." He said, "No, he wasn't." I asked why, and he said, "Because he's an Egyptian." I said, "How do you know?" and he replied, "Because he has the strongest Egyptian accent I've ever heard in my life. Just as I know you're a Scot, he's an Egyptian." Tangentially to that story, the report raises the issue of language analysis. We will have to develop our skills in that area and share them with the skills being developed by our partners around the world, with whom we work closely on such issues.

There is a lot to be gained from language analysis, just as there is a lot to be gained when making decisions about the credibility of claims by improving our ability to identify the age of applicants and to distinguish minors from those over the age of majority. It is known, of course, that we will treat minors in a particular way, particularly unaccompanied minors. I accept that it is helpful to have a discussion informed by the Select Committee's work on language analysis, and we are

[Mr. Browne]

continuing to work on that. The evidence of that interpreter would probably not be led by us or produced before any judicial authority because an interpreter, although he is a skilled person, is a not a language analysis expert, and expertise of the nature that we are being encouraged to use does not come cheaply. I share those few short and quite moderate stories to show the nature and complexity of the area of public policy for which I now have responsibility.

This debate gives me an opportunity to express my unstinting admiration for my predecessor, my right hon. Friend the Member for Stretford and Urmston (Beverley Hughes). I bow to no one in my admiration for her as a Minister. We have heard in contributions from across the House recognition of the significant improvement in the processing of asylum claims and the security of our borders, much if not all of which is down to her work as a Minister.

It is my deep regret that I came to this job in the way that I did. It is characteristic of the woman that she should have resigned. I did not think that she needed to. I thought it was perfectly understandable that she had forgotten about the information that she had been given, which turned out to be misleading, given the pressure on her and her work load, which I now have some experience of. She did not need to resign. But she did, and it is characteristic of her that she should have done. She is an intensely honest and honourable person. My further regret is that at the point at which she resigned and when she was under most pressure, so few of those who have since told me that she was a good Minister and an honourable individual spoke up for her. They remained silent while some of their colleagues were doing the maximum damage to her. I deeply regret that that has happened.

Some of those successes have been recorded in the report. It would do no harm and it would be helpful to some of the other remarks that I have to make in response to this debate if I just record some of them. Asylum applications in the UK are now down to their lowest monthly level since 1997, a cut in intake of over 60 per cent. from its peak in 2002. Whether that will turn out to be a dip or the beginning of a trend, time will tell. But no one who understands this area of public policy would be silly enough to say that that reduced level will be sustained. It is subject to many other factors, some of which, as the hon. Member for Orkney and Shetland (Mr. Carmichael) said, are outwith the control of any Government.

It should be noted that that is the biggest percentage reduction in asylum intake in the EU. Contrary to those who suggest that our success is based on the smoke and mirrors of fiddled figures, these statistics have been verified by an independent inspection by the National Audit Office as being genuine. The backlog of cases waiting to be decided is at its lowest level since the early 1990s. The last figures that we published put it at less than 18,100, compared with 60,000 in 1996. I happen to know that the current figures are even lower.

Hon. Members stressed the importance of quick decisions. Decision-making processes are quicker than ever: 80 per cent. of asylum claims are now decided in less than two months, compared with an average of 20 months under the previous Administration. I say that for illustrative purposes only. Cases that go through our fast-track procedure are dealt with even more quickly. As has been recognised, we have increased the number of removals to record levels, as well as putting in place measures to encourage failed asylum seekers to leave the country voluntarily, and to support them in doing so.

These successes have come through the application of the strategy outlined in the 2002 White Paper "Secure Borders, Safe Haven", which I am pleased the Select Committee endorsed. As well as taking robust action to prevent abuse of the asylum system, we are committed to an international approach to helping genuine refugees worldwide. As has been recorded in the debate, we have, for example, recently welcomed refugees in need of our protection who were brought direct to the UK from west Africa. We are also supporting better integration of those who are granted refugee status or another form of protection, including through the new citizenship ceremonies that we have introduced.

I will now seek to answer as quickly as possible some of the points made by hon. Members. It is not my intention to fill the available time, but a number of important points were raised, not the least of which concerns the quality of decision making. I have spent almost all my professional life dealing with processes—judicial and quasi-judicial processes—involving decision making. I therefore know that if one has an unmeritorious case, the best thing that one can do is to delay. In almost any judicial circumstances, delay is the friend of the party who has the case with least merit, because, as Mr. Micawber said, something will turn up. Things turn up because circumstances change. Any lawyer worth his salt knows that delay is the friend of those whose case is without merit.

Consequently, I am, and I was when I came to this job, unimpressed with the argument that the high overturn rate on appeal reflects the quality of initial decisions. I have spent significant time over the past three months considering a correlation between the overturn rate on appeal and the layered appeal processes that exist in asylum cases, including the quasi-appeal processes that are quite often brought to bear at the very end of the process and mostly in the 12 hours before removal. That is when people make further asylum claims or human rights claims.

I have considered all that with some care and have come to the view that the reason why many cases—I do not say all—are successful at subsequent appellate stages or later stages and have not been successful at initial appeal stages has more to do with the time gap between the initial decision and the eventual resolution of the case than anything else. Significant things happen to change people's circumstances in that time. In many cases that I have read—I have read hundreds in the past three months—the circumstances that applied to the eventual decision were quite far removed from those that applied to the initial decision.

That is a function of a number of factors that come into play. The hon. Member for Woking identified one: we have made the European convention on human rights justiciable in this country. The hon. Member for Orkney and Shetland has a quizzical expression on his face and his brows are furrowed as if he does not understand that point, but I will explain it to him simply. A single man who comes to this country and applies for asylum may well within a comparatively short time, and

almost certainly within a longer period if he manages to stay here, have a claim under article 8 in relation to his family life.

That is only one example; there are any number of others. Some have to do with the changed circumstances of the country of origin, and some have to do with changes relating to the Government of the country of origin. Some have to do with all sorts of other factors that are outwith the control of most of the individuals involved in the case, and certainly of the asylum seeker himself.

What is known to asylum seekers and those who advise them is that by far the best friend that someone has in the asylum process is time. If the process can be elongated, the chances are that even the most unworthy claim will come out the other side with some argument. I am not saying that that happens in all cases, but we should be wary of equating the outturn of appeals with the quality of initial decisions and of saying that there is a direct correlation. There is some correlation, but it is not straightforward.

The Government take the quality of initial decision making very seriously. I agree with my right hon. Friend the Member for Southampton, Itchen, and the phraseology that he used, which was repeated by others: we should front-load resources so that we get quality decisions at the outset. That is what we are doing. We have a comprehensive action plan to raise standards further, we are looking at training, and we are working with the United Nations High Commissioner for Refugees. I recently met representatives from that organisation, and it is about to embark on a pilot with us to find out how it can significantly assist us.

Treasury solicitors already provide some external assessment of decisions, and there will be ongoing external assessment by the UNHCR. That will respond to the Select Committee recommendations to some degree, but it will not take us as far as the Committee wants us to go. We are satisfied—I qualify that by saying that we are satisfied in general terms—that caseworkers finish their initial training with the skills required to make sound initial decisions in asylum claims, and that we are putting in place the level of support and continued training needed to help them through that process.

It is not entirely clear to me what the hon. Member for Woking suggests. I do not think that he suggests that we should recruit people with a better quality of professionalism to do that work; I think that he suggests that if we pay people only £17,000 to do that job, we are not likely to get the sort of people who can make decisions that will stand up to the appeal process. I do not agree. I accept that such decisions are important, and that they are administrative decisions of a quasi-judicial nature, but I believe that we can, with the caseworkers and decision-making process that we currently use, get a level of support, certainty and professionalism with which we can improve on the improvements that we have already made. However, we are open to a degree of independent assessment of that.

Mr. Malins: I have never heard the answer to this question. Does the Minister have any idea—I am sure that he does, considering his expertise in this area—what percentage of initial decision makers are graduates?

Mr. Browne: I do not know, but I spend an increasing amount of my time at the front line of this business, which means going to Croydon and speaking to and working with the people who make initial decisions—I urge right hon. and hon. Members to do the same, as it is an important thing to do—and I am impressed by their expertise. I came to this job with an interest in certain areas of the world, and I have had some of the most informed and best discussions about the politics of such areas with caseworkers in Croydon who specialise in cases involving those areas.

That leads me to the Select Committee's recommendation that asylum caseworkers should specialise more on applications from particular countries. The obvious purpose of that recommendation is that people should build the expertise to make the sort of difficult judgments that need to be made in asylum cases. There is already a good amount of country specialisation, but the requirement to decide 75 per cent. of all new applications within two months of the date of application that we have properly introduced, and the huge range of nationalities of those applying—albeit that there is a top 10 list of countries from which most applicants come—mean that caseworkers have to consider a range of cases.

I should also point out that with over-specialisation there is a danger that people will become case-hardened to particular circumstances, or that they will become so used to hearing about those circumstances that they do not treat cases on an individual basis. We must be careful not to create that sort of unintended consequence.

I come to the issue of enforcement and removal. As I said, although we have, in the past year, managed to return record numbers of asylum seekers to their country of origin or to third-party countries where their asylum claims ought better to be processed, we are not complacent about this issue. There is still a significant amount of work to do, but we are determined to remove those who have no right to be in the United Kingdom, particularly failed asylum seekers. Provisional figures show that, excluding dependants, we removed 21 per cent. more asylum seekers in 2003 than we did the year before.

Bob Russell: The Minister will agree that Russia can be described as a safe country. Will he accept that Chechnya, which is officially and technically part of Russia, is not necessarily safe, and that Chechens returned to Russia, to Moscow or St. Petersburg, may not necessarily find their way back to Chechnya? In such circumstances would the Minister accept that returning Chechens, especially young males, to Russia other than directly to Chechnya puts their lives at risk? The British Government should think very carefully about what route, if any, should be given to young Chechen males who perhaps are so much in fear of their lives that they should be allowed to remain here.

Mr. Browne: I suspect that what lies behind the hon. Gentleman's question is a specific case, or cases. If he wants me to respond to the circumstances of a particular case I should prefer to have an opportunity to identify that case and to check whether the factual basis of his question is borne out by the circumstances as we have recorded them. I shall deal with his question in a general way, but not in relation to a specific country.

[Mr. Browne]

A couple of years ago, the Home Secretary stated that there were no longer any no-go countries in respect of returns. There is an inherent logic in that approach, because our current processes allow people to claim asylum on the basis of the convention, and then they will be considered for discretionary leave to remain or humanitarian protection. With respect to members of the Committee, who are intelligent, well informed and able, there is an illogicality in having a further process of protection after people have gone through that process, and an even deeper illogicality to say that that person cannot then be returned to their country of origin, because those are just the sorts of arguments that should be considered in an earlier part of the process.

I was not a Minister at the time, but I accept the Home Secretary's logical approach. He said that we would no longer deal with the issue on the basis that there are countries to which we will not return people, but we will consider individuals on a case-by-case basis. The hon. Gentleman will understand my reluctance to be drawn into discussions about nationalities or countries, but I agree with him that whether an individual should be returned should be considered on the merits of that individual's case. It is crucial to consider the route by which a person is returned, because it would be counter-productive to have ambitions in terms of a safe return but to attempt to return people by a route that would expose them to unnecessary dangers.

Mr. Denham: I do not think that the Minister is right to say that it is illogical to have a further stage of protection, because the issue that is being determined is different. The first question is whether someone has a right to be a refugee. The question whether someone who has no right to be a refugee none the less cannot be safely returned involves the application of a different test under a different law. The reality is that there is a set of people who, I fully accept, clearly have no right to be here as refugees, but whom we cannot practically return. The question raised by the hon. Member for Colchester (Bob Russell) and by this report is: how do we most appropriately deal with those people who cannot be returned to their country? It is not illogical to say that we must deal properly with that part of the system, just as we deal properly with the initial application.

Mr. Browne: I have no difficulty in agreeing with every word that my right hon. Friend said. I do not shirk from my responsibility to apply our policies in a humanitarian way that serves our overall policy objective of considering the process holistically. We should consider asylum applications as being applications processing. If status is granted, quick movement to integration and settlement in our community should follow. Alternatively, if the judicial and appeal processes conclude that someone has no right to be in this country, there should, if possible, be quick removal. We will enhance the prospects for achieving that by doing the sorts of things—recommended by the Select Committee—although not all of them.

One recommendation was to speed up the process, and we have moved significantly towards that; 80 per cent. of asylum applications are dealt with at the initial stage within two months. Proposals before Parliament at the moment would allow us to shorten the appeal process significantly. That would mean that the element of unnecessary time injected into many cases can be removed—I accept that it is sometimes injected because of the inefficiency of Government processing. We should be able to deal with people at the point at which we seek to remove them in a context near to the circumstances in which they presented themselves. That would reduce some of the blockages to removal created by changed circumstances and further appeals.

We are faced with the challenge of designing a system of support and contact management. The Select Committee report made interesting observations about the handing over of decisions. I read them carefully and will take them into account. We must maintain contact with people so that we know where they are and do not have to use expensive enforcement resources to find them and get them to the point of removal.

Equally, citizens must be internationally documented so that they can travel to where we want to return them. That would interdict the almost 100 per cent. practice of claimants destroying, losing or hiding their documents, or in some cases not having them. It would also interdict agents from encouraging them to do so. Legislation before Parliament would help us to deal with that problem, but we will deal with it in practical ways as well. We are becoming far better, particularly at ports of entry, at identifying where people have come from. For example, if we know which terminal building they arrived at, we can identify flights that they might have come on.

With the help of carriers we will ensure that, where appropriate, copies are made of travel documents before people travel. That will greatly help in the process of returning people with their travel documents. We also need co-operation from other countries and Governments to re-document their citizens. We have great difficulty re-documenting citizens of some countries. That may be because of slow administration, as the hon. Member for Woking identified, or other factors such as a country's view on accepting citizens returned against their will or other diplomatic and political issues. We need to address those issues, and to improve our ability to re-document those citizens.

However, there will always be failed asylum seekers in the UK whom we are unable, or unlikely to be able to return to their country of origin. We therefore, as the report identified, need a policy that supports those people appropriately. The Government's view is that the support appropriate for those people is available under section 4 of the Immigration and Asylum Act 1999. The report identified a lack of knowledge about section 4—that point was responded to by the Home Office—and we are now making it clearer to individuals. Indeed, in letters that I send to representatives I am making it clear that section 4 exists, and we are making clear to some individuals the opportunities that section 4 provides.

As with all this area of policy, the situation is not static, but dynamic. Hon. Members are right to identify that our responses to the challenges of a substantial increase in the number of asylum seekers generate policies that may not be entirely appropriate when those numbers are considerably reduced and maintained at a reduced level. If those reduced numbers persist, that

may give us the opportunity to examine carefully how we apply those policies, and to consider some of the issues that are raised by the report.

Several hon. Members raised the important issue of illegal working—

Tony Baldry: Do I take that last sentence or two to be a policy line on accommodation centres—that changing circumstances may mean a change of view—or did I misunderstand that?

Mr. Browne: No, I was talking specifically about the issue raised by my right hon. Friend the Member for Southampton, Itchen—the need for us to be able to work in a coherent way and for there to be a process that my right hon. Friend the Secretary of State often refers to as being firm, fair and fast. By fast, we also mean efficient. That is at the heart of what we need to do. If we are able to do that with reduced numbers, the challenges that will face us at either end of that process may be different, and we may be able to respond and apply our policies in different ways. However, the policies remain the same, and that would include the policies in relation to accommodation centres. I am sorry to disappoint the hon. Gentleman, but he will understand why, on the day that the dispute in relation to the accommodation centre in his constituency is before the court, I do not want to discuss that in detail. I hear what he has to say but, as presently advised, our policy on accommodation centres remains unchanged.

We are disappointed that the Office of the Deputy Prime Minister decided not to grant planning permission for an accommodation centre at RAF Newton, but we have now accepted that decision. I have been true to my word that we would respect the planning process in relation to accommodation centres, and I am sure that the hon. Gentleman will be able to use that fact to convince his constituents that some of the more extravagant suggestions about a grand conspiracy by the Government in relation to that issue could not be true. We will respect the decision of the court on the accommodation centre in his constituency. However, he knows what the Government's position is—we debated it in this Chamber not long ago.

I shall now return to the issue of illegal working. Illegal working is an important aspect of asylum policy. There are calls in the report for us to improve the operation of section 8 of the Asylum and Immigration Act 1996, and I believe that we have done that since the report was published by amending the list of documents that employers can accept as proof that job applicants are entitled to work in the United Kingdom to include documents whose security we are more able to guarantee.

As hon. Members will know, part of the problem was that it was difficult to prosecute an employer under section 8 because so many documents that were acceptable as evidence that a person had the right to work in the UK were forged. Since the report was published, we have removed documents that are easily forged from the list, and our courts will now be able to accept a defence only if the secure documents are produced. In addition, we have significantly increased our enforcement activities on illegal working. Although that has not yet been reflected in an increase in successful prosecutions of employers, significantly more are in the pipeline. I am sure that hon. Members will be reassured by that.

As I would argue that success on appeal is not necessarily a correlated reflection of the value of initial decisions, hon. Members should not see the numbers of successful section 8 prosecutions as a reflection of police or immigration service activity. Collection of information is often crucial in enforcement, and the objective of an investigation may not be an employer whose premises house the illegal workers, but perhaps a bigger fish—an illegal gangmaster or agent for example. It is appropriate that we are having this debate on the day that the Gangmasters (Licensing) Bill receives Royal Assent, and we will work to ensure that that legislation works as intended.

Bob Russell: In the spirit of what the Minister has just said, will he urge his ministerial colleagues in the Department for Environment, Food and Rural Affairs to call on the four major supermarket firms to produce an audit trail for the produce on their shelves, covering whence it has come and the route it has taken?

Mr. Browne: That is an interesting suggestion, and if I recollect correctly, there was some discussion about the issue in a relevant Environment, Food and Rural Affairs Committee report. What I can tell the hon. Gentleman is that, in implementing the Gangmasters (Licensing) Bill and the processes relating to it, the Government intend to consult supermarkets widely and involve them. I do not think that the Government have the power to require the supermarkets to do what he suggested, but I suspect that there will be such dialogue between supermarkets and my colleagues in DEFRA in the context of that new legislation.

I have taken all the available time, but I have not answered all the questions. That is a reflection of the importance and complexity of the issues that have been raised rather than an inability to get through them all. My hon. Friend the Member for Crosby (Mrs. Curtis-Thomas) asked a specific question about the current state of the negotiations on the EU qualifications directive. The negotiations have finished, and the directive has been agreed and adopted. My hon. Friend will be pleased to hear that.

I will write to hon. Members on the other issues that I have not been able to reach during this summing up. My final point is to say that I am grateful to all hon. Members for the way in which they have approached the debate and for their obvious support for the thrust of the Government's policies. I look forward to that spirit—

It being half-past Five o'clock, the motion for the Adjournment of the sitting lapsed, without Question put.

Westminster Hall

Tuesday 13 July 2004

[MR. BILL O'BRIEN *in the Chair*]

NHS (Thames Valley)

Motion made, and Question proposed, That the sitting be now adjourned.—*[Paul Clark.]*

9.30 am

Mr. David Cameron (Witney) (Con): I am delighted to have the opportunity to open this debate on the national health service in the Thames valley. My remarks will focus mainly on my county of Oxfordshire, where the state of the national health service remains a huge concern to my constituents. I held a debate on the NHS in Oxfordshire more than two years ago in this Chamber, and rereading it today, the issues are depressingly familiar: the closure of cottage hospitals, problems at the John Radcliffe hospital, staff shortages and bed blocking. I am not going to make exactly the same speech again, but there will be similarities.

It would take a heart of stone not to repeat to the Minister the pledge that we heard so many times from Labour in 1997—"24 hours to save the NHS". In Oxfordshire and parts of the Thames valley, seven years on, it all sounds rather hollow. I shall put a genuine puzzle to the Minister this morning. There have been huge increases in spending on the national health service in Oxfordshire—no doubt the Minister will dazzle us with the statistics at the end of the debate—so the puzzle is why, with all the increased spending, the news flow about the NHS in Oxfordshire and the Thames valley is so bad.

Let us take a number of true stories from the past 18 months. They come from my postbag, my surgery, local newspapers and local doctors. The Witney minor injuries unit is to be shut in the evenings. Community beds are to be cut throughout the county, north and south. Ambulance stations are to close, including the two in my constituency, Witney and Chipping Norton. A new out-of-hours service is to be introduced, which will give less than the good service that we enjoy now. There are blocked beds, cancelled operations, financial problems and large deficits at the John Radcliffe, and substantial cuts are set to follow. As is the case across large swathes of the country, no NHS dentists take new patients except in emergencies.

If that sounds like a list of moans and groans, that is because it is. Those problems are all genuine and all inconvenient, and sometimes a lot worse, for my constituents. First I shall try to explain the three problems at the heart of the NHS economy and the health economy in Oxfordshire. I will then rewind and run through some of the individual problems that I have mentioned in more detail. I will finish with a few suggestions for the Minister on how to try to start to put the NHS economy in Oxfordshire back on track.

In the spirit of fairness, I should say that there is some good news—Thames Valley strategic health authority helpfully gave me a sheet entitled "Good News". Waiting times were 11 weeks on average at the end of 2003–04, compared with 14 and a half weeks the previous year. Accident and emergency waiting times were dreadful in Oxfordshire; we no longer have people waiting more than 12 hours for admission—but no one should ever have to wait in accident and emergency for 12 hours. We no longer have many four-hour waits in A and E, but sometimes waits are still very long.

I have spent quite a lot of time in the John Radcliffe hospital over the past couple of years with my son, who is severely disabled. We have had some long waits in accident and emergency, but recently it has got better. The care that we have received at the John Radcliffe—normally on ward 4C, known as Smallpiece—has been superb. I pay tribute to the wonderful caring nurses who have looked after us, and the excellent doctors and consultants. We have had our problems trying to get discharged, particularly with the right set of drugs. When asked, I always say that the John Radcliffe is hard to get into and hard to get out of, but it is wonderful while one is there.

To return to the mystery: what is wrong with the health economy in Oxfordshire? As I have said, at its heart lie three problems. First, Thames Valley receives low funding per head of the population—according to the head of the Thames Valley strategic health authority, whom I met last week, it is the lowest in the country. Of course we are a wealthy and, as a result, quite a healthy area, but the money is asked to stretch very far compared with what happens in other parts of the country.

The second problem, which is at the heart of all this, is the state of the finances of the Oxford Radcliffe Hospitals NHS trust. Last year, the trust faced a deficit of more than £40 million, and broke even only with £25 million of external support and housekeeping savings of £20 million. This year, it looks as if the situation will be even tougher. The external support will fall and there are additional cost pressures, which include the consultants contract, the pressure on the drugs budget, and NHS inflation. The Thames Valley strategic health authority financial performance report put it like this:

"The Oxford Radcliffe position is now £10m worse than the original plan: a £7m shortfall on the savings originally planned, £2m further costs of the Consultant contract . . . and £1m of other pressures (mainly activity-related). Overall, there is a potential deficit of up to £45m, to be reduced by the further savings plans that are being worked on."

On the general situation in Thames Valley, the report says:

"The overall level of savings needed to give breakeven would be £154m, equal to an average 7.6% of PCT allocations. There is £14m of planned support available towards this, which still leaves a requirement for £140m"

of savings, which is

"almost 7% of allocations overall. This level of required savings creates significant financial risk, reflected in the deficits currently forecast."

There are also significant risks that there would have to be substantial cuts in NHS services in order to meet those deficits. That is what the Minister has to focus on. We can all look at the Thames Valley SHA report and see the reductions in services that will be needed in our own health areas.

For Oxford Radcliffe Hospitals NHS Trust, even the earlier figure mentioned as the amount needed for savings—£35 million—is 8.7 per cent. of its income.

[Mr. David Cameron]

That would mean making substantial reductions. I meet the new team at the Oxford Radcliffe Hospitals NHS Trust regularly, as do colleagues, and it seems to me that Sir William Stubbs, Trevor Campbell Davis and their team are trying to get to grips with the real problems. However, the size of the deficits make it likely that there will have to be significant cuts, including redundancies. Given that we are endlessly being told that the health service is expanding rather than contracting, that seems extraordinary. I hope that the Minister will look into the matter carefully.

My hon. Friend the Member for Banbury (Tony Baldry) has been raising the issue consistently. As a former Minister, he does not cry wolf, and he has looked into the matter carefully. However, the problems continue, and he has written an endless number of letters to the Department of Health about them. I appeal to the Minister to take some time to consider the Radcliffe, try to understand what is wrong, and make sure that front-line services do not suffer.

The Oxford Radcliffe Hospitals NHS Trust towers over the rest of the health economy in Oxfordshire. Its problems and deficits have caused problems for all other trusts. The reductions in the rest of the budgets set out in the Thames Valley SHA plan may look small, but one has to remember that the primary care trusts are very small, and have little discretionary spend. Most of their money is already allocated to GP practices and to commissioning in the health service, so any cuts that they have to make will hit the extra services that they have been funding, such as community health services.

Part of the issue is funding, and part is the fact that the health system seems to have a problem with a hospital as complex as the John Radcliffe. It is a district general hospital, a specialist referral centre and a teaching hospital. That can give it something of an identity crisis. More to the point, the system does not seem to reward it adequately for all that it does. The John Radcliffe strategic review is now under way, and we hope that it will settle some of the issues. I hope that the Department of Health will engage in that process.

Both the strategic health authority and the John Radcliffe have mentioned to me the way in which research and development is funded under the trust. They believe that there is a shortfall of some £7 million to £10 million. I would like the Minister to look into that, and perhaps write to me after the debate.

Matters are made worse by the third problem at the heart of the health economy of Oxfordshire, and it is a problem that also applies to the rest of the Thames valley—the high cost of living for our constituents and ourselves. House prices in parts of Oxfordshire are well above those in parts of London, so the temptation for nurses and doctors—just as for teachers and police officers—is to train in Oxfordshire and then go to lower-cost areas of the country. That partly explains the high level of vacancies in Oxfordshire. There is a 10 per cent. vacancy rate at the Oxford Radcliffe Hospitals NHS Trust, and that helps to explain the truly frightening figures for the use of agency staff. We all know that use of such staff is a tremendous waste of money, when we should have permanent staff.

The high local costs have been, and still are, a problem, but I believe that they are about to become even more of a difficulty. The Government are moving the NHS towards a tariff system for costing operations and a concept of payment by activity and payment by results. A cynic might say that that sounds a little like the internal market that they abolished with such a fanfare seven years ago, but we will let that pass.

The new problem for the tariff, as I understand it, is that the costs of some London hospitals will be adjusted by 30 per cent., but the cost of the John Radcliffe hospital and other Oxford hospitals will be adjusted by only 3 per cent., even though the costs in Oxfordshire, as I said, are very high. Indeed, this tariff derailed the one piece of good news that the Government hoped to announce about the Oxfordshire health economy—the fact that the Nuffield orthopaedic centre, or NOC, had applied for foundation status. The way in which the tariff system will work is one reason why NOC's application for foundation status had to be rejected, so the thousands of hours of work and the thousands of pages of paper that it produced for the application were all in vain.

I have set out the problems of the overall funding situation, the special position of the John Radcliffe hospital, and the costs in Oxfordshire and the Thames valley, so I shall go into a little more detail about some of the key health issues that now affect the county in general and my mainly rural constituency in west Oxfordshire in particular. First, there are the community hospitals—an issue that is close to the hearts of many of us here today. We in west Oxfordshire are scarred because of the experience with Burford hospital, a much loved hospital that was closed after 1997. We were told that money would be reinvested in the area, and that there would be new community hospitals in other parts of the county, but so far we have been very disappointed.

Cottage hospitals are in a very strange position in the modern NHS. Patients love them, and write to me and to other Members about the wonderful intimate care that they receive in them. Local GPs like them, and the fact that they can visit their patients as they get ready to go home. Local communities adore them, and work their socks off to raise money to equip and endow them. The only people who seem not to treasure the cottage hospitals are those in the local NHS.

The most recent threat comes in the shape of the southern locality plan and the northern locality plan, whose raison d'être appears to be to reduce the number of beds in community hospitals. Whenever one asks why it is necessary or desirable to reduce the number of beds, one is pointed towards a study on the shifting balance of care and the White Paper entitled "Shifting the Balance of Power", which is all about trying to ensure that people are treated in the right setting. As my hon. Friend the Member for Banbury said, it should be called not "Shifting the Balance", but "Shifting the Blame", because the local emphasis has been on trying to save money in the Oxfordshire health economy to cope with the deficits at the John Radcliffe hospital.

I have four points to make about that. First while 100 to 150 beds are still blocked at the John Radcliffe hospital, it seems perverse to be trying to close beds in

community hospitals. I should add that representatives of the John Radcliffe hospital gave me those figures in my meetings with them; I did not make them up.

Secondly, representatives of the John Radcliffe hospital argue that Oxfordshire has too few beds, not too many, so we must ask why their view is different from that of the PCTs. Thirdly, if Oxfordshire health chiefs want people to believe that more care can be delivered at home rather than in a hospital, they must first prove it. Given our natural scepticism, it is not good to say, "We'll all be fine and there will be much more treatment in the home," when we know from our postbags that social services cannot currently deliver that care in the home. After everything that has happened, we are sceptical, which is not surprising.

Fourthly, work needs to be done to determine whether the community hospitals operate at or near full capacity. There seems to be some disagreement about that, as the hon. Member for Oxford, West and Abingdon (Dr. Harris) said in his Adjournment debate some weeks ago. If they do operate at full capacity, and it is my understanding that some of themdo so much of the time, it seems hard to believe that the number of beds should be reduced.

The next point in my list of woes on the Oxfordshire health scene is about the way in which the Witney minor injuries unit has been managed. There have been two announcements that the unit would have to shut in the evenings. The first was because the John Radcliffe hospital was withdrawing staff from the unit so that it could meet its own four-hour waiting limits at its accident and emergency department. That is targetitis gone mad: one set of targets is met by shutting provision elsewhere. No one needs to worry about missing targets at the unit because, hey presto, it has shut—and if it is not open, it cannot have a four-hour waiting time. That is madness. Then the minor injuries unit was threatened with evening closure because the emergency nurse practitioners were hired by the PCT responsible for the Witney hospital to run the out-of-hours doctors service at Abingdon hospital. I hope that that will not appear in the manual of how to practise joined-up government.

West Oxfordshire district council stopped the closure by bravely taking the PCT to the High Court for its failure to consult, and reason now seems to be prevailing. However, I repeat the message that patients, staff and their communities at large value their community hospitals, and we should consider ways of building on them. They, too, suffer from the difficulties of recruiting and retaining staff, and the problems with the minor injuries unit prove just how thin the cover can be: if one nurse is off sick, the whole service can be threatened.

Wanting community hospitals to succeed is part of the solution. West Oxfordshire district council would help with key worker housing if the staff kept some of the rural facilities open. That is only right and natural, and the council would be doing its job of looking after local services. The health authority should be talking to the council.

I cannot stress the rural factors enough. We are often told, "The ideal size for a hospital is 60 beds, so your small cottage hospital just won't work." However, if people in rural areas were offered a choice between the perfect hospital 50 miles away and their present hospital, they would choose to keep what they have. To put it bluntly, in rural areas, living a long way from a hospital can mean death. We would rather keep what we have in Witney and west Oxfordshire than have the ideal hospital—or courthouse, or care home—somewhere else.

I turn now to the proposed out-of-hours service to cover for doctors. I shall then deal with the ambulance service and the proposals for Chipping Norton hospital, before making suggestions for the future. We all understand that out-of-hours cover was proposed because of the new GP contract, but my constituents want a simple answer to one question: will the new service be at least as good as, or better than, the existing service? At the moment, it is hard to believe that the answer could be yes.

In the South West Oxfordshire PCT, which covers about half my constituency, doctors' practices run a co-operative system, under which a doctor is on call. That is to be replaced by a service run out of Witney hospital, under which a paramedic will be on call. Anyone needing a doctor will have to go to Abingdon, which will become the hub of the service, with Witney as a spoke. For those who live in the countryside—in Leafield or Charlbury, for example—getting to Abingdon can take about an hour. People will not go to Abingdon; they will get in their car, drive to the John Radcliffe hospital and further fill up an already overcrowded A and E department. If the money being put into services is intended to improve them, it would seem logical to make Witney a hub, like Abingdon, because that is what it is to our villages. The service should also provide cover by a doctor as well as a paramedic.

With ambulance stations, I accept, as I am sure my constituents do, that it is the level of service, not the bricks and mortar, that matters. We should not be too sentimental about bricks and mortar, but people are sceptical about the level of service that they will receive when the ambulance stations in west Oxfordshire close. They are used to seeing the stations in their communities.

There is, however, a simple answer to that problem; I hope that colleagues will join me in recommending it, and I press the Minister to take it up. At the moment, the ambulance service is required to meet the eight-minute response time 70 per cent. of the time. However, that is calculated on a county-wide basis, so if the service concentrates on meeting its targets most of the time in urban areas such as Oxford, it does not have to worry so much about the rural parts of the county. Why not have a new stipulation that the eight-minute response time must be met 70 per cent. of the time in every part of the county, including rural areas? One could ensure that that it was met in every postcode area. That would be a neat solution to the problem: it would give people in rural areas a real feeling that they were being listened to and that the level of service that they received mattered.

In a way, Chipping Norton hospital presents a microcosm of the problem that we face in Oxfordshire. Retired doctor Sheila Parker wrote to me, saying:

"This hospital which was started by public subscription is part of our town and belongs to the citizens of Chipping Norton. Not to the Primary Care Trust who have the task of administering it."

I am afraid that she is probably wrong: the hospital probably does now belong to the primary care trust. However, her letter shows that people really feel that the

[Mr. David Cameron]

hospital is theirs. The preferred solution is for the primary care trust and Oxfordshire county council to build a new care home, and for the health service to have some rehabilitation beds in that home. Under that plan, however, there would be no X-ray unit, although there is one now, no minor injuries unit, although there is some form of unit now, and fewer beds. People are left asking, "If all this extra money is going into the health service, why are we going to get less?"

Graham Pike, a nurse in Chipping Norton, wrote to me saying:

"Closure of the minor injuries unit . . . will also affect waits in the EDs"—

the emergency departments—

"The PCT claims that it is not well-used enough to be economical. I have lived in Chipping Norton for three years, yet I did not even know we had a MIU until I worked a shift at Chipping Norton Hospital. If people don't know about it, it will not be used. Far better, surely, to advertise the service better—thus taking a load from the EDs".

The primary care trust does not advertise or promote those services enough.

I shall end on what I believe the Government need to do for the health economy in Oxfordshire and Thames Valley. First, we need a proper explanation of the overall funding pattern, and of why the funding per head in Thames Valley is so much lower than in other parts of the country. Secondly, we need a proper Government-inspired look at the John Radcliffe hospital's finances and funding. To judge from my experience of looking at the issue—I am sure that my hon. Friend the Member for Banbury would agree with this—that seems to be at the heart of the problem. The big deficits at the John Radcliffe hospital cause a lot of problems elsewhere.

Thirdly, we need to take another look at Oxfordshire social services. It is no good saying that we will be able to have fewer community beds, when Oxfordshire social services already spend way more than the standard spending assessment, and yet are under so much pressure. Fourthly, we need greater moves towards flexibility on local pay. I do not see how our hospitals will ever be able to recruit and retain the necessary level of staff unless they have more flexibility on pay.

In order to restore the confidence of my constituents and others, I would also ask that the plan to reduce the community beds be shelved. The northern locality plan and the southern locality plan have been met with a hail of bullets, as it were, from MPs and others in our community, who simply do not believe that the argument has been made. If we are thinking about freedoms for hospitals to manage themselves—the Government are, and my party certainly is—we should give them to all hospitals, not do as the Government have proposed. We need a pledge from the Government, and all those involved in the health service in Oxfordshire, that if the deficits must be dealt with within a year—I am not at all clear why that should be the case—the axe will fall on bureaucracy, not on front-line services. On that note, I look forward to hearing the rest of the debate and the Minister's reply.

9.52 am

Tony Baldry (Banbury) (Con): The Chamber will be grateful to my hon. Friend the Member for Witney (Mr. Cameron) for having initiated this debate and for describing the issues so excellently. The Oxfordshire health economy is in serious difficulties. I understand that the Oxford Radcliffe Hospitals NHS trust is expected to be overdrawn by at least £40 million next year, and there is speculation that the figure could be even higher. This is not the first time that that has happened. It also happened last year, when disaster was staved off only by using the proceeds from the sale of the Radcliffe infirmary to pay off the trust's overdraft, instead of recycling them back into new capital build in the NHS. That was not a particularly sensible way of using resources.

In part, the problem reflects the unfair formula by which the Government allocate money to health authorities across the country. It has never been properly explained why funding per head in Oxfordshire is so much less than elsewhere in the country. In part, that reflects the fact that there is no local cost of living allowance in Oxfordshire, which means that the trust has to pay premium rates to recruit and retain such staff, but has no budgetary provision for that. For example, the National Institute for Clinical Excellence guidelines for post-operative radiotherapy treatment for women who have had operations for breast cancer specify four weeks. By comparison, the period in Oxfordshire is 24 weeks on average, even with the trust paying radiotherapists a 30 per cent. premium on their salaries.

In part, the problem arises because no one has ever really got to grips with the nature of the John Radcliffe hospital, what part of the budget should be allocated to it as a district general hospital, what part should be allocated to it as a teaching hospital and how it should be rewarded for the research done there. That is not a new problem; it is ongoing, and has been so for at least the 20 years for which I have been fortunate enough to be an MP for an Oxfordshire constituency.

May I suggest that the time has come for an independent review, perhaps by an organisation such as the King's Fund, of what actually happens at the John Radcliffe, to ensure that it is fairly rewarded for the work done there? It cannot be right for a district general hospital to be substantially overdrawn year on year. Over the past 20 years, John Radcliffe hospital has experienced a sort of cyclical crisis: either the chief executive or the chairman is sacked or removed, and then there is a new internal review or a suggestion that the hospital has an internal problem. What is needed is an external objective investigation into the complexities of the way in which a district general hospital, a research hospital and a centre of excellence are organised together in Oxford.

The overspend has implications across Oxfordshire. One of the consequences is that primary care trusts are asked to make savings on their budgets but are not allowed to pass on the cost of making those savings to the Oxford Radcliffe Hospitals NHS trust budget. That makes nonsense of the concept of commissioning. Cherwell Vale primary care trust, for example, will have to find a £2 million saving this year. That may not seem a significant sum, given the totality of the budget, but because most of the budget is ring-fenced for GPs and others, that saving has to come out of just £9 million,

most of which is for community health—so it is likely that nurses will be withdrawn from schools, the number of health visitors will be reduced and there will be other cuts in important front-line services.

Disturbingly, those reductions in primary care trust community budgets come at a time when the strategic health authority is trying to reduce the number of beds in community hospitals on the grounds that patients can better be treated at home. That is being done as a consequence of a White Paper called "Shifting the Balance of Power". As my hon. Friend the Member for Witney said, it should be entitled "Shifting the Blame", because it seems to be a rather cack-handed exercise. The NHS is shifting the responsibility for community health from community hospitals and the NHS budget to social services and the county council budget.

My constituents will never see the new 30-bed hospital at Bicester of which the right hon. Member for Darlington (Mr. Milburn) spoke when he was Secretary of State for Health. That is just not going to happen, and people in Bicester feel betrayed. They were promised a community hospital, and they are not going to get one. There are many other instances of the downgrading of local services. For example, it is clear that we will end up with, at most, two mental health in-patient beds in Banbury. Once Orchard Lodge closes, that resource will be moved to Oxford and we will also, effectively, lose The Elms. Any hope of a new-build successor to The Elms is forever lost, and, increasingly, any medicine that is vaguely specialist will be centralised in Oxford as a cost-saving measure.

It is also disturbing that we have been told that, as a consolation for not getting a community hospital in Bicester, we will have a minor injuries unit there. Having heard my hon. Friend the Member for Witney describing what is happening to the minor injuries unit at Witney, I wonder what benefit a minor injuries unit at Bicester will bring, and whether it will function as promised. There is a substantial attempt to shift the blame, both by the NHS centrally and by the strategic health authority, which seeks to blame any problem on the primary care trusts. That is one of the reasons for my concern about a treatment centre in Banbury. Of course one wishes to see greater activity in the national health service, but my concern is whether there will be increased money to match the increased activity.

Whenever I question the strategic health authority about that, I am told by the chief executive that:

"decisions on the commission of services are taken within the PCT's current commissioning budgets",

and that

"PCTs are in control of how and where their commissioning funding is used."

In other words, the funding for a new treatment centre in Banbury will have to come largely from Cherwell Vale primary care trust's existing budget. The PCT is in danger of being put in the invidious position of feeling obliged to support the treatment centre initiative, even though it might have to do so at the expense of funding that would otherwise have gone to the Oxford Radcliffe Hospitals NHS trust. If that turns out to be the case, it will be a curious state of affairs. Local people—GPs and others—would rather see services delivered coherently at the local NHS hospital than have to worry about the fact that delivery of services at that hospital is being undermined to satisfy ministerial press releases saying that additional activity is being introduced into the NHS.

Our other challenge in the Thames valley is the EU working time directive. Obviously, the directive's impact will be felt throughout the NHS, but potentially it will be greatest on smaller general hospitals. The geography of England is not convenient; the population does not always divide neatly for the purposes of the large general hospitals, and Oxfordshire is a case in point.

Oxford is pretty much in the centre of what is now the county of Oxfordshire, and, conveniently, the John Radcliffe hospital is able to serve much of that county's population. Looking at a map, one sees that the north of Oxfordshire tapers into a triangle surrounded by Warwickshire and Northamptonshire. At the apex is Banbury, the second largest town in the county, which is at the centre of what historians have frequently referred to as "Banburyshire"—the traditional area of surrounding towns and villages, from Brackley in Northamptonshire to Chipping Norton, and across to the Cotswolds in Oxfordshire and Shipston-on-Stour in Warwickshire.

Such places have always looked to Banbury, which was historically a day's cart ride away, as the local market town. To many people, Banbury is still the local town. The Horton hospital in Banbury has a catchment area with some 140,000 people, with many more at the margins. For decades, it has been the chosen general hospital of a very large population in north Oxfordshire, south Warwickshire and south Northamptonshire. There is no way that the John Radcliffe hospital could cope with all the extra work from the Horton.

However, there is no doubt that the Horton is a smaller general hospital. A number of years ago it started to have difficulties with some of the royal colleges, which asked whether medical training for junior doctors at the Horton alone was sufficient for them to qualify. Horton General Hospital NHS trust merged with the John Radcliffe NHS trust to form the Oxford Radcliffe Hospitals NHS trust, largely for that reason. The main intention was that junior doctors should be recruited by the trust as a whole and required to work both in Oxford and Banbury. By suitable rotation, one could then ensure good junior doctor coverage at the Horton and the junior doctors would achieve the necessary specialist training to satisfy the royal colleges. That system has been working well for some time.

However, the threatened impact of the EU working time directive is about to cause considerable difficulties at the Horton hospital. The Oxford Radcliffe Hospitals NHS trust is already reviewing whether it can continue to deliver 24-hour-a-day in-patient paediatric care at the Horton. That is a good service, which has existed in Banbury for at least 30 years. If the in-patient paediatric care goes, there will be a potential knock-on effect for the 24-hour-a-day accident and emergency cover and for the maternity unit.

If the Government were willing to make money available to smaller general hospitals to enable them to recruit additional junior doctors, that would be one way through the problem caused by the EU directive. I

[Tony Baldry]

would imagine that the number of general hospitals would not be huge; they would be mostly in rural areas such as Cornwall or Lincolnshire. However, there would be a number in semi-urban mixed rural areas such as Banbury.

Presumably, the Government do not want to see existing general hospitals such as the Horton getting into difficulties with what services they can provide. Indeed, that would be all the more ironic, given that the Government are intent on setting up a treatment centre in Banbury. Presentationally, it would look perverse for the Government to set up a new treatment centre there while the general hospital, which has been in existence for decades, ran down its services.

This coming Monday, a petition signed by 40,000 people local to Banbury will be presented at Downing street. That is probably north Oxfordshire's biggest ever local petition; 40,000 signatures mean that at least one person in every household in Banbury and the surrounding area will have signed, because they wish to see children's services at the Horton saved. We have taken our campaign to Ministers at the Department of Health, to the president of the Royal College of Paediatrics and Child Health, to the board of the NHS trust, and now to Downing street.

The Prime Minister is ultimately responsible for funding the NHS, and he—and, through the Department of Health, the taskforce—should listen to the deep local concern. If paediatric services are downgraded at the Horton, children's lives will quite possibly be put at risk, as was said at the public inquiry that set them up 30 years ago. We come back to the conundrum with which my hon. Friend opened this debate. Ministers will tell us that more and more money is being put into the NHS, but the practical effect on the ground in our general and community hospital services in Oxfordshire is cuts and reduced services, bringing short-term crisis and long-term uncertainty.

10.5 am

Dr. Evan Harris (Oxford, West and Abingdon) (LD): We should all be grateful to the hon. Member for Witney (Mr. Cameron) for securing this debate, which has given us an opportunity to talk about the problems affecting health services in the Thames valley—and, as we can see from the MPs who are present, Oxfordshire. I am in no doubt about the hon. Gentleman's commitment to improving services in his area. The same applies to the hon. Member for Banbury (Tony Baldry), who has a long history of seeking to secure the maximum possible effectiveness of the services in his area, and has raised some of the issues in various Adjournment debates and in questions to the Prime Minister.

I shall deal with a number of points, but I shall try not to duplicate what has been said by the hon. Member for Witney, much of which I agreed with. I agree that the problem is one of the health economy. When we discuss the NHS in Oxfordshire, we need to ensure that we do not "silo off" parts of the NHS, and that we recognise that it is all interrelated: we are talking about acute trusts, primary care trusts, community services and social services. If one or more of those service providers is constrained, it will have significant implications for the rest of the system. If we sort out constraints at the cheaper end of the service, where care costs less per night stay, for example, we can deliver savings in the rest of the system, and avoid false economies.

As the hon. Member for Witney said, that has not happened in Oxfordshire, because of the ongoing problems facing social services both with its budget—the services that it provides already have very tight eligibility criteria, although it spends above standard spending assessment, and is under Government pressure to reduce that spend for fear of council tax capping—and because of the difficulty, in an area of housing shortage, in recruiting relatively low-paid staff into jobs that are difficult, challenging and not well rewarded.

If the concept of joined-up government and joined-up provision of services is going to mean anything, it is time the Government demonstrated how they can be provided at a local level. There are partnerships, and service providers are working together, but a lot of that working together simply shows that none of them has any spare funding.

At the acute end, where most of the targets apply, there is enormous pressure to invest in acute services—"Hospitals first," in the words of the Prime Minister—but that means that we often do not get the funding for the more community-based services that would reduce demand for and spend on acute services. I am in no doubt that the money available could be better spent on simply sorting out the order of treatment. The Cinderella services—community and social services—should get a fairer share of the funding. The Government are at fault, because they have invested so much political capital in meeting targets that predominantly relate to the secondary care sector, which is far more expensive.

I did not wholly agree with the comments of the hon. Member for Witney about the unfair allocation system. I have always supported a system of funding allocations weighted according to the York formula, and I supported from the Front Bench the amendments that the Government made in the early years to ensure that it responded to need even more accurately. I cannot say that it is wrong and unfair simply because an area such as Oxfordshire gets less per head of population than inner-city areas, or areas in the north of the country with greater health needs and more deprivation. I have always been clear about that. It is easy to claim that the system is wrong if one is not prepared to look for more money globally.

However, the Government can be criticised on two grounds. First, generally speaking—I believe that this has been confirmed by independent inspectors—although there have been significant real-terms increases in funding, which have given the opportunity for underfunded primary care trusts, and health authorities before them, to move more quickly to target, the Government have not moved quickly enough to tackle areas whose funding is significantly below target. However, that criticism does not apply to Oxfordshire and the Thames valley as a whole. The figures show that if anything, Oxford city, which covers part of my constituency, has benefited in a sense from the slowness of the movement towards target, and I recognise that.

That is a general point, and we should look beyond our own areas. I hope that the Government take on board the fact that as there are significant real-terms increases—for which I voted on every occasion—if they set out a target allocation based on need, they have a duty to move those who are below target more quickly to it.

The point that the hon. Member for Witney made about Oxfordshire and other parts of the Thames valley receiving proper recognition of the cost of living—effectively, the cost of hiring staff—needs to be stressed. It is clear that the arrangement is inadequate when the comparison is made with the London living allowance. Something must be done, because the inability to attract staff because of the high cost of living, and particularly of housing, is the major constraint at all levels of health and social care provision in Oxfordshire.

The Government have chosen to try to tackle the housing issue by providing mortgage help for what they call key workers—although I do not think that their definition of key workers is wide enough. That is not a holistic approach to the problem. Merely increasing the demand side through mortgage subsidies does not solve the problem; if anything, it puts house prices up. I want the Minister to say which NHS land has been identified as useable for affordable housing for key workers.

As Members of this House, when we get lobbied against development, we must remember how acute that problem is in the public services. Oxfordshire needs housing, and I am acutely aware of that. My instinct is not to oppose every new development, even those on greenfield sites. I recognise that there is a balance between environmental and housing issues. The Government must play their part, alongside the local health services, and release land in health service sites for housing—and they must do so quickly. I would argue that we are already seven years too late.

The other problems in Oxfordshire are too numerous to mention in this debate, although I will touch on a few. The GP contract is running into problems. I met GPs in Abingdon the other day and they pointed out that they were promised money this year for enhanced services, but that it has not been made available; legally it did not have to be, but they were at a presentation where it was promised. Therefore, there has not, for example, been fair recompense for sexual health services, because the money has been used by the PCT to prop up the family planning clinics, which were threatened with closure, and saved by central diktat at the cost of a transfer of money from other services to which it had previously been allocated.

The John Radcliffe's financial problems mean that there will be job cuts. Rumours abound that the hospital has accepted that there will be such cuts, and it has not said that they will involve only civil servants or bureaucrats—the sort of jobs that, trendily, it seems that we do not have to worry about these days. Front-line jobs will be cut for some of those savings—otherwise known as cuts—to be made. I do not see how that fits with a growing service.

Social services are still having difficulty recruiting. That situation is not getting better quickly enough, judging by a meeting that I recently had with the director of social services. I fear that in the health economy, matters will get worse before they get better.

I support the comments made by the hon. Member for Witney about recognising fairness in the new system of financial flows. I have had representations not only from the Nuffield orthopaedic centre but from other hospitals in Oxford to say that the tariffs still do not recognise the extra costs of delivering specialised care and ultra-specialised care. Research funding under the tariff—and, indeed, under the current system—is inadequate. It is clear that the London teaching hospitals and medical schools get the lion's share compared with everywhere else; there is clearly an imbalance. I hope that the Minister recognises that, and will explain how it will be dealt with.

There are other developments in Oxfordshire in relation to the provision of care that are effectively cuts. For example, South West Oxfordshire PCT has ruled that people who have previously received respite care in a community hospital cannot receive it any longer, unless they are being rehabilitated.

Mr. Cameron: I am glad that the hon. Gentleman said that. As I was preparing for this debate I opened a constituent's e-mail, which arrived at 5 o'clock this morning. It said:

> "Up to last March my wife was given 7 days respite in Witney community hospital every 8 weeks and we were not charged for it. Now we have to pay the full cost of any respite. Can anyone tell me why we have to pay when Tony Blair tries to lead us into believing that the NHS is free for all?"

An important change has taken place. That e-mail is yet another example of people saying to me, "We've had all this extra money spent on the health service, yet I'm now having to pay. What's happened?"

Dr. Harris: I have several constituents with the same problem. I am glad that the hon. Gentleman took the opportunity to raise that case in his own debate. This is a stealth tax. People who were getting respite care in community hospitals are now being means-tested for it and are having to pay. South West Oxfordshire PCT said that the reason was not that patients did not require nursing care—although that might be a basis for saying, "Let's ensure that the respite care is provided elsewhere, as we don't need NHS nurses to provide it"; the question was whether the patient could be rehabilitated.

Most patients with chronic care needs could not benefit from rehabilitation, but their carers require the support that respite care gives. The decision to deny people ongoing respite care that was provided for only a few days a year, and which was probably inadequate already, has upset several people. I question whether there was adequate consultation on that decision, and therefore whether it was lawful. Will the Minister look into whether that decision, whatever its merits, was conducted in a lawful manner in terms of process, with adequate consultation? I hope that he will agree to do that; I do not expect him to have a reply ready now.

I recognise that we do not have an opportunity in this debate to discuss the likely cuts in the mental health sector, which are often overlooked. We hear that there are proposals to reduce health services in the mental health trusts in Oxfordshire so that they can break even.

Finally, I shall talk about the treatment centre, and the serious allegations of bullying in Oxfordshire. I know that the hon. Member for Witney is aware of this

[Dr. Harris]

matter, as he has been working closely with the people who have raised concerns. There was a proposal to transfer a contract for cataract surgery from the Radcliffe infirmary to a new independent provider, Netcare. Expressions of interest were invited in 2003, and both Cherwell Vale primary care trust and South West Oxfordshire primary care trust expressed interest.

It later emerged that part of the Oxford Radcliffe infirmary—the eye hospital—was going to meet the three-month waiting time limit on schedule, without the need to resort to expensive Saturday morning lists paid at private practice rates, and was delivering those operations cheaply, significantly below the NHS average—the so-called tariff. Yet when the PCTs realised that they did not need that service, and that it would not be cost-effective to purchase it, they were not allowed to pull out.

In an interview in *The Guardian*, and on "File on 4", the South West Oxfordshire PCT claimed that it was given the full business case only one hour before the meeting at which it was due to decide. We also learn that prior to that, its members had been verbally threatened with being personally surcharged if it failed to vote the scheme through. However, the primary care trust had a legal responsibility for the scheme, and it was not a national scheme, so it is outrageous that someone should have threatened people with bankruptcy and surcharge if they failed to vote it through. That was never followed up. That is the worst kind of bullying, because the threat was unfounded. We have never heard that idea retracted, unless the Minister can say that the allegation was a falsehood—but I believe that it has been confirmed by more than one person.

After the primary care trust rejected the deal—which, under "Shifting the Balance of Power", it had the right to do—the then chairman of South West Oxfordshire PCT, Martin Avis, said that he contacted Jane Betts, the strategic health authority chair, to communicate the decision. She said, "The tumbrels are ready." If that is not a threatening expression, I do not know what is. Martin Avis said that he took it to mean that his job was on the line, and that she was aware that hers was, too. He went on to say that Jane Betts said:

> "Our jobs were at risk if there was not a note on the secretary of state's desk by the beginning of the following week saying that the decision would be reversed."

We have never heard the Government explain the role of the Secretary of State in pressurising the primary care trust to reverse its decision. Indeed, a fortnight later that decision was reversed by a full turnout of executive members, who are effectively employees of the Secretary of State.

The chairman of the primary care trust, who was well regarded by people on all sides of the debate, was the only primary care trust chairman not automatically reappointed when his job fell due for reappointment. He was told that he would have to apply again for his own job solely because of the decision that had been made. He had taken a casting vote to side with all the non-executive members of the primary care trust, whose job it is to defend the interest of the patient and the community when such decisions are made. At best, it is a murky business. We have never received full clarification of the matter from the Government. I do not understand why the Minister does not request an independent inquiry. When Sir Nigel Crisp, the head of the NHS, was questioned on Radio 4 about what had happened, he ended the interview and walked out of the room. What sort of response was that? What sort of open government or accountability was that?

If the head of the NHS will not take responsibility for such matters, politicians must. Will the Minister ensure that the issue is examined independently so that we know what is happening? We will not find people to work as non-executive directors in Oxfordshire or Thames Valley because of the bullying, let alone the financial problems facing the NHS that we have heard about today.

10.23 am

Mrs. Patsy Calton (Cheadle) (LD): I offer my congratulations to the hon. Member for Witney (Mr. Cameron) on introducing the debate, and to the hon. Member for Banbury (Tony Baldry) and my hon. Friend the Member for Oxford, West and Abingdon (Dr. Harris), who have also made important points. The hon. Member for Witney made it clear that despite the huge increases in spending, the news on the ground is bad. The bad messages tend to overwhelm the good news that the hon. Gentleman acknowledged when he said that there were decreases in some waiting times, that no one was now waiting for more than 12 hours—although that still seems a long time—and that his son had received superb care. He also acknowledged that when one is inside the system, it is brilliant. It is getting in, and sometimes getting out, that can be difficult. In the light of my experience, I echo that.

The good news is being somewhat overwhelmed by the bad news. However, it would have been fair for the hon. Member for Witney to acknowledge that although the situation is bad, it would have been considerably worse if the decisions had been up to the Conservatives, who voted against the extra funds that have recently been put into the health service.

After listening to the problems that have been aired and reading the necessary information to familiarise myself with the issues involved, I believe that there is a real problem centring around the role and functions of the John Radcliffe hospital. We have had a national sickness service, focused on hospitals rather than on primary care and care outside hospitals. We must acknowledge that the model we have now, whereby gradually everything gets sucked closer to hospitals, needs to change. I suspect that no one in the Chamber would say that no change is necessary, but change can sometimes be painful and difficult, and the process of change could be a lot better managed.

The hon. Member for Witney is concerned about staff shortages, and about the fact that many of the potential closures do not allow for travel by public transport. Although the target-driven culture is undoubtedly producing some change for the areas that are covered, they are hospital-focused, which can mean that anything that is not a target gets neglected. My hon. friend the Member for Oxford, West and Abingdon made it clear that those targets are distorting clinical needs. The Government would do well to consider that.

The responsibility for local services, and the role of the PCT and its autonomy, is reflected throughout the country, not just in the Thames valley. Although the

Minister of State, Department of Health, the hon. Member for Doncaster, Central (Rosie Winterton), has said in a written answer that the responsibility for local services now rests with PCTs, the truth is that, as we can see from South West Oxfordshire, local PCTs are autonomous only as long as they do as they are told. In my area, the Greater Manchester strategic health authority will allow plans to go forward only if it is satisfied with them. If it is not entirely satisfied, the PCT has to go back to the drawing board—and that will continue until it comes up with something that the Greater Manchester strategic health authority is happy with.

There is overt bullying. An article in *The Guardian* on 2 June 2004 said:

"the recently-retired chairman of the area's primary care trust . . . explained how his board was bullied by Thames Valley strategic health authority . . . to sign a contract with a South African company for a treatment centre that it did not need."

The chairwoman of the SHA, who has also retired, admitted that she had engaged in

"bullying tactics, but claimed her authority was merely 'the jam in the sandwich',

and she was simply carrying out what she had been asked to do:

"It behaved as it did, she said, because it was under heavy pressure from the Department of Health to deliver a deal that the Prime Minister had set his heart on."

The Government cannot have it both ways; they have to make their mind up. Do they want PCTs to take responsibility, or are they intent on ensuring that everything happens from the centre and there is total central control?

Both the Conservatives and the Liberal Democrats have made it clear that they would like control to be much closer to home, and that it should be in the hands of local people. The difference between the Conservatives and the Liberal Democrats is that they would give the control to local hospitals, whereas we would like to see proper democratic control, both locally and regionally.

The hon. Member for Banbury asked the Minister to give a proper explanation of funding, and particularly wanted him to consider the finance and funding of the John Radcliffe hospital and Oxfordshire social services. He wanted greater flexibility on pay, with which we agree, and freedoms for all hospitals to manage themselves. The Liberal Democrats also want to see a considerable advance on that front.

My experience of consultation in my area is that plans for future provision are often nebulous. With regard to provision for care outside hospital, people have been asked to agree to locations, but when they look at the map it says, "Location still to be determined." That is not real consultation. It is the type of consultation in which it is hoped that those being consulted have not read the document, and when they read it, they find that they cannot possibly agree with it, because it does not give them enough information. Rather than people going through the motions of consultation, there should be true consultation. There should be true engagement with local people. That sort of consultation is not taking place, either with patients or with local people.

That must start to happen. I doubt whether anyone in Oxfordshire or the Thames valley thinks that there should be no changes to hospital services or other services in their area. However, if there is not proper consultation about what needs to happen, people will feel that things are being done to them, rather than that they are being properly involved in the future of the health service in the Thames valley.

10.31 am

Mr. John Baron (Billericay) (Con): I, too, congratulate my hon. Friend the Member for Witney (Mr. Cameron) on powerfully raising his concerns about the state of the NHS in the Thames valley. I hope that the Minister will address those concerns, and some of my hon. Friend's suggestions. I also congratulate other Members on their contributions, including my hon. Friend the Member for Banbury (Tony Baldry), who has done a lot over many years to raise these issues; among the concerns that he has raised in this debate is the impact of the working time directive.

My hon. Friend the Member for Witney was right to say that the extra resources being pumped into the NHS are not achieving the results that we expect and hope for. Nowhere is that clearer than in the Thames valley. My hon. Friend touched on the financial health of the NHS in the Thames valley. That is a major concern. The 2003–04 report of the chief executive of the Thames Valley strategic health authority stated:

"Overall, the NHS in Thames Valley achieved financial balance but had to rely on one-off measures to achieve this."

The one-off measures needed to meet the Government's target of achieving financial balance last year included the sale of the Radcliffe infirmary. In addition, the Oxford Radcliffe Hospitals NHS Trust had to take out a £25 million loan. Across Thames Valley strategic health authority, the debts run up by the health service were so serious that PricewaterhouseCoopers was called in to help. Last Wednesday's financial performance report of the Thames Valley SHA board suggests that in order to meet the Government's target, and despite the increases in health service expenditure, funding of the NHS in Thames Valley may have to be reduced by 7 per cent. That is quite a cut, all things considered.

The effect on, for example, Milton Keynes, with its rapid population growth, is likely to be far worse even than that. On July 8 the chairman of the Milton Keynes primary care trust said that it had to provide for 235,000 patients but that funding was available for only 212,000.

The Government must shoulder some of the blame for the deterioration in the finances of the NHS in Thames Valley. The PCTs in the Thames Valley area will receive £170 per head less than the English average for next year. That has contributed to the appalling financial situation there. In addition, we have heard that there is no local cost of living allowance. I want the Minister to explain why Thames Valley is being discriminated against compared with other areas. The facts speak for themselves, and they suggest that there is a major issue here.

The Parliamentary Under-Secretary of State for Health (Dr. Stephen Ladyman): Will the hon. Gentleman share with us which areas of the country he thinks should get less so that Thames Valley can get more?

Mr. Baron: The Minister is missing the point. I am suggesting that no area should be discriminated against.

[Mr. Baron]

It is clear from the funding formula that has been devised for Thames Valley that it receives far less than other areas, which is wrong. I simply ask the Minister to explain why that is the case.

The Government will doubtless point to increasing staff numbers, and to a long line of statistics that suggest that the NHS is improving. There is no doubt that it is improving in certain areas, but our central point—to return to the conundrum presented by my hon. Friend the Member for Witney—is that there has been a massive increase in money, but not as much improvement as we had all hoped. As I said, no doubt the Minister will point to an increase in the head-count number of people working in the various departments of the NHS, but the three-month vacancy rate for posts in the Thames Valley area is worse than the English average. For example, the average three-month vacancy rate for all qualified nursing and midwifery staff in the strategic health authority area is 4 per cent., and that rate rises to about 7.5 per cent. in Milton Keynes general hospital. The English average of about 2.9 per cent. is well under half that.

In addition, the lack of permanent staff surely exacerbates the already grave finances of the NHS in Thames Valley as the rising cost of the agency staff needed to fill temporary staffing posts kicks in. That does not help the situation at all. There is also a particular shortage of radiographers in Thames Valley, and breast cancer patients are forced to wait up to four times longer than specialists recommend they should have to wait for potentially life-saving radiotherapy.

There are also problems in dentistry. The Thames Valley area has the lowest percentage of people registered with an NHS dentist. For example, only about 32 per cent. of adults in Oxfordshire are registered. That is an appalling record of the Government's making. They have now been in power for seven years, but they have done very little to reverse the decline in the general dental service. As a result, only 11 of the 113 dental practices in Oxfordshire are taking on new NHS patients.

The Government will no doubt hail the new contract as a solution to those problems, but we are not so optimistic. They will know that the British Dental Association has warned that 60 per cent. of dentists will reduce their NHS commitments, or will opt out of them altogether, when the new contract comes into force. That, surely, does not bode well for the future. Little attempt seems to have been made to increase the dental work force above 1997 levels. In 1997 there were about 576 graduates of UK dental schools. Last year there were about 549—a clear drop.

People with Alzheimer's disease are also suffering needlessly in the Thames Valley area. Recent research has discovered that many people with the disease are being denied access to drugs that could slow the advance of their condition. The drugs in question were recommended in guidance issued by the National Institute for Clinical Excellence back in January 2001, but a recent report has shown that there is significant geographical variation in their uptake. West Yorkshire has a population of 312,000 over the age of 65, and about £880,000 was spent on the drugs last year. Thames Valley has the same size of population over the age of 65, but not much more than half that amount—about £485,000—was spent on the drugs. That postcode lottery in the prescription of drugs is all the more tragic, because, as we all realise, without medication to slow the onset of the disease, sufferers will be forced into residential care.

What is happening in Thames Valley illustrates what is happening throughout the NHS, and returns us to the conundrum presented by my hon. Friend. There is no disputing the Government's best intentions, given the extra money that has gone into the NHS, but improvements have not been what they should have been. In some cases things have got worse, as we have heard from Members' contributions today.

One of our key concerns is the demotivating effect of targets. Despite the best efforts of NHS staff, to whom we are all thankful for their hard work and achievements, the NHS suffers from too many Government targets and too much red tape, which clogs up the NHS, prevents many people from reaching front-line services, distorts clinical priorities and demoralises staff. That is one of the main reasons why there are so many recruitment and retention problems in the NHS, and why, after such a massive increase in spending, there has been only a modest increase in activity, and patients are suffering because they have to wait longer than necessary to be treated. It is also one reason why staff turnover in the NHS runs at something like 22 per cent., whereas the national average is 16 per cent. In financial terms, the cost to the NHS of about 270,000 people leaving and having to be replaced is approximately £1.5 billion—the cost of something like 10 new hospitals.

There is no shortage of evidence that the Government's targets are distorting clinical priorities and demotivating staff. Last year, *BMA News* asked its readers whether there were too many specific targets set in the NHS. Nine out of 10 replied that there were, and more than 60 per cent. suggested that they had personal experience of clinical priorities being distorted to meet targets. What will the Government do to try to reduce the incidence of clinical priorities being distorted by their targets? Such targets can and do demotivate staff who are already working under tremendous pressure. As Dr. Ian Bogle, outgoing chairman of the British Medical Association, put it last year:

"The one memory that will linger long . . . is the creeping, morale-sapping erosion of doctors' clinical autonomy brought about by micro-management from Whitehall which has turned the NHS I hold so dear into the most centralised public service in the free world."

No wonder morale among medical professionals is so low and frustration so high. A recent Royal College of Nursing survey, "Stepping Stones", consulted 10,000 nurses. One third said that they would quit the profession if they could, and more than 11 per cent. said that they planned to quit in the very short term. No wonder the number of nurses leaving for the US doubled last year. Morale has not been helped by the delay in the roll-out of "Agenda for Change". What measures are the Government going to take to reduce staff turnover and raise staff morale? That is so important to the efficient running of the NHS.

It is no surprise that, with morale so low and staff turnover so high, the NHS has not made the progress that it should have, bearing in mind the extra money

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being spent. We know the figures: expenditure has increased by more than 40 per cent. in real terms since 1997, and yet hospitals treatments have increased by only 5 per cent. According to the Organisation for Economic Co-operation and Development, the NHS increase in output lags far behind increases in input. It points out that

"in the health sector there are few indicators showing unambiguous improvements in outcomes over and above trend improvements that were already apparent before the surge in spending".

We have seen a massive increase in bureaucracy: the number of managers has increased at approximately three times the rate for doctors and nurses. There has been a £2 billion increase in the amount spent on administrative and other non-clinical staff. Meanwhile, the Department's own figures suggest that average waiting times have increased—a fact admitted by Sir Nigel Crisp, the chief executive of the NHS. In addition to addressing the specific concerns with regard to Thames Valley, will the Minister address the central conundrum of why money is not reaching front-line services so that patients can benefit? Something is clearly going wrong.

I hope that the Minister will address the specific concerns raised by me, and by other Members, about the state of the NHS in the Thames Valley, but I put it to him that what is happening there reflects the fact that, although it cannot be denied that there have been some improvements in the NHS, progress it not what it should be, bearing in mind the money invested. Why else does the NHS have such a high turnover? The situation is not the fault of the professionals who work in the NHS, but that of the Government, who still cannot see that they have got their approach fundamentally wrong. Politicians must stop interfering and the Government must stop bombarding staff with targets and micro-managing the NHS. The NHS has been a political football for far too long. Politicians must learn to trust medical professionals and allow them to get on with their job. Targets simply ensure that the NHS responds to the Government and not to patients' need for care.

I put it to the Minister that the time has now come to scrap targets and the star-rating system, and give all hospitals true freedom so that they are accountable to patients, not bureaucrats. Such an approach would usher in an environment in which doctors and nurses would choose to stay because they enjoyed the freedom to deliver to patients a standard of care of which they could be proud. In that environment, the NHS, for the first time in a long time, would realise its full potential and become a patient-centred health service. That would benefit the patients in Thames Valley, and throughout the country.

10.45 am

The Parliamentary Under-Secretary of State for Health (Dr. Stephen Ladyman): I, too, congratulate the hon. Member for Witney (Mr. Cameron) on securing the debate and on the interest that he takes in the national health service in his area and in general, although in other Adjournment debates that I have shared with him, he took a slightly less political and more constructive view than he has today. Before I deal with the hon. Gentleman's substantive points, let me dispose of the two contributions from the Opposition Front Benches.

The hon. Member for Billericay (Mr. Baron) asked what we could do to reduce staff turnover. One thing that we can do to reduce turnover and increase morale is to stop running down the NHS. Several times during his contribution, the hon. Gentleman said that things were getting worse. They are not. His comments contained numerous inaccuracies, one of which was the ludicrous productivity figure that the Conservatives continually trot out, which takes account only of operations done in hospitals. It ignores the huge increase in services now being provided in primary care, and does not look holistically at the total output of the NHS. That demoralises the people who are providing valuable services in primary care, which the Conservative party completely ignores.

If we want to increase staff morale, we can also stop talking about a huge growth in bureaucracy, red tape and the recruitment of managers. The fact is that when the hon. Gentleman cites statistics for the total management overhead of the NHS, he is including people such as cleaners, cooks and technicians—everyone who is not a doctor or a nurse—to arrive at his ridiculous figures. If we compare the management overhead of the national health service with that of any blue-chip company in the private sector, the NHS appears rather lean and mean. It would be nice if the Conservatives started to recognise the contribution that management makes to the improvements in the NHS.

Mr. Baron: Will the Minister give way?

Dr. Ladyman: No I will not, because the hon. Gentleman took too long, and I need to get on to the points made by the hon. Member for Witney.

I wonder whether the hon. Member for Cheadle (Mrs. Calton) recognises some of the contradictions in her comments. At one point she talked about the need to democratise the national health service, but she contradicted that when she voted against foundation hospitals, which are a small step in the direction of democratisation. However, I note that although she voted against them in the House of Commons, she then shot back to her constituency and issued press releases to say that she supported the creation of a foundation hospital there.

Mrs. Calton: Will the Minister give way?

Dr. Ladyman: I will not, because I have very little time.

Mrs. Calton: This is on a matter of fact, so I again ask the hon. Gentleman to give way.

Dr. Ladyman: Very well.

Mrs. Calton: The Minister will know that that hospital was seeking foundation hospital status before the Bill was published or debated, and that there were various flaws in the Bill that were not put right by the time it became an Act. It was therefore not difficult to vote against it.

Dr. Ladyman: So the hon. Lady is now telling me that she does not support her local hospital becoming a

[Dr. Ladyman]

foundation trust, which I do not think is the case. It believes that she is supporting its bid to become a foundation trust under the existing Bill, which she voted against.

That was not the only contradiction in the debate. The hon. Lady referred to her local Greater Manchester strategic health authority and its strategic overview. That is why strategic health authorities exist—to take such an overview and to ensure that PCTs are working together. I do not accept the allegation that central influence has been used, which emerged several times in the debate in connection with the treatment centres in Thames Valley. The other allegation, which was put to us by the hon. Member for Banbury (Tony Baldry), was that we are not using central control on issues such as community hospitals. On the one hand, we have the cynical view that "Shifting the Balance of Power" is actually shifting the blame, and that we should be more dogmatic and centrally controlling from Whitehall in establishing community hospitals. On the other hand, we hear from the Front Bench that all targets should be swept away and all power given to the front line.

The Conservative party cannot have it both ways. Either we shift the balance of power to the front line, which is what we are trying to do, or we keep it at the centre and I decide from my office whether the hon. Gentleman gets a community hospital in his constituency. I suspect that he would not want me to make that decision, as I do not know his constituency as well as local people do. That is why we are shifting the balance of power—to allow such conflicts to be resolved locally. They are conflicts and challenges, and as the hon. Member for Cheadle said, for consultation to work, people have to understand the challenges that are being faced.

Several hon. Members mentioned the affection that local people have for community hospitals. That is true, but equally, when we speak to people about what they believe can happen in a small community hospital, we discover that they have completely unrealistic service expectations, which it would be clinically unsafe to try to fulfil through community hospitals. Clinical safety and patient outcomes must be put first, and part of any consultation process is ensuring that people start to face and address the challenges.

The hon. Member for Witney mentioned a number of issues, including—several times—delayed discharges. I do not know which political party controls Oxfordshire. I suspect that it is not the Labour party, but whoever it is, he might wish to talk to them about the social services that are being provided. It is largely the authority's responsibility to take a strategic view of facilities in the community to enable people to be discharged.

I also note that the hon. Gentleman voted against the reimbursement system, which is having a tremendous impact across the country. It has reduced delayed discharges by 1.5 million bed days since its introduction, which is the equivalent of eight district general hospitals. That was opposed by him, and both the Opposition parties represented here are committed to getting rid of the legislation if they form a Government. If the reimbursement system were removed, how would that alleviate bed blocking at the John Radcliffe?

This is not the only time that I have debated the health economy of Thames Valley in this Chamber. Last time, the debate was largely focused on Buckinghamshire, and I remember one Conservative Member making the bizarre argument that because the wealthy middle classes are more assertive and articulate, they place greater demands on the national health service than poor people from inner-city communities who may have greater health needs. According to that Member, we needed to reflect that in the money given to the Thames valley health economy.

Mr. Cameron *rose—*

Dr. Ladyman: Let me just finish my point.

I am pleased to say that that bizarre argument was not deployed today, but the hon. Member for Witney did his best to give the impression that the health service in the Thames Valley is somehow fighting against insuperable odds, with falling budgets and crippling financial overheads, and that services are going backwards as a consequence. In reality, the average expenditure per weighted head of population in the area now covered by Thames Valley SHA was £594.29 in 1997, whereas in 2002–03, expenditure was £904.32—a 52 per cent. increase. In case the hon. Gentleman did not catch that, I will repeat it: £594.29 then and £904.32 now. Those figures do not even include dental or pharmaceutical services, and under this Government, plans are in place for that expenditure to continue to grow.

Mr. Cameron: The Minister said, rather unfairly, that I had introduced the debate very politically, but as his reply so far has been pure politics and knocking copy aimed at the two Opposition Front Benches, will he now address the question about the John Radcliffe hospital? He only has five minutes left. My hon. Friend the Member for Banbury (Mr. Baldry) and I have discussed the serious problem there many times, and it seems to us to be causing some of the problems in the Oxfordshire health economy. We came to debate that point seriously, and I wish that the Minister would respond in the same spirit.

Dr. Ladyman: If the hon. Gentleman wanted to debate the issue seriously, he should not have filled his contribution with political knockabout stuff or given the ridiculous impression that services in his area were declining. However, he is right to say that the financial balance at the John Radcliffe hospital is important, and is causing pressures in the local economy. The hospital has managed to achieve balance in the past two years as a result of land sales and funding from the NHS bank, but it has still not managed to address the overspend. In June the trust estimated it at £25 million, although it believes £17 million to be a more realistic figure. It will have to be put right.

Each local health economy must end up with a balanced budget. If it does not, the money must come from another area. Why should an area that has managed its budget properly finance an area that has failed to balance its budget? The hon. Member for Billericay seems not to understand that for every average, there are always some people above the average and others below it. As I told him, shifting money to Thames Valley from another area would mean that that area lost out.

We can argue about whether the funding formula is a good one, but no one who has spoken in the debate has challenged the view that there should be variability in the funding formula to reflect the different costs in different areas. The present funding formula reflects the increased cost of provision in some areas, which is one reason why Thames Valley gets more money. As the hon. Member for Oxford, West and Abingdon very fairly noted, however, it is also important that funding distribution should reflect areas' health needs. Areas with the greatest health needs must have the most funding.

One could argue, as the hon. Members for Witney and for Billericay did, that all that variability has left Thames Valley too far behind and that it is being unfairly treated, but how do we measure whether it is too far behind? Surely, one way would be to look at the performance of the area's health economy to see whether it was moving forward. How has the Thames Valley health economy performed under the existing funding formula? No patients are now waiting more than nine months for planned treatment. Twelve-month waits fell from 1,657 in March 1997 to zero in March 2004, while nine-month waits fell from 3,712 to zero in the same period. The number of people waiting more than 13 weeks for out-patient treatment fell from 4,256 in March 1998 to 992 in March 2004.

Patients are being treated more quickly in the accident and emergency departments. Three acute trusts in the Thames Valley—Buckinghamshire Hospitals NHS trust, Heatherwood and Wexham Park Hospitals NHS trust and Milton Keynes General NHS trust—were among the first to receive financial rewards for overachieving on A and E targets. They saw more than 94 per cent. of patients within four hours in the quarter to December 2003. Overall, 89.5 per cent. of patients were admitted, transferred or discharged within four hours in the quarter to December 2003. Some 99.4 per cent. of people with suspected cancer are now seen by a specialist within two weeks of being referred by their GP. Some 96 per cent. of people can now see a GP within 48 hours, while 97.8 per cent. of people are offered an appointment to see a primary care professional within one working day. There are 1,970 more nurses and midwives than in 1997—

Mr. Bill O'Brien (in the Chair): Order. We must now move on.

Landfill Directive

11 am

Sue Doughty (Guildford) (LD): I am grateful for the opportunity to raise this issue, which is extremely topical. In 2001, 5.2 million tonnes of hazardous waste were produced in England and Wales, of which 40 per cent. was landfilled. I know that the Minister will know an enormous amount about the changes to the regulation of hazardous waste, but for the record I should state that they will have a huge impact. This year, more waste will be classified as hazardous, and the co-disposal of hazardous and non-hazardous waste will rightly be banned. As a result, however, more businesses will need to dispose of increasing quantities of hazardous waste while the availability of waste disposal sites plummets. There will be dramatic cost increases to business. The new regime starts on Monday, and it means that small and medium-sized businesses face major changes for which they are ill prepared.

I want to explore the impact on small businesses—I should say at the outset that they are not against meeting their environmental commitments, and the purpose of this debate is not to have a barney with the Minister as to whether they should do so; I do not want the debate to become such a confrontation. There are opportunities for small businesses in finding novel ways to replace some of the more hazardous products that we use and to treat hazardous waste. They have a strong role to play. However, I am particularly interested in small businesses that produce substances, sometimes in very small quantities, that will now be classified as hazardous waste, and what they will need to do to conform to the requirements.

Yet again, there has been too little planning, information and publicity ahead of the implementation date of a major environmental directive. That leaves small businesses in particular with major problems. The difference between small businesses and medium-sized and large businesses is that larger businesses have people who make it their job to be aware of the environment and environmental measures. They have time to scour the relevant websites, and they have large industry groups. For small businesses, however, we are usually talking about the people doing the payroll in the evening, and new regulation can sometimes pass them by, no matter how hard they try to conform to it. Such businesses rely on waste contractors to tell them of changes coming down, and as the Minister knows, if contractors are not certain about what the requirements will be, problems will occur. There is, therefore, the risk of increasing costs and of non-compliance. Sadly, there is also the risk of cowboy contractors moving in on the market and fly-tipping, which none of us wants.

I have been told about a plant protection and pharmaceutical testing firm in south-west England, which disposes of approximately 10 litres of hazardous chemicals every six months at a cost of £80 plus transport costs. It relies entirely on the contractor to deal with the relevant paperwork. It files the paperwork and ensures that the waste is disposed of correctly within the law. However, last month, when I received this information, the firm had not been advised by its contractor of any future problems or increased costs associated with waste disposal. We are talking about a cost of £80. We should also bear it in mind that, in the

[Sue Doughty]

south-east of England, the only site licensed for hazardous waste as of Monday would take only asbestos, so it will not be able to take any of the product to which I have referred.

The Federation of Small Businesses reviewed a business park in Surrey. There were 35 businesses in a broad range of sectors. It considered what the impact of the changes would be, talking with the facility manager and the waste contractor. The former did not know of the changes, and the latter was not able to help either. It was therefore not possible to do the costings, but when a small business is putting in a bid, it has to know what things will cost. There is a problem with lack of facilities in the south-east and in other places, such as Wales, but major problems will also arise from sheer lack of information.

Because contractors have not been able to tell businesses what changes there will be—they have not had the specifications—they have not been able to advise them, as they have traditionally done. Businesses need to be able to plan. If they are to meet these requirements, they need to know what they are. They have got to be able to work with contractors and trade organisations, and they must look at opportunities for co-operative working to drive down costs—and rightly so. Yet when back in April I asked the Secretary of State for Trade and Industry how many of the 100,000 special waste producers and the 750,000 future hazardous waste producers the Department had contacted to inform them of the hazardous waste requirements of the landfill directive, the Department of Trade and Industry said that the Department for Environment, Food and Rural Affairs leads on hazardous waste and the landfill directive. It said, however, that the DTI was investing in the development of a communications strategy to raise awareness of these issues among businesses through a variety of mechanisms and media.

By the week of 19 April, therefore, business still did not know sufficiently what was required of it. With respect, that is not good enough, because business must plan. Such directives have long lead-in times, and businesses cannot suddenly get together in co-operation to dispose of waste paint, litres of chemicals, fluorescent tubes and computer monitors; that takes time and planning. Small businesses may not have the capacity for storage that would be required if they were to bulk up materials for disposal somewhere in the north of England, for example.

What discussions has the Minister had with his colleagues in the Department of Trade Industry to understand the impact of the landfill directive on small business? Has he taken a view on the need to communicate the changes to business, and has he had any information from his DTI colleagues? Does he understand why small businesses are different from large businesses and need strong messages? Will he work with the DTI on a rapid roll-out of information and awareness-raising programmes specifically for small businesses? It is a question not only of whether we are going to tell them anything, but of what we are going to tell them.

The European waste catalogue defines hazardous substances, but new substances are being added all the time. Every time a new substance is added, people who use and dispose of the substance need to be told of their responsibilities. Does the Minister have any plans for a strong media programme to explain to businesses their responsibilities and how to conform? We are finding that they do not know enough about the directive. In a survey by the Federation of Small Businesses, 41 per cent. of businesses said that if they knew how to meet environmental objectives, they would try to do so. It is not the case that business does not want to know—it does.

Business wants to use a range of remedies. Businesses are not saying that they are going to continue using a product, and what the hell, if costs go up. The purpose of the directive is to encourage the use of safer substances. It encourages the phasing out of the most damaging products. It aims to avoid ticking time bombs with hazardous waste going into landfill, and some of the problems that developers are now facing because they have built on top of landfill. All sorts of damaging products and their associated risks are coming to the surface. It is quite right that we are implementing this directive, but business cannot plan for and phase out the use of the worst of these substances without clear information.

Anybody who regularly debates the environment knows that we often come back to the problem that businesses use a lot of batteries, for example. There are also salts and solutions, heavy metals and waste paint. The number of small painting and decorating businesses that use those products and that will have to find appropriate disposal facilities is enormous. There will be a huge problem of cost. If I get in the painters, they may say to me, "Next week we will cost more, because we have to pay more for the disposal of paint." However, if it is to cost them 100 per cent. more because of the increasing gate fees, which I shall come on to, and the excessive travel to dispose of paints, I as a consumer have a right to say, "Hang about, this is a bit sudden. That was not in the quote you gave me two months ago, before you were free to get on with my job." Certainty in business is important.

Hazardous waste producers will be required to register what they are doing, and 1.5 million businesses will come into the hazardous waste regime. At present, we do not know whether there will be a de minimis for registration. There is a question as to whether minimal and sporadic waste producers—a hypothetical case is those who dispose of monitors once every five years—need to conform to the requirements. If they do—I am not saying that they should or should not—what will we do to support such businesses through an incredibly difficult time?

Businesses want to comply, but the arrangements are vague and cripplingly expensive. My purpose is to express their concerns. I have no difficulty with the Government's supporting the environmental objectives of the directive, but we have the problem of too little, too late. There are risks, for example, that cowboy contractors will mix waste oils with sawdust and then just shove them into a landfill site somewhere. No one wants that to happen.

Yesterday, I attended the conference of the all-party group on sustainable waste. In fact, I was chairing the session just before the Minister kindly joined us. The representative of the Chartered Institution of Wastes Management, of which I am an honorary fellow,

pointed out how much the costs will increase. The waste industry wants to be respectable, dispose of waste in the right way and drive out the cowboys. It does not want unsustainable discounts put into the costs of waste management, but it is concerned that the gate fees are bound to go up because of the limited number of sites. It is also a fact of life that there is extra cost in pre-treatment.

As far as the waste management business is concerned, the directive may present good opportunities, and there is nothing wrong with their taking such opportunities. The problem is with people at the beginning of the spout, the businesses that produce the material. Their costs will escalate rapidly, and that is a considerable concern.

I would like to hear from the Minister not only his reaction to what may be an increasing problem for small businesses, which are very important, but how he will be much more proactive with the DTI on the issue and—I am sorry to return to this—how lessons learned from earlier failures will be applied. There have been problems in the past. It is considered below the belt to mention fridges, but let us not forget that tyres were also a big problem. We have had since 1999 to get our act together. The issue is not new or something that suddenly came along—whoops, we did not know. Everybody except small business has known about it, yet there will be problems.

The next time a directive comes around, will we start by engaging business, particularly small businesses, from the very beginning, and ensuring that we understand the cost implications and how the process will be managed? Without that, we cannot go forward. We may have to go through product by product, depending on the likely damage and the impact of any de minimis regulations that say that one product can be allowed but not another.

I look forward to the Minister's response. I hope that he has some good news for small businesses and at least recognises their innocence in this situation. They want to comply, but their compliance must be at a price that they can afford.

11.14 am

The Minister for the Environment and Agri-environment (Mr. Elliot Morley): This is a very important issue, and one that the Government take seriously. As the hon. Lady knows from the discussion yesterday in the all-party group on sustainable waste, the directive offers important benefits. I welcomed the opportunity to address that conference, and I thought it was useful in bringing together many of the key players in the waste sector. Indeed, that is part of raising awareness about the changes and what is happening.

There has been a great deal of debate on the issue since 1999, as the hon. Lady rightly states. All the regulations on landfill have now been published, and it is true that there will be a consultation on hazardous waste regulations over the summer. Of course, the hazardous waste forum has been held, which involves representatives of all sectors, including the Federation of Small Businesses.

It is quite remarkable that the FSB today put out a press release that appears to say that it has no role in the situation that we are discussing. The FSB is actually involved in a forum discussing the details, and one reason for that involvement is precisely so that it and other such organisations can give information back to their members as part of the communication strategy. Yet the FSB seems to think that it has no role whatever in these issues. Although the FSB often goes on about too much government, it appears that, for the FSB, any kind of change involves hand-holding with the industry sectors that it represents.

Having said that, of course there is a role for central Government in terms of communication, and we take that seriously. I might just point out a mistake in the FSB press release. It claims that there are no waste sites in the south-east, but that is not true: there is availability there.

Sue Doughty: I hope that the Minister is right, because it is my understanding that the site in the south-east will take only asbestos. If he has good news about a wider range of hazardous wastes, I will be delighted to hear it.

Mr. Morley: I will certainly give the hon. Lady that information. There is more than one site in the south-east, as a matter of fact. It may well be that there is one that takes just asbestos, but there are others, too, and I will give her more information on that.

There has been enormous discussion of the issue. There has been a lot of press and TV coverage, and I did something on the subject on the BBC over the weekend. It is not as if the matter is not in the public domain. In fact, we know that businesses are taking note, because as the hon. Lady will have heard at the conference, there has been a 45 per cent. increase in disposal of hazardous waste. That is because companies know that the regulations are being introduced in July, so they have been advancing some of their arisings before the regulations come in. There is plenty of evidence that people are well aware of what is going on.

It is true that there are very small businesses that may produce very small quantities of materials that are regarded as hazardous waste—painters are certainly a case in point—but most small businesses get rid of their waste through commercial contractors or local authorities, both of which are well aware of what is going on. In relation to amenity sites, many local authorities have facilities for paint, batteries and asbestos, which they collect. They can collect small quantities until they have gathered a lorryload of material that it is economical to dispose of, and they provide that service for small companies. None of that will change. We do not want to overestimate the potential change. Incidentally, there will be no de minimis. We should be clear about that.

Sue Doughty: With local authorities taking trade waste and, as the Minister said, bulking it up before onward disposal, there will still surely be rising costs. Where is the cost likely to fall?

Mr. Morley: It is likely that there will be an increased cost, and it will vary according to circumstances. I repeat the point that the hon. Lady heard me make yesterday: the costs of disposal in this country for a range of waste, including hazardous waste, has been the lowest in Europe. The reason for that is that people have

[Mr. Morley]

benefited for a long time from cheap, unsustainable landfill. The true costs of the environmental impact have not been borne by various sectors. That is going to change: there are no two ways about it. It is appropriate that the costs reflect the environmental impact and the costs of proper treatment and disposal by professional companies. People will have to accept that change, which is fair and equitable in terms of the environmental impact of waste handling. The increased cost is also an inducement for a range of companies to think about the waste that they produce and consider minimising, reusing and recycling it.

Yesterday, we heard from some companies that are gearing up and investing in many ways to provide reuse and recycling services. I talked to a few of their representatives afterwards. Perhaps in future various streams of waste, which are currently considered waste streams to get rid of, might have value because they can be reused and marketed. We want to encourage that, and we are putting money into bodies like the Waste and Resources Action Programme to support research and development, and into small and medium-sized enterprises to help develop the growing sector of environmental industries. That is good for the economy, the country and the environment. Part of the approach is for companies to bear the proper costs of the environmental disposal of waste, and we should not be too apologetic about that.

There is always a risk that when costs relate to disposal, there is a temptation for the cowboy element. We understand that, which is why we are talking to the Environment Agency about the work that it is doing to combat fly-tipping and crack down on illegal activity, which we take seriously. It has been doing a good job and has introduced specific campaigns in hot spots, which has been impressive. I should like to see more such action and I will be talking to it about what can be done.

Sue Doughty: In the Minister's discussions with the Environment Agency, what representations has he had from it about this problem and about an increase in the risk of fly-tipping as of next Monday, because of the current shortage of capacity in the regions where waste is being produced? Will it need more resources? Are the resources adequate to deal with fly-tipping? What publicity is available to make it clear that fly-tipping is a crime and must not happen?

Mr. Morley: I will come to that point in a moment, and I will go through all the actions that have been taken on publicity.

Of course, I talk with the Environment Agency about issues such as resources. However, although we are not complacent about fly-tipping, we do not assume that there will be a large increase in the fly-tipping of hazardous waste post-16 July. The bulk of hazardous waste has always been contaminated soil. We know that developers understand the regulations and know about that. A lot of hazardous waste has always travelled to specialist sites, and there is nothing new about that. There will probably be a reduction in the number of sites, which will mean that waste will have to go to fewer sites. In many cases, however, there will be no change. For example, a lot of hazardous waste in Scotland has always been transported over considerable distances, so there will be no change. I am keen to see as good a geographical spread of site facilities as possible. We are beginning to see that happening, and we will certainly see it over the next 12 months.

The changes on 16 July will not automatically lead to an increase in fly-tipping, but we must not be complacent. The current level of fly-tipping is not acceptable and we need to take action on it. The Environment Agency is taking action. It has been assisted by the new "Flycatcher" initiative, about which the hon. Lady may have heard yesterday, and targeted enforcement exercises, such as those I mentioned to her, which have been successful. Letters have been sent to all hazardous waste producers, waste managers and local authorities. All categories have received individual letters to alert them to their responsibilities and their duty of care. New powers, including stop and search, have been given to local authorities to help combat fly-tipping. There are permit arrangements for the transportation of hazardous waste. The responsibility is not only on the transporter: under the duty of care, it goes back to the people who have produced the waste. If they do not ensure that it is properly disposed of with transport and proper permits, they are liable.

Sue Doughty: Given that the new regulations will require more producers to register so that 1.5 million businesses will be drawn into the arrangement, does the Minister mean that letters have been sent to existing hazardous waste producers or to all the 1.5 million businesses?

Mr. Morley: Letters have certainly not been sent to 1.5 million businesses because, as the hon. Lady rightly says, some of the businesses are small. They have gone to the main producers of hazardous waste. However, there is information for everyone. I shall run through the type of work that is being done.

A communications manager has been appointed so that there is a full-time person working on getting over the message to stakeholders. A communications programme has been put in place. It co-ordinates the communications activities of the Department for Environment, Food and Rural Affairs, the Environment Agency and Envirowise. Activities include a new web portal, www.hazardouswaste.org.uk, specific leaflets aimed at all producers of hazardous waste, press releases, mailings to trade associations either as inserts or by email, articles in the trade and regional press, attendance at exhibitions and conferences with speakers and displays, and surveys. In addition, guidance has been issued by the Environment Agency to appropriate parties.

More work is being done in relation to dedicated communications mangers. To answer the hon. Lady's question, the co-ordinated communications strategy has been set up with the DTI, part of which is to set up a communications network throughout the country with active participation by industry and relevant trade associations. The website will reinforce that. The hazardous waste forum, which includes the Federation of Small Businesses, has been kept informed at every

stage of development, which allows it to communicate such matters to its members, which I assume it has been doing.

Sue Doughty: The Federation of Small Businesses, which was actively involved in the waste forum, has made recommendations that dissemination should be made through small firms, waste contractors and local authorities. Although it could do so much, it believed that not only it should make such an outreach. Not every small business is a member of the FSB.

Mr. Morley: I absolutely accept that. I am not for a moment suggesting that the responsibility should fall entirely on the shoulders of the Federation of Small Businesses. All I am saying is that it is part of the network of information dissemination. To pretend that it is outside the loop and that it has not received the information would be misleading. I am not accusing the federation of doing that; I merely want to emphasise that it is part of a framework of communication that is sophisticated and comprehensive.

We shall do more in the future and ensure that the message gets across so that people understand their responsibilities and how new regulations will impact on them.

11.29 am

Sitting suspended until Two o'clock.

National Parks

2 pm

Lawrie Quinn (Scarborough and Whitby) (Lab): It is a great personal pleasure and privilege to be allowed to introduce this debate, which I hope will enable us to consider the present activities and future mission of national parks in the United Kingdom. The debate will allow us to consider the issues surrounding national park authorities and their role in national conservation, recreation, tourism and rural regeneration agendas.

First, I thank you, Mr. O'Brien, and all right hon. and hon. Members who, with me, have requested an allocation of time to consider this important matter. This Adjournment debate is timely and I congratulate everyone who has been able to find time to attend this afternoon. I hope that we shall have a good debate and that we shall be able to give wide consideration to the important issues concerning national parks, which are one of the most important—indeed, vital—parts of national life. In an attempt to allow as many hon. Members as possible to participate, I shall make my opening comments as brief as possible.

I represent Scarborough and Whitby and live in one of the most beautiful parts of the United Kingdom. As the secretary of the national parks parliamentary group, I know only too well that there are many rivals for that tribute. I have been able to appreciate many different aspects of national parks throughout the country and, as I look round the Chamber this afternoon, I am pleased that I have had the opportunity on many occasions to visit national parks with my colleagues. We have had some very pleasant times indeed, but the jury is still out on which is the most beautiful part of the country.

I am sure that you are aware, Mr. O'Brien, that last week was the first national park week. That important period of celebration, recently concluded, was aimed at achieving a greater understanding and commitment at two levels; first, by encouraging people to visit and enjoy a range of events and sites, and secondly, to raise the profile of national parks nationally.

I am reminded of that old public information message that a dog is not just for Christmas. I passionately believe that the national parks are for every day of the year in every weather, and are not just for holidays. I am sure that my constituents and fellow residents of the North York Moors national park agree, as, I hope, do other Members of the House.

Our special week celebrated national parks and was given an excellent opening by the Minister who announced the Government's intention to confirm the designation of the New Forest as a national park.

Mr. Desmond Swayne (New Forest, West) (Con): The hon. Gentleman will be aware of my concern that the park as designated is too small to protect its sensitive core. The Minister has now decided to follow the inspector's recommendation and make it even smaller by excluding Lymington, Ringwood and other areas. I hope that the Minister will be open to representations on that score.

Lawrie Quinn: I thank the hon. Gentleman for his intervention. From our previous encounters on the issue

[Lawrie Quinn]

I know of his passion for the national parks movement and I am sure that the Minister has heard what the hon. Gentleman said.

The Minister for Rural Affairs and Local Environmental Quality (Alun Michael): I want to make it clear that the points raised by the hon. Member for New Forest, West (Mr. Swayne) are not open to reconsideration. In my announcement, I sought to define clearly the New Forest national park according to the characteristics of the national park and the New Forest. He referred to urban areas. Urban areas such as Buxton in the heart of the Peak district do not need to be part of the national park area to be clearly engaged with and related to it. I suggest that both my hon. Friend and the hon. Gentleman read the details of the decision, which was clearly based on the inspector's report, the landscape expertise and the representations made during the seven months of public inquiry. The conclusions were reached carefully and the areas that remain concern three possible small additions that would improve the overall definition of the national park.

Lawrie Quinn: I thank my right hon. Friend for that quick response to the intervention. I am sure that the *Official Report* will be read by all of us in what I regard as the national parks family in Westminster. Indeed, it is from that sense of family that I give a warm welcome to everyone who will be part of the new national park in the New Forest; not only the residents but the authority and all the partners.

The debate will go on, with the words of the Minister regarding the remit and the necessity for designation ringing in our ears. I am sure that the future management of the New Forest will benefit from a focus not only at the national but the local level. Without doubt that national park designation can and, I believe will, allow greater community and public park participation. I want to encourage that.

The national parks movement goes back to the mid-19th century in north America. I have had the privilege and pleasure of visiting national parks across north America. It is my aim to try to emulate the high standards in national parks such as Yellowstone. It is important that we try to take a lead from the inspiration of the post-war settlement in terms of national parks to make sure that that place provides the tools for local communities to build a national park in their location in the way that they want.

The possibility of extending the national parks designation to other areas is also important and I look forward to seeing more national parks closer to more heavily populated parts of the country. Given the dynamic nature of the economy in south-east England and this capital city of ours, I hope that the landscape and the opportunities that the south downs offer will allow for a designation in the near future, if not next year. The quality of that landscape deserves the high accolade of national park status of which I am sure everyone would be proud.

Mr. David Lepper (Brighton, Pavilion) (Lab/Co-op): I welcome the comments that my hon. Friend made about the south downs. Is he aware that a poll carried out by Meridian television showed that about 85 per cent. of people in the proposed south downs areas support the national park? There is a great deal of public support in the Sussex and Hampshire areas.

Lawrie Quinn: My hon. Friend has great experience and I recall that he had the opportunity to participate in a similar debate approximately four years ago, in November 2000. I wish him and his constituents well in bringing that forward.

The media involvement and interest in the issue gives credit to the national park movement, which has used national parks week to focus the significance of that vital part of national life across the nation. The hundreds of pieces of print and broadcast coverage during that week, both near to national parks and beyond, have allowed us to give the country a flavour of the wide variety of opportunities in national parks.

It is interesting to note that many other audiences were reached in different ways. The UK's largest outdoor retail store featured a national parks week window promotion in its 260 stores nationwide. I am sure that that has prompted many people from urban areas to find out for themselves the great attractions that national parks have to offer.

Dr. Ian Gibson (Norwich, North) (Lab): I see that the hon. Member for Mid-Norfolk (Mr. Simpson) is present. We both enjoy the delights of the Norfolk broads, but the local council is attempting to close the toilets and demean other public facilities such as refuse collection. Is not the wonderful work taking place in Norfolk and other areas undermined by aberrant councils?

Lawrie Quinn: I thank my hon. Friend for that contribution to the debate. Perhaps hon. Members will recall the incident in my part of the world where Scarborough borough council tried to close public conveniences in the same way as my hon. Friend described. Famously, the local playwright, Sir Alan Ayckbourn, who was given the opportunity to comment on whether there should be public conveniences or extra grants for his local theatre, said he did not want to get himself involved in a debate that would consider the important question of luvvies or lavvies.

At the end of the day, public opinion will doubtless win through. I wish my hon. Friend the Member for Norwich, North (Dr. Gibson) and the hon. Member for Mid-Norfolk well with their campaign to ensure that people see sense about how to spend a penny. *[Interruption.]* I think we will forgo that comment on rendezvous in public toilets.

To return to the comments made by my hon. Friend the Member for Brighton, Pavilion (Mr. Lepper), there was a lot of publicity during national parks week. The Association of National Parks commissioned public surveys, and the interest in national parks from the survey conducted by Meridian television that my hon. Friend has mentioned is supported by the national survey, which showed that 95 per cent. of people thought that national parks were an essential part of national life. For all of us politicians, a 95 per cent. approval rating of our work would be well received, but perhaps we can look to that only as a political holy grail.

The key point of the debate is to support the vital work within the national parks family and to further stimulate public awareness. That point was highlighted in the review of national parks authorities published last year. One strong recommendation was that the parks do a better job of promoting their activities. On the North York Moors national park, the parks authority, those who work in the park and the friends of the national park have taken up that recommendation and done a far better job of promoting their activities.

In my part of the world and in many national parks throughout the country, a crucial component is the management of natural resources within the parks. Fundamental to that is the participation of people who work in the agricultural industry and the industry itself. The industry defines, maintains and undertakes the important stewardship of the landscape.

Over the last bank holiday, I visited the Peak District national park and, without a doubt, the landscape has been worked to provide us with a national treasure and has the acclaim of being our first national park. From conversations with farmers in the Peak District national park, we learned that Parliament must closely monitor agriculture for the next 10 years, as the common agricultural policy mid-term reform and single farm payments scheme impacts on those vital landscapes and their communities.

I hope that everyone agrees that it is essential to sustain the farming communities in the national parks. They are some of the most isolated and hard-working communities and they receive very little reward. I know only too well from my constituency mailbag how much support we should give to those communities, and the work that DEFRA has embarked on is part of the process of encouraging farmers to make more of the benefits of national park designation. The park authorities want to work more with the farming community to help it become more sustainable, not only in terms of agricultural product, but in terms of the diversification of the activities that it is able to carry out.

The parks are addressing the facilitation of the nation's sustainable development agenda. That has been helped by one of the Minister's personal initiatives; the sustainable development fund strategy. If he will forgive me for saying so, it is a passion of his. It is an exciting initiative, which involves communities and businesses in sustainable development at a practical level, and instead of just talking about the topic, it is delivering practical results in the nation's national parks.

In the North York Moors national park, a small engineering company was supported in the development of a small, environmentally friendly boiler, which is now a leader in the world market. That all started because of the support and the considered judgment of the park authority. Through agricultural and industrial support, the national parks have become an exciting place to do business. Many other organisations could take a leaf out of the national parks' book and follow their lead. They are all about teamwork and partnership and ensuring that such engagement continues into the future.

My right hon. Friend the Minister is respected among the family of national parks, principally because of his personal interest in the national park movement. I have been pleased to welcome him to my constituency on the occasions when he has visited the national park that covers 60 per cent. of my constituency. I particularly remember the fine day when we celebrated the 50th anniversary of the North York Moors national park. With typical style, we had a brisk ministerial moorland walk. The Minister impressed all who accompanied him on that day, not least the park rangers, who had allotted double the time we actually took to travel the route, which is a tribute to the years of training the Minister had on the slopes of Snowdonia. Without a doubt, on that day in North Yorkshire, he was not only well briefed but well booted. Many people, including rangers, still mention that day to me, and the way that he was able to get involved with discussions in the park.

For the record, we were also able to bring parliamentary colleagues from the national parks group to North York Moors national park in May 2003. There were many highlights to that trip, but one of the important things was the drive towards bringing sustainable tourism to the national parks in North Yorkshire. Last year, more than 8.5 million visitors spent time in the North Yorks Moors national park. Most would agree that that figure illustrates the importance of tourism to the area. Without a doubt, after the ravages of foot and mouth—which happily stopped halfway down my constituency, but none the less damaged many local businesses, many of which were linked to tourism—the North Yorks Moors national park sustainable tourism project allowed local businesses to understand what a special product they had and to develop the proposition that it is great to come to the North Yorks Moors national park.

The popular village of Goathland in my constituency is well known as Aidensfield in "Heartbeat" and it acts as a magnet for many people coming into my part of North Yorkshire. The special role that North Yorks Moors national park is able to perform in stimulating effective management of transport systems, effective promotion, and, above all else, a real partnership with the local community, allows us to look forward positively to the future.

I am conscious of the time. I want to allow many other colleagues to take part in the debate, but it would be remiss of me not to mention the tremendous work that has been done to debunk the ideas relating to social exclusion in national parks. People in areas such as Teesside, Humberside and other parts of West Yorkshire—people from ethnic communities in particular—have not felt that they would be afforded a welcome and hospitality when they visited a national park. The authority has done tremendous work in North Yorkshire and the Minister may recall seeing a presentation on it. It has made a huge difference and has made our national park feel like a national park, so Muslims from Teesside or Hindus from Hartlepool can come and enjoy the wonders of the fantastic moorland.

I want to mention a particular concern of mine that is exemplified by the ongoing debate about the future of RAF Fylingdales in the North Yorks Moors national park, which has made me particularly aware of the specialist and tremendous work that national park planning officers do. It gives me some concern that, as a nation, we are perhaps not sustaining and developing that particular group of professionals to allow them to undertake their specialist work of sustaining and keeping the national park together for the future.

[Lawrie Quinn]

I hope that the Minister will consider speaking to his colleagues in the Office of the Deputy Prime Minister to examine whether there will be a development, both professionally and in terms of the training opportunities that can be afforded to that special group of people. Over the years, I have seen planning officers who have been trained up, and have become very effective in their role of working for local communities, but who have been almost seduced away from the delights of the national park movement towards private practice. That puts pressure on the ability of planning officers to work effectively for the future. The debate on RAF Fylingdales has shown me what an excellent job such people do in contributing to the viability of national parks.

There is so much that I could say, but I will finish with one final point. The Minister took over from the Under-Secretary of State for Foreign and Commonwealth Affairs, my hon. Friend the Member for Sunderland, South (Mr. Mullin), who set in train a debate about the future of national parks. At the end of 2003, an action plan for the review of the English national parks authorities was published. At the end of the debate, perhaps the Minister could take the opportunity to highlight where we are up to with the action plan, what has been achieved and whether there are any lessons to be learnt. Above all, what role can be played by local MPs, who serve these wonderful communities around the country, to keep the action plan alive and relevant and to service the needs of not only local residents but the nation?

Mr. Bill O'Brien (in the Chair): Order. Hon. Members will be aware that this debate will finish at 3.30 pm, and I intend to start the winding-up speeches at 3 o'clock. There are 35 minutes to call as many Back Benchers as possible.

2.25 pm

Mr. Keith Simpson (Mid-Norfolk) (Con): I congratulate the hon. Member for Scarborough and Whitby (Lawrie Quinn) on securing a debate on this important subject. I am lucky that my constituency straddles the broads at the eastern side. As hon. Members will know, the Norfolk and Suffolk broads are the UK's premier wetland area and have been shaped and matured since Roman times.

Agriculture remains a crucial element in the economy of the broads, but is more important today for securing the landscape and wildlife. Tourism is now the major driving force behind the economy. I know that the Minister has visited the broads in the past couple of years and that he used to go on the broads as a child, so he is well aware of the area's importance and natural beauty.

The broads were finally established as a UK national park under the Norfolk and Suffolk Broads Act 1988, which was steered through the House by my predecessor in Mid-Norfolk, who is now Lord Ryder of Wensum. That legislation is tailored to meet the specific additional interest of protecting navigation on the broads.

The broads' boundary is tightly drawn around the rivers Bure, Yare and Waverley, and encompasses an area of about 301 km of mainly open, under-developed landscape of water, fens, marshland and woodland. It also includes many waterside villages and towns, such as Wroxham, Acle, Reedham and Brundle, which happen to lie in my constituency, as well as many others. It is a truly beautiful area. An extensive inland waterway system, comprising 190 km of navigable, lock-free rivers and permanently open water bodies is also an important part of the broads.

The Broads Authority has three aspects to its remit: first, conserving and enhancing the natural beauty of the broads; secondly, promoting the enjoyment of the broads by the public; and thirdly, protecting the interests of navigation. One specific concern about the broads is the impact of climate change, especially the rise in sea level and the risks from flooding. Will the Minister comment on what additional action the Government are taking to protect the Norfolk broads from that growing threat?

Together with the important urban hinterland, the broads can facilitate growth and urban regeneration in that part of eastern England. Transport, including the road system, is absolutely crucial. The Minister will be aware of the vital importance to Norfolk of our main east-west road, the A47. Something that has particularly caught the local attention is the debate over the dualling of the so-called "Acle straight", the single-lane road between Acle and Great Yarmouth. The Highways Agency is due to report shortly on whether the road should be dualled.

One concern expressed by local people is that although the environmental impact is the main consideration, economic factors are not being considered at all. I spoke in a debate on transport in the eastern region the other week, supported by the hon. Member for Great Yarmouth (Mr. Wright). I know that that issue is not the Minister's responsibility, but it reinforces what the hon. Member for Scarborough and Whitby said about the fine balance in areas such as the broads between economic aspects, regeneration, and the natural habitat.

Managing the habitat is incredibly important. The wetlands and hinterlands are crucial for birds and wildlife. We must also consider the management of predators, and how they can be contained and eliminated. There is particular concern in several areas about foxes; without wishing to raise a fox hair, I ask if the Minister accepts the need to cull foxes, which according to the RSPB, are a threat to birds.

The total value of tourism to the broads was £146.6 million in 1998; more than 2.3 million visitors visit the broads annually. Boatbuilding and boat hiring are very valuable to the local economy. The hire-boat industry is the single most important provider of holidays in the broads; the number of licensed boats using the broads in any year is between 12,700 and 13,200, and 4,350 jobs in the broads area are dependent upon tourism. Other recreational activities include angling, sailing, walking and horse and bicycle riding. The economic aspect of a national park such as the broads cannot be over-emphasised.

The Broads Authority, which manages the broads, has an annual budget of approximately £4.5 billion and raises about £1 million in addition from external sources. It relies on a number of services provided by district councils, including public lavatories—not

toilets, of course—and waste disposal. As the hon. Member for Norwich, North (Dr. Gibson), who seems to be fascinated by the subject, said, we have a problem in that respect, which I shall mention briefly.

In the past few months, there has been considerable agitation in the broads area about the proposal by district councils—those that directly affect the broads and the hinterland—to close some, if not all, public conveniences. The hon. Gentleman is on record as saying that one district council in particular was being a cheapskate about the matter.

I did some factual investigation into the subject as it seemed to go beyond the national parks. I have received representations on the matter from the Broads Authority, the district council, the Broads Hire Boat Federation and from that most powerful of organisations, the Women's Institute of the village of Reedham. Quaver in your shoes, I say to the hon. Member for Norwich, North, at the thought of the WI intervening in this matter. There has been a lively correspondence in the local press about it and the Broads Authority will be discussing access to public lavatories and waste disposal at a board meeting on 16 July. Access to public lavatories on the broads and the removal of waste is very important not just for the environment but for local communities, business and tourism.

My concern in the debate is to consider the facts and to see what can be done to enlist the Minister's support where he is able to resolve the problem. He, and the hon. Gentleman, will be aware that district council funding for public conveniences is discretionary expenditure. Most district councils, especially those in Norfolk, are at a disadvantage because many of them have funds withheld by the Government and are facing problems in meeting their statutory obligations, let alone their discretionary obligations.

The future of public lavatories is a national problem and many councils throughout the country have already gone ahead and closed them. For example, Shepway has closed all 28 of its public lavatories, and South Devon district council has done the same. North Norfolk and South Norfolk district councils must also consider that solution. There is a financial problem connected with the issue, which I suspect affects the constituencies of other hon. Members whose constituencies cover parts of the national park. It will cost an extra £100,000 for Broadland district council to modernise its public lavatories, including the provision of disability access. That appears to be a small sum of money, but translated into the council tax, it means an extra 3 per cent. It is not a small-change issue.

What is the solution? I hope that the Minister can bring some pressure to bear on his colleagues in other Departments to admit that this is a national problem, and that the decision on withholding moneys from district councils should be reversed. In particular, Broadland district council, whose policy is under question at present, should be given the moneys that it is due. I believe that the Broadland district council should continue to find local solutions to the problem of keeping those public lavatories open, such as joint financing arrangements with parish or town councils. Such arrangements already exist with two parish councils in my constituency.

Given that the Broads Authority has recently received extra moneys for tourism and planning, it might, at its meeting on 16 July, consider some form of joint financing with local district councils for public conveniences, because those conveniences are needed by local communities, and also come under pressure from tourism.

As far as waste disposal is concerned, I know that some boatyards are establishing their own local agreements with district councils for the emptying of skips. One of the problems faced by many of our district councils is that a large amount of fly-tipping occurs around the skips, which causes major problems for the environment, as well as encouraging the rodent population. I hope that the district councils in Norfolk that cover the broads area can continue to maintain a waste disposal service for the broads, which the Government will support, and that there will also be contributions from other stakeholders.

My constituents in the broads area are privileged to live in an area of great natural beauty, but many of them also make their living from the area. They also have to extend a welcome to millions of tourists every year. The Government, district councils and the Broads Authority must resolve a number of competing issues of which, at the macro level, there is the impact of tourists on the environment and, at the micro level, the opening or closure of public conveniences.

Mr. Bill O'Brien (in the Chair): Order. There are six hon. Members wishing to speak, and we are running out of time. I appeal to them to restrict their contributions to three or four minutes each.

2.32 pm

Mr. David Lepper (Brighton, Pavilion) (Lab/Co-op): I also congratulate my hon. Friend the Member for Scarborough and Whitby (Lawrie Quinn) on securing the debate. He is right that it is nearly four years since we last debated national parks, also at his instigation.

I am glad that he talked about the future of the national parks movement. I represent an area that does not yet have a national park, although a public inquiry is under way on the designation of the south downs as a national park. What is clear from the inspector's reports on the New Forest designation is his belief that area of outstanding natural beauty status is not enough to secure the protection that is needed for areas such as the New Forest and the south downs.

Reference has already been made to the widespread public support for designation in the area covered by the Sussex downs. There is public support because people see designation as a way of securing protection and conservation of a unique landscape through strategic planning. They also see it as a way of securing additional funding, through the EU or from the lottery, for example, to help with that conservation and protection. However, I want to mention one concern that is emerging in that public inquiry, although I would not necessarily expect the Minister to comment on it, because he is in a difficult position because of his quasi-judicial role.

Concern was expressed earlier about the narrowness of the boundary of the New Forest national park. There is concern that the boundary of the south downs national park might be more narrowly drawn than the Countryside Agency recommended.

[Mr. David Lepper]

It is well known that West Sussex county council is opposed in principle to the idea of a national park for the south downs. It has reportedly set aside a budget of £200,000 to fight designation. Its current tactic seems to be to suggest that there should be a south downs national park consisting of chalk landscape only. That would leave out many of those areas recommended by the Countryside Agency, which are important from the point of both landscape and history. There were 6,000 responses to the public inquiry into the south downs national park, compared with 420 for the New Forest; 90 per cent. wanted more land included within the boundaries rather than less. I do not necessarily expect the Minister to comment because of his role, but I flag up for his attention the genuine local concern about the possible spoiling tactics being adopted by West Sussex county council.

I have been asked, as have all hon. Members, to keep my comments brief. Support for the proposed designation grows day by day. My local authority has always supported it but other authorities have now become more sympathetic to the idea. I pay tribute to the work of the South Downs Campaign, which draws together nearly a hundred organisations including parish and district councils to put the case as strongly as possible for completing the work suggested in the Hobhouse report of 1947 to include the south downs in the family of national parks.

2.43 pm

Mr. Patrick McLoughlin (West Derbyshire) (Con): I shall try to be brief but I want to cover a few points. I congratulate the hon. Member for Scarborough and Whitby (Lawrie Quinn) on securing this important debate. He rightly referred to the Peak District national park, which forms a large part of my constituency and which the all-party group visited a few weeks ago.

I fully agree about the importance of national parks. Colleagues have talked about visitor numbers being 2 million to the broads and 8 million to the Yorkshire moors. The Peak District national park gets 19 million visitors each year. It was once described as the lungs of Britain because it is within an hour's drive of 60 per cent of the population. It sometimes seems that they do all come. That proximity brings a lot of problems, as well as enabling people to enjoy the beauty of the Peak district. People tend to come for the day and they do not necessarily spend much money while they are there. I was impressed when I visited the Eden project to see how it has encouraged people to stay overnight. Overnight stays in Cornwall have dramatically increased. Unfortunately that does not happen in the Peak district.

I thank the Minister for listening to the representations that a number of us made about the size of the Peak District national park. It is a unique national park in that it is made up of so many authorities. I realise that that might not be the case once the south downs authority is established. The all-party group visited Chatsworth, a fantastic house and beautiful building that is a very important part of the Peak district. However, I often make the point that if anyone tried to build Chatsworth today, they would not stand a cat-in-hell's chance. I do not think we would allow even the stables to be built, let alone the house.

That is part of the problem that I want to raise with the Minister; the question of building and allowing organic growth. I am very concerned about how house prices in the Peak district have rocketed in the past five years. I know that many areas face that problem, but for the Peak district, being so close to places such as Sheffield and Manchester and not far from Birmingham, it is especially serious.

I wrote to the Under-Secretary of State, Office of the Deputy Prime Minister, the hon. Member for Pontefract and Castleford (Yvette Cooper) on the subject. She replied:

"In carrying out its planning functions the National Park Authority must also have regard to the purposes for which the Park was designated, which include conserving and enhancing the natural beauty and cultural heritage of the Park."

Nobody would disagree with that.

"It also has a duty to foster the economic and social well being of local communities within the Park."

Many people who grow up in national park villages currently stand no chance of being able to afford housing within it, and the problem is becoming ever more serious.

We often talk about affordable housing, but affordable housing in the national park is more expensive because of planning criteria. I urge the Minister, when he meets representatives of the national park, to discuss allowing more organic growth. If local people want to build extensions to their house so that they can bring up families, that should be looked at sympathetically.

I could say a lot more, but because of the time constraints, I shall leave it at that. I hope that the Minister will consider the point. There is no easy solution, because of the complicated nature of the problem, but at the moment there is unnecessary restriction and too narrow a view taken on planning. None of us wants to see the national parks becoming the preserve of very wealthy people who can afford to pay huge prices for what are in some cases moderate houses. I urge the Minister to consider that. I accept that there are no easy solutions, but we need to address the problem seriously.

2.47 pm

Mr. Colin Pickthall (West Lancashire) (Lab): I will cut out the general material that I wanted to talk about and move straight to the issue on which I want to concentrate. I want briefly to put on record my concerns about some precious landscape between the Lake District and Yorkshire Dales national parks. I know that the Minister is aware of the problem.

Cumbria has large tracts of spectacular landscape that anywhere else in England would be in a national park but in Cumbria are not. Some of the landscape is protected—as areas of outstanding national beauty, for example—but other parts are not. With little effort, I could make the case for including the whole of north-west England north of Carnforth in the Lake District national park, but that would be pushing it a little far.

The landscape that I am concerned about is that found between the A6 and M6 north of Kendal, the Orton fells and the part of the Howgill fells that is not included in the national park. Those areas were recognised by Dower in 1945, when he put the Howgills

on the reserve list for future national park status, and by Hobhouse in 1947, although he did not recommend the Howgills for national park status. He did that not because of the quality of landscape, but because of the exceptional quality of the landscape that was next to them.

I want to zero in on the landscape lying between the A6 and M6 that butts on to the Lake District national park; Westmoreland Borrowdale for want of a better term. The land is under threat, although it is an environmentally sensitive area, and its landscape quality is equal to that of the Lake District national park, and potential developments there could directly affect the visual quality of the national park itself. This stretch of Cumbria consists of parallel ridges running east-west and valleys, and it is outstanding walking country. It is virtually uninhabited and was beloved of Alfred Wainwright, among many others. It has been designated county landscape by Cumbria county council. At present, one of its ridges, the Whinash ridge, is threatened by a plan to place 27 wind turbines, some of the largest ever built, along it. It is such a huge development that it has to be treated as a power station by the Department of Trade and Industry. Incidentally, it would be nice to know from the Minister what consideration Ofgem, Ofwat and other bodies have to give to the needs of national parks.

That is a threat not only to the Whinash ridge and to the visual amenity of the area but to the visual amenity of large tracts of the eastern part of the national park. That is a problem right round the Lake District national park borders, where the fells just outside the park have attracted wind turbine developers as honey attracts files. For example, the Burlington wind farm on Kirby moor is now the visual southern end of the whole of Coniston water.

Of course, if the wind farm were to appear on the Whinash ridge, any case for inclusion of the area in the national park would vanish. I do not want to make the case for inclusion simply as a defensive move to prevent a wind farm, because the area should be included in the national park on its own merits, and there is widespread agreement on that. Certainly, the district and county councils are in favour, and the process could now be one of pushing at an open door, so far as local opinion is concerned. I know that the local Member, the right hon. Member for Penrith and The Border (David Maclean), is of the same opinion.

There is an urgency to this matter, which I want to register. I am aware that the Friends of the Lake District have secured counsel's opinion from Robert McCracken QC to the effect that the Government could carry out a discrete area extension to a national park without opening the whole boundary to review, and the Minister and the Department have responded positively to that, which is great. The Countryside Agency board visited in early May and was, I understand, impressed by the landscape, as are all of us. It has set up a working group to produce a report to the board in the autumn. That is all very promising. I hope that the Minister will keep his strong interest in this matter fresh and, in the nicest possible way, remind Pam Warhurst—if she needs reminding—of the urgency involved.

2.52 pm

Dr. Julian Lewis (New Forest, East) (Con): As well as trying to be as brief as possible, I shall try to be as positive as possible. I apologise on behalf of my hon. Friend the Member for New Forest, West (Mr. Swayne), who is at this moment having to debate a statutory instrument in another part of the Palace of Westminster.

The announcement that the New Forest is going to become a national park has made a small group of my constituents very happy indeed. That is the New Forest, East Labour party, the only group in my constituency who consistently wished for, desired and campaigned for a national park model for the New Forest. I pay sincere tribute to Mr. Peter Sopowski, the former chairman of the New Forest, East Labour party, and Mr. Alan Goodfellow, my former opponent at general elections, because they are the only people who have consistently wanted this solution. If it works out well, it will reflect great credit on them in the future.

Most other groups in my constituency and in the New Forest area as a whole did not want this solution. That does not mean that they did not want the New Forest to be protected, but they wanted it to be protected in the future in the way in which it has traditionally been protected in the past: through special legislation. They were concerned that if a national park model were imposed on the New Forest, it would lead to rigidity, bureaucracy and the overriding of the former, consensual way of running the New Forest by a compulsory way of running it. Everything will depend in the future on the sensitivity and self-restraint shown by the people in the national park authority.

The Labour Government have a democratic mandate to carry this proposal out. They announced before the last general election that they proposed to create a national park in the New Forest, and having won that general election, they can claim a democratic mandate for what has now been done. It was never the case that the public inquiry into the proposed New Forest national park would turn it down on the basis that a national park was not the best way forward for the New Forest. The purpose of that public inquiry, as I said at the time, was simply to see whether the New Forest measured up to the criteria necessary to become a national park, and of course it did.

However, after the general election, when I went to see the Minister's predecessor—who is now the Under-Secretary of State for Foreign and Commonwealth Affairs, the hon. Member for Sunderland, South (Mr. Mullin)—he made me this promise. He said, "Julian, there will be a national park for the New Forest, but we are open to persuasion as to how it might be tweaked and tailored to suit the New Forest's particular needs."

That is why, in the few seconds that remain to me, I want to express surprise that a site of special scientific interest such as Dibden bay has been excluded from the national park, whereas Fawley power station has been included. According to a quote from the Minister in the local press, that is because otherwise

"We would have a hole in the map just because there happens to be a power station there."

I only hope that we do not, as a result, see a renewed assault on that triple SI, which only recently was, thank goodness, saved from port development.

[Dr. Julian Lewis]

Finally, I draw the Minister's attention to the press release from New Forest district council. The chief executive, Mr. Dave Yates, commented:

"The Inspector appears to have accepted that it would be a good thing if the development control arrangements within the National Park were delegated back to the local authority. However, we understand that the Minister has not made any final recommendation on this".

I, for one, would take it as fulfilment of the promise made to me by the Minister's predecessor if he gave a positive response on that all-important concern.

2.56 pm

Kate Hoey (Vauxhall) (Lab): I do not speak on behalf of a national park—Vauxhall does not have one—but for right hon. and hon. Members' information, we have just reopened our public toilets in Kennington park.

I want to sound a note of slight discord in the debate and I am speaking particularly on behalf of many people who feel that national parks are not as welcoming and open to them as they are to others. Those are people who want to get involved in many different minority sports. I am all in favour of national parks being areas of quiet enjoyment and peace, but I have concerns where there are large areas of national park.

I am referring particularly to the Lake District national park, where there is a large number of lakes. It seems wrong that that national park has gone blindly down the line of trying to ban all water skiing and any use of the lakes by boats travelling at more than 10 mph. This issue is very important, and I have tried to secure Adjournment debates on it. Historically, Windermere, which is the largest of those lakes, has been a lake where water sports and fast speedboating could go on. It is a very large lake. In 1978, when a 10 mph speed limit was introduced on the other three lakes—Coniston, Ullswater and Derwent water—after the three-lakes inquiry, the agreement with the British Water Ski Federation was that Windermere would always remain a venue for water sports.

This has been a long saga, as my right hon. Friend the Minister knows. There was a public inquiry, but a Secretary of State in the previous Government refused to accept its findings, because he felt that there could be a management plan that allowed all users of that large lake to work together. All the users in the area of the lake have got together and they all want a solution to the problem. I pay particular tribute to what the hon. Member for Mid-Norfolk (Mr. Simpson) said, because the Norfolk broads have been an example of how, with good will and no political correctness, people can get together and work out how to allow water skiing, even on the broads.

I want the Minister to respond to this point. The issue will not go away. Let me explain the situation as from next year. Water skiing is not banned, but there is a 10-mph speed limit. That will bring on to the lake all sorts of other uses of the boats. It will put boats back on to the other three lakes. There was an agreement that the other three lakes would not have boats on them, but no one can prevent them from going back. Instead of that being an asset and something that will help the Lake District national park, we will drive away small businesses, tourists and people who have brought their families there; people who have been able to take part in activities on the lake with their young people and then go off and have peaceful enjoyment further into the national park.

That is a travesty. We should be reconsidering the issue and ensuring that our lakes and national parks are open for all people within reason. All reasonable people should be able to find a way to sort out this problem. Windermere is big enough for everybody.

2.59 pm

Mrs. Jackie Lawrence (Preseli Pembrokeshire) (Lab): I am grateful to have a chance to speak, even if it is just for a minute, as I am chairman of the all-party group on national parks. I congratulate my hon. Friend the Member for Scarborough and Whitby (Lawrie Quinn) on his contribution. It was comprehensive, but he missed one thing. On sustainability, there is an essential need for section 62 to be strengthened and re-emphasised and for all Government Departments and statutory bodies to be encouraged, if not obliged, to commit to park purposes. That would do away with the need for extra legislation.

I want to emphasise sustainability, particularly the SDF. The Minister himself, in his former capacity as First Minister for Wales, used Wales as a test bed for what has been a successful ongoing scheme throughout the UK. Just this morning, I received a document from my constituent Richard Blacklaw-Jones, who obtained SDF funding to examine local procurement of organic food in Pembrokeshire. Pembrokeshire has one of the largest areas of organic farming. I cannot go into the detail of what he has written, but it holds great promise for the national park and for farmers in it and wider afield.

Another element about which I hoped to go into some detail falls outside of agriculture. My hon. Friend mentioned the importance of SDF funding. The project on tidal energy, which is being funded by the national park in Pembrokeshire, also holds promise for Pembrokeshire and wider afield.

Finally, I wish to mention affordable rural housing in the parks, which has already been mentioned by the hon. Member for West Derbyshire (Mr. McLoughlin). In my area, property prices have gone up by 100 per cent. in only three years. There is a wonderful economic vibrancy in the local community, which has had a drop of more than 90 per cent. in youth unemployment. That means, for the first time in generations, that young people are able to stay in the national park where they and their families have been brought up and to keep the area vibrant. We do not want the national park to be a place just for people from the cities to play in or, after their working lives, to retire to with income that they have accumulated elsewhere.

Within that framework, it is important that we put in place the means for local people to find housing. Pembrokeshire and Exmouth are trying. I hope that the Minister will comment on that and efforts to make affordable housing available in UK national parks.

3.2 pm

Mr. Roger Williams (Brecon and Radnorshire) (LD): I, too, pay tribute to the hon. Member for Scarborough and Whitby (Lawrie Quinn) for obtaining this debate.

Many important issues about national parks have been raised in the contributions of hon. Members. Many of those issues actually cross the boundaries of national parks, but national parks have been able to act as a test bed for them. National parks are important to this country not only in themselves but as models of good practice for other rural areas.

I was pleased that the hon. Member for Preseli Pembrokeshire (Mrs. Lawrence) was able to catch your eye, Mr. O'Brien. I would like to pay tribute to the role that she has undertaken as chairman of the all-party group on national parks. Her energy and enthusiasm have enabled the group to stick together and do valuable work. She has indicated that she will not seek re-election at the next general election, but I pay tribute to her work for that all-party group.

Members should remember that the national park movement was founded outside Britain, in America, by pioneers who had enough foresight to understand that, even in that huge country, the pressure of development could endanger and put an end to the qualities of the countryside that we so value. Indeed, several national parks in America are virtually uninhabited.

I went to Atlanta, Georgia, recently and was taken around the Martin Luther King area by national park rangers. I found that a little strange, given the tradition of national parks in America. That just goes to show how the national park movement is developing.

One great thing they have in America is wilderness and that is precious in this country also. The opportunity for people to walk in national parks knowing that they will not encounter elements of human development is what makes those areas so attractive. From a parochial point of view, I believe that any development of wind farms in national parks or development that encroaches on the visual aspects of national parks is entirely unacceptable. People go to those areas for recreation; not in the ordinary way but to recreate themselves and to get back the internal spiritual energy that they have lost because of their jobs and the pressures of work today. They can go to those areas, think about things, find themselves again and re-energise themselves for their tasks.

The unfortunate experience of foot and mouth disease showed without doubt how important it is to have access to rural areas and national parks. That was a lesson for us. We did not need the problems, heartache and heartbreak that the foot and mouth outbreak brought, but it taught us an important lesson. In the area that I represent there has been a greater coming together of effort and thought between the farming community and the community that is dependent on tourism and visitors than there ever was before the outbreak. I believe that the pressure and concern during the outbreak will stand us in good stead in future when more and more farming businesses become involved in tourism. One issue that will come out of the mid-term review of agriculture is that people will see that they have energies and skills that can be used outside food production. They can look after people in a huge range of ways by providing interpretation of the countryside and allowing them to take part in active holidays such as walking, climbing and horse riding. There will be more and more of that.

I was a member of a national park authority for more years than I care to remember and chairman for a number of years. The great challenge was always to obtain a balance between the national responsibility of national parks and the needs of local people by ensuring that they were not disadvantaged by other people benefiting from the existence of national parks.

Planning authorities in national parks are often criticised for being over-zealous in their approach and preventing developments that could take place without deleteriously affecting the purposes of national parks. It is important that a number of national park authorities have now won awards for their planning work and the national parks, building on those good practices, will be able to make great advances. National parks are at the forefront of innovation in terms of rural development and should not be afraid of being innovative in the way in which they operate.

I was pleased that the review of Welsh national parks—I believe that I can speak about those, Mr. O'Brien, as we are discussing national parks as a whole—recommended that there should be direct elections to national park authorities. I do not know whether the Minister, who represents a Welsh constituency but is responsible for English national parks, feels that he could possibly comment on such a matter, but the Welsh Assembly should not be afraid of that suggestion. If there were elections and candidates supported the purposes of national parks, they would receive a huge amount of support. Indeed, that would stimulate a positive and balanced debate about how national parks should be administered and run and where their future lies.

I believe that Britain plays an important part in the national park movement throughout the world. We have many lessons that can be learned about how to manage rural areas in which people live and farm intensively. I am sure that the debate will go on. We could do with a debate on the Floor of the House to give us more time in which to examine these subjects.

3.10 pm

Mr. James Gray (North Wiltshire) (Con): In the few moments available to me if I am to give the Minister time to answer the various points raised during the debate, I will touch on two or three of those points and remind him of the questions that we seek answered when he winds up the debate. First, I congratulate the hon. Member for Scarborough and Whitby (Lawrie Quinn) on taking the initiative to call what has been an extremely useful and important debate.

It will be remembered that my hon. Friends the Members for New Forest, East (Dr. Lewis) and for New Forest, West (Mr. Swayne) raised two particular points. They drew a blind over the fact that the Minister, rather disgracefully, chose to announce the New Forest national park on the "Today" programme rather than in a statement to the House.

Alun Michael: Will the hon. Gentleman give way?

Mr. Gray: No, I will not. The Minister can answer in a moment. My hon. Friends raised—

Alun Michael: On a point of order, Mr. O'Brien.

Mr. Gray: Oh for heaven's sake!

Alun Michael: I want to make it clear that what the hon. Gentleman said is not true.

The Chairman: That is not a point of order.

Mr. Gray: The Minister will have the opportunity to respond more fully in a moment.

My hon. Friends the Members for New Forest, East and for New Forest, West raised two particular points. The first is that, as the Minister finally delineated it, the New Forest national park is 38 square miles smaller than that which was proposed by the Countryside Agency. As I understand it, the Minister himself made that decision. It misses out such important places as, for example, Dibden bay—which my hon. Friend the Member for New Forest, East referred to—with some detriment to the value of the national park. The Minister might like to tell us why that is and what can be done to make sure that it does not happen again and make sure that suitable constraints are placed on areas such as Dibden bay so that they are looked after.

Two hon. Members—the hon. Member for West Lancashire (Mr. Pickthall) and one other—referred to the issue of wind farms. That is a particularly worrying matter in the context of national parks and the areas surrounding them. Conservationists are alarmed about planning policy guidance note 22. Local authorities will be unable to create buffer zones around national parks such as the Lake District, which the hon. Gentleman referred to.

As Ruth Chamber, the deputy chief executive of the Council for National Parks, said:

"This would be an outrageous and blatant disregard of the Government's statutory responsibilities to protect these areas on behalf of the nation".

It is plain in PPG22 that buffer zones against wind farms may not be created in the areas surrounding national parks. That would have a particularly deleterious effect on national parks.

Nor may the planning authorities take any account of the cumulative impact of wind farms on national parks. We feel that that is also not right. The Minister might like to tell us fully what the policy he will adopt with regard to wind farms and national parks is.

A number of hon. Gentlemen and Ladies referred to farming. We forget too easily that farmers are the guardians of our landscapes and national parks as much as of anywhere else. If we allow farming to go the way that it appears to be going—particularly lifestyle farming—national parks will suffer as much as anywhere else. The Minister might like to touch on the Haskins review and how it will affect lifestyle farming, particularly in the uplands of various national parks.

Mr. McLoughlin: One of the decisions that the Secretary of State for Environment, Food and Rural Affairs has made is to change the designation as far as the new payments are concerned. That will have a serious effect in places such as Parwich. Farmers may farm in the same village but because one falls in a lowland area and one in an upland area or SDA—severely disadvantaged area—they will receive different payments.

Mr. Gray: My hon. Friend makes an extremely good point. I think that the mid-term review, at least as it was handled in this country, did not take account of less-favoured areas. There would have been deleterious effects had that not been corrected. It would be interesting to know, in addition to Haskins, how the Minister feels that the mid-term review will affect national parks.

We know that the current Government funding for the national parks authorities is about £36 million. The Minister made it plain in a recent statement that funding would not be increased by any more than inflation. In view of the announcement yesterday, it may not even be by that much. Will the Minister clarify whether the inclusion of the New Forest national park will result in a significant increase in funding for national parks in general? If the inquiry into the south downs national park were to find in its favour, would he commit the Government to providing the extra funding necessary for those two national parks?

On the subject of areas that are not currently national parks but may become so, in the aftermath of the statutory instrument debate last week about two areas of outstanding natural beauty, the Chilterns and the Cotswolds, it has been made abundantly clear to me from both places that any subsequent move towards national park status would be deeply unwelcome there. Will the Minister provide some reassurance that that is not in the Government's mind, that the AONB boards he has introduced are as far as he intends to go and that there will be no Trojan horse for national parks following on behind?

I will not tempt the Minister into any commentary on the long-running public inquiry into the south downs; that one will run and run. However, he must at least acknowledge that the fact that the public inquiry is so long running means there is a diversity of opinions. The hon. Member for Brighton, Pavilion (Mr. Lepper) told us, and he is quite right, that West Sussex county council are opposed to a national park. Its opinion must be taken into account; others are very much in favour of it.

As my hon. Friend the Member for West Derbyshire (Mr. McLoughlin) reminded us with regard to the Peak district, we must take account of the fact that large numbers of tourists being attracted to an area such as the south downs has its downsides. It is good for the local economy, but it has its downsides. One problem that my hon. Friend the Member for New Forest, East mentioned was that because the New Forest national park will be smaller than originally planned, it will concentrate tourist activity in a smaller area. That will have an environmental downside.

The Minister may like to acknowledge the diversity of opinion about the best way to treat the south downs should it become a national park or some sort of enhanced conservation board. They are difficult issues to which I do not have the answer.

Like the hon. Member for Vauxhall (Kate Hoey), I am slightly reluctant to go down the easy route and say that all national parks are good things. They are broadly good things and we are broadly in favour of them, but there are downsides to them. We do not want to turn the whole of the United Kingdom into one great national park and say, "Isn't that marvellous?" There are definite downsides to parks; they remove authority from some local authorities and there are difficulties associated with them.

It is right to address those difficulties and consider such matters as water skiing in the Lake district and the point made by my hon. Friend the Member for Mid-

Norfolk about public lavatories and waste disposal on the Norfolk and Suffolk broads. They may sound mundane issues, but they are very important.

Broadly, everyone in the Chamber would agree that national parks have an enormous amount to recommend them and that they go some way to preserving delicate and sensitive landscapes that deserve our enhancement and protection. However, we must be aware of the problems of low-cost housing, as my hon. Friend the Member for West Derbyshire mentioned, and of water skiing in the north of England, and we must also be aware of the way in which we handle tourists. They are difficult issues that must be debated carefully. In giving the Minister extra time to reply to them, I look forward to his response.

3.19 pm

The Minister for Rural Affairs and Local Environmental Quality (Alun Michael): I am grateful to the hon. Member for North Wiltshire (Mr. Gray) for the large number of extra seconds that he has given me. I congratulate all Members who have taken part in the debate and packed so much into the time available. Like them, I wish there were more time because I would like to respond in full. I will do what I can to respond to the specific points that have been made and, where I am not able to do so, perhaps write to Members.

I congratulate my hon. Friend the Member for Scarborough and Whitby (Lawrie Quinn) on obtaining the debate and on championing his national park, second only to his championing of national parks in general. I also congratulate my hon. Friend the Member for Preseli Pembrokeshire (Mrs. Lawrence). In recent times she has been a doughty champion of national parks in general as well as those in Wales, and has been a leading influence in Parliament in raising issues that concern to national parks.

I congratulate the Association of National Park Authorities on the success of national parks week, which I hope will be the first of many celebrating our national parks, sharing them and exploring their potential. It was about letting the public know what their parks can do for them and what they can do for the national parks. One characteristic that the national parks have in common is that each of them is unique; when I visit them, people at each say that it they are different and special, which is true. They are all unique; the national parks are a very special family.

In his introductory remarks, my hon. Friend the Member for Scarborough and Whitby (Lawrie Quinn) asked about the action plan that follows the review of national parks. We are making good progress on about 50 recommendations, in line with the action plan that I published last year. I am happy to update him and others on our progress.

Section 62 of the Environment Act 1995 is an issue that concerns my hon. Friend and I can tell him that during the national parks review in 2000, responses made it clear that not all public bodies are clear about their obligations to take into account national park purposes, a matter which has been referred to in the debate. As recommended, we considered the detail of the impact of section 62 and its meaning. I will write shortly to all the bodies that will be affected by the 1995 Act reminding them of their responsibilities, and asking them to confirm how they are carrying out those responsibilities. The national parks authorities report annually on the observance of section 62 in their own national park, which I hope will help to follow through the issue raised by my hon. Friend.

My hon. Friend the Member for Scarborough and Whitby suggested that there might be a drift away from national parks because the planning officers were recruited elsewhere. The main drift that I have seen is the Peak district national park's recruitment of a chief executive from the Department for Environment, Food and Rural Affairs, which showed its good judgment. All the national parks in England had planning delivery grants from the Office of the Deputy Prime Minister in recognition of their good planning practice. I am not aware of a specific problem; it has not been raised with me by any of the national parks.

As my hon. Friend said, rural regeneration is very important. I am pleased to have been able to bring together the regional development agencies, national parks in England and representatives of areas of outstanding natural beauty to talk about sustainable development and the interface between national park and RDA work. Each of the national parks can make a contribution to its region.

I welcome my hon. Friend's reference to the efforts being made to welcome ethnic minorities to national parks, and the Mosaic project has shown the way forward in that matter. The parks must be for everyone if they are to be truly national parks, as hon. Members on both sides of the House will agree.

My hon. Friend and my hon. Friend the Member for Brighton, Pavilion (Mr. Lepper) were right to suggest that I would not say anything about the south downs; it would be improper to do so until I have the report of the inspector who is conducting a public inquiry into the proposed designation. However, I assure my hon. Friends that all views will be taken fully into consideration. The same applies to issues such as the Whinash proposals, to which my hon. Friend the Member for West Lancashire (Mr. Pickthall) referred, which will be the subject of a public inquiry.

The hon. Member for Mid-Norfolk (Mr. Simpson) rightly pointed out that the broads are designated under separate legislation because of navigation concerns. However, I agree with him about their value; they are fully a part of the national parks family and share its rich diversity. The hon. Gentleman was right to refer to the importance of global warming and the potential impact on the broads, which illustrates why the issue is so important to the Department for Environment, Food and Rural Affairs and such a high priority for the Secretary of State. I have insufficient time to deal with that matter and with the navigation issues, but I will write to the hon. Gentleman about them. Similarly I defer to his knowledge—and that of my hon. Friend the Member for Norwich, North (Dr. Gibson)—on the subject of toilets in the Norfolk area, except I would point out that considerable additional funds have been provided to local authorities, and those issues should be dealt with locally.

The hon. Member for Brecon and Radnorshire (Mr. Williams) rightly said that foot and mouth disease had shown how important access is to all of those in the country: those who earn their living in the countryside,

[Alun Michael]

those who live there and the farming community. It is worth celebrating the fact that the National Farmers Union has played a full part in the development of tourism and bringing people back to the countryside. There is an increasing sense of the importance of access.

The hon. Gentleman touched on the issue of direct elections, which is a matter for the National Assembly for Wales in relation to Welsh national parks. I must say that I am not attracted to the idea as far as my responsibilities are concerned. As most representatives on the national park authorities are local, and as the tendency in recent years has been to include parish council representatives, the need for those people to be rooted in the opinion of people living in the area is well catered for as far as the English national parks are concerned.

I am grateful to my hon. Friend the Member for Preseli Pembrokeshire for referring to the environmental development fund in Wales. I am pleased to say that the sustainable development fund in England, which has now been operating for two years, contributed to more than 300 projects in its first 18 months, and levered in about £13 million from other funding sources. I hope that it will go from strength to strength.

My hon. Friend the Member for Vauxhall (Kate Hoey), who is noted for her support for activities described as minority sports, is quite wrong in her criticism of the Lake District national park authority. The proposals, which were decided on some years ago, were considered carefully and at great length, and were confirmed by my predecessor, my hon. Friend the Member for Sunderland, South (Mr. Mullin). I wholeheartedly agree with the policy that has been developed by the Lake District national park authority.

The hon. Member for North Wiltshire (Mr. Gray), who has a talent for spoiling the party, was absolutely wrong to claim that I made any announcement on the "Today" programme. I did not. The first announcement relating to the New Forest was made to the House in a statement. I have made that clear.

Dr. Lewis: On a point of order, Mr. O'Brien. Following the Minister's example, it must be made clear that the Minister made a written statement without informing the hon. Members concerned that it was going to be made.

Mr. Bill O'Brien (in the Chair): Order. That is not a point of order.

Alun Michael: What the hon. Gentleman says is quite untrue. He knows that in advance of making that statement I undertook—and carried out the undertaking—to fax to his office a copy of the letter that had been placed on the Board so that all hon. Members directly affected heard about it at the moment when the decision was announced to the House.

Dr. Lewis: Will the Minister give way?

Alun Michael: No. The hon. Gentleman has made enough misrepresentations. Perhaps he will stand up to make a point of order in order to apologise.

Dr. Lewis: On a point of order, Mr. O'Brien. I have been accused of misrepresentation. I said that the Minister's office tipped off the BBC three days in advance of any announcement and did not tell the hon. Members concerned that any announcement was to be made.

Mr. Bill O'Brien (in the Chair): That is not for the Chair to decide.

Alun Michael: I was absolutely scrupulous in ensuring that the House heard about the matter before anyone else. The hon. Gentleman's canard is not justified.

I am very pleased that the Landscape Institute has recognised the national park movement as the greatest influence on the landscape of the UK in the past 75 years. During the past 50 years, the national park authorities have protected some of our finest landscapes and our most important natural and cultural heritage. This year, two more national parks will celebrate their 50th anniversaries, the Exmoor and Yorkshire Dales national parks. They are holding a series of events to celebrate that. I hope that many hon. Members will take the opportunity to take part in those celebrations.

It is worth remembering the roots of the parks. They were called for by the people and are truly for the people.

Mr. Bill O'Brien (in the Chair): Order.

Pension Service (York)

3.30 pm

Hugh Bayley (City of York) (Lab): I begin by thanking Mr. Speaker for responding so quickly to my request for a debate on the closure of the York pensions centre with the loss of 313 jobs. I have invited the hon. Member for Ryedale (Mr. Greenway) to join me in this debate, which will show that there is all-party support in and around York for all possible action to be taken to avoid compulsory redundancies for the staff concerned.

I pay tribute to the staff of the York pensions centre and their manager, Ron Stead, who have done a first-class job to introduce the pension credit in East Yorkshire and North Yorkshire. In City of York, there are now 6,230 pensioner households receiving the pension credit, on average getting £34.90 a week, which means that an extra £217,000 a week, or £11.3 million a year, is coming to our pensioners. Can the Minister assure the hon. Member for Ryedale, my hon. Friend the Member for Selby (Mr. Grogan)—who is also here to support me and his constituents, who are affected by the decision—and me that the quality of the Pension Service for pensioners living in York will not decline as a result of the closure decision?

The decision is a serious blow to the York economy. Although unemployment in York has fallen by almost three quarters—from some 6,400 10 years ago to 1,700 today—it was not at all helpful for my hon. Friend the Minister for Pensions to say:

> "York's economy is fairly buoyant and it is therefore more likely that some of those affected will be able to find alternative work."

York's economy is performing well, but it is going through a difficult patch at the moment. Some 316 jobs at Terry's of York, the chocolate factory, will be lost when it closes next year, and 150 high-tech computer jobs at Norwich Union are to be made redundant as a result of the company's decision to put some of that work out to contractors. I shall do all I can to help Pension Service staff from York to find alternative work, but the Government have created the problem, and I hope that they will assure me that they will do all they can to help those staff to find alternative work and that it will be possible to avoid compulsory redundancies.

When the Lyons review was considering relocating jobs from the south of England to the north, I submitted evidence arguing York's case as a suitable location for job relocations. When the review was published, York emerged as one of the favoured locations. Before the announcement of the Department for Work and Pensions closure decision on the York pensions centre, I wrote to the Department for Environment, Food and Rural Affairs and to the Ministry of Defence to ask them whether they were considering moving jobs, under the Lyons review, from the south to the city of York. I chose those two Departments because they already have a substantial civil service presence in the city, and I received helpful responses from Ministers in both Departments.

This is therefore a time for joined-up government. The DWP must co-ordinate its decision, which will lead to job losses in York, with decisions being taken by other Departments to increase job opportunities in York and to try to achieve a seamless transfer so that people are not left jobless but can transfer from their current jobs to new civil service jobs in the future. I was grateful to the Secretary of State for Work and Pensions for contacting me on the day on which he made his announcement, and when I spoke to him, I asked him to get in touch with those Departments, and any others that he knew were considering moving jobs to York, to see whether such joined-up government, and co-ordination of Departments, could take place. I would be grateful if the Minister told us what progress has been made on that front.

I know that the Department for Work and Pensions has met the York Inward Investment Board, now known as york-england.com. I would like an assurance from the Minister that he will continue to co-operate with the local authority and the York Inward Investment Board until an alternative user can be found for the Pension Service building, Triune court.

Last week I visited the centre, which is just over the border of my constituency in that of the hon. Member for Ryedale, and met managers, members of staff and the trade union representative for the pension centre, Julie Kemp. I was pleased to see that the management and union are working together to deal with the problems that they face, but there can be no hiding the anger that staff feel at the decision. For instance, one employee had given up a higher paid job to transfer to the civil service because he believed that a lower salary was compensated for by greater job security. I met a woman who had just had a baby and is losing her job at the pension centre because of the Government's decision. Her husband is also losing his job at Terry's in York.

I was concerned to be told that many staff believe that the Government planned from the outset an early closure of the pension centre. They think that the Government opened it to deal with the peak work load when pension credit was introduced. Having worked as a junior Minister in the Department, I do not believe that early closure was planned from the start. I would be astonished if the Government had taken on a 15-year lease through their property manager, Trillium, and spent millions of pounds on equipping and commissioning the building, as well as recruiting and training staff, for a short-term purpose. However, that poses a difficult question: how did the Department get its projection of the number of staff needed for the Pension Service so badly wrong? What will the Government do to avoid similar mistakes in the future? It is important to avoid such mistakes, because they are costly, especially for the staff concerned, who think they have job security only to find that they do not and who may get in great difficulty with their mortgages or other financial commitments. It is also costly for the taxpayer if the Government invest in a new building, staffing and training, only to write off those costs after three years.

Will the Minister answer some questions of which I have given him notice? How long is Trillium's lease on the premises, Triune court? How long is the Department for Work and Pensions under an obligation to pay Trillium for using the premises? What will the premises cost his Department if left vacant from April next year, when the pension centre is due to close? What was the cost to his Department of commissioning the building—putting the walls up in the right places, painting and

[Hugh Bayley]

furnishing it, installing computers and cabling the building? How much has been spent on recruiting staff for the York pension centre?

The way for the Government to recoup part of those big costs is to retain the staff within the civil service when other Departments move to York and to retain the building for Government use so that the cost of commissioning it is not written off. Will the Minister closely examine other Departments' decisions to move staff to York as a result of the Lyons review, and co-ordinate the time scale for his Department's regrettable closure decision with other Departments' decisions to move jobs to York? Then there would be a prospect that some—I hope many and possibly all—staff at the pension centre could transfer to other civil service jobs in the area.

3.39 pm

Mr. John Greenway (Ryedale) (Con): I begin by congratulating the hon. Member for City of York (Hugh Bayley) on securing the debate. He referred to the speed with which Mr. Speaker granted the debate; it happened before I could scratch my head and work out in my diary when I could apply for a slot for this debate—as the hon. Gentleman said, the facility is in my constituency in the York suburbs.

York has four Members of Parliament, and three of us are here today. Announcements on redundancies of such magnitude transcend party politics, certainly locally, and I want to impress on the Minister the fact that we all want to do our best to represent the interests of the community that we collectively serve. That means, first, finding an alternative use for the work and pensions office; secondly, securing alternative employment if the alternative use does not allow everyone to keep their job; and, thirdly, in any event to cushion the blow to the local economy, which is suffering at the moment from other job losses at Norwich Union, the Terry's factory and elsewhere.

I, too, visited the facility, and I have some experience of private sector call centres and IT processing centres. I am bound to tell the Minister that what has been created in York is the equal of anything I have seen in the public or private sector. I have made that view clear, because the staff deserve congratulations on what they have been able to achieve in a relatively short period.

I am told that the Department for Work and Pensions is preparing the necessary data to market the site and staff to other Departments. Will the Minister confirm today exactly what his Department is doing and over what time scale the closure will take place? Yorkshire Forward is pursuing private sector means, and I believe that the facility has attractions for both the private sector and other Departments.

I particularly want to impress it on the Minister that my first preference is to find, as far as possible, an alternative use for the facility—the staff and equipment as well as the building. The last thing I want is the premises to be vacated and everything to be ripped out, only to find two or three years down the track that there is an alternative use and that we must start all over again. That would be a wicked waste of public funds for the reasons made clear by the hon. Member for City of York.

Yesterday, the Chancellor announced the relocation of some 20,000 civil service jobs from the south-east to the regions with the idea that some would go to Yorkshire. Yorkshire was specifically mentioned in the context of the Department for Environment, Food and Rural Affairs. It is a shame that the way that our business has been organised means that the Minister responsible, who is from that Department and who was here a few minutes ago, has vanished. We would have liked to ask him about those matters, for reasons that will become obvious in a moment.

I want to stress that there is some interest and, I dare say, optimism that that relocation of jobs might be good news for York, but we must be clear about the fact that the 20,000 jobs that will come from London to the provinces represent redeployment. Given that there will be 100,000 or more redundancies throughout the civil service, competition for alternative jobs in the civil service will be extremely intense. I understand that when the Department for Work and Pensions opened the facility at Triune court at Monks Cross, a number of people were redeployed and came to York because they saw it as an attractive place to live. As the hon. Member for City of York said, some even took a pay cut to come, but a significant number were recruited locally, and we hope that that will be the same in this instance.

The Chancellor, in his statement yesterday, referred to the potential for 250 posts from the Department for Environment, Food and Rural Affairs to be moved to Yorkshire, and just under 100 from the Department for International Development to East Kilbride. We are interested in the 250 DEFRA jobs coming to Yorkshire, and I want to impress on the Minister the history of what was previously the Ministry of Agriculture, Fisheries and Food when it moved jobs to York.

When my party was in government, we were very successful in persuading Ministers not just to create the central science laboratory at Sand Hutton in the south of my constituency on the outskirts of York, but to pull down the old Adams hydraulics factory in the Vale of York constituency. That enormous site was redeveloped with brand new office buildings occupied by DEFRA, mostly for the Meat Hygiene Service. If DEFRA wants to go to York, it may wish to take up accommodation in Kings Pool on Foss Island road, which might mean one or more of the agencies in Kings Pool, such as the Meat Hygiene Service, relocating locally. The scale of the facilities at Triune house would fit the bill.

Finally, I stress the importance, if only in terms of the human cost and the value for money cost of what has been invested in Triune house, of finding an alternative use for this facility. We need strong marketing, but the product that we have to offer is first class. I endorse what the hon. Member for City of York said about the cost and terms of the lease. All those questions are in my notes, but I shall not repeat them. We need reassurance that when the Department says it will find an alternative use, we will see evidence of action to that effect.

3.46 pm

The Parliamentary Under-Secretary of State for Work and Pensions (Mr. Chris Pond): I, too, congratulate my hon. Friend the Member for City of York (Hugh Bayley) on securing the debate. The House knows him not only as the previous holder of the ministerial office

that I occupy, but as an assiduous and effective constituency Member of Parliament. He has demonstrated that effectiveness in the debate this afternoon. I also want to pay tribute to the hon. Member for Ryedale (Mr. Greenway), who has also sought to represent his constituents in a constructive, but determined, way. I hope we can work with them both to find a way forward on a problem that faces us all.

My first remarks must be directed towards the staff of the Pension Service in York. I understand that this is a distressing time for many of them and that the announcement that the closure of the York pension centre is planned must have come as a shock. These are inevitably uncertain and worrying times for them. I pay tribute to the professionalism with which they have responded—one of their first concerns was to ensure the continued efficient service to the public. I therefore want to give them and my hon. Friend the two assurances that he asked for in his opening remarks.

First, the high level of customer service being delivered to pensioners will not be affected by the organisational changes we are making. Secondly, we will do everything we can to help those staff whose jobs are affected by these changes and to pursue vigorously all redeployment options where staff reductions are necessary, with the aim of helping them to find suitable alternative employment wherever possible. My hon. Friend will understand that we cannot rule out the possibility of some redundancies.

These are now matters for consultation with the unions, which is one of the reasons why I cannot give the hon. Member for Ryedale a precise idea of the time scale here. That would be premature, given the consultation process, but in a few moments I will say a little more about the practical arrangements we are making to help staff.

The situation in York should be viewed in the overall context of the changes we are making in the Pension Service and the Department as a whole. Since 2001, the Department has been rationalising its office network. The creation of Jobcentre Plus and the Pension Service combined the old Benefits Agency and Employment Service networks in two new agencies in modern offices that are focused on the needs of our customers. That has involved moving from an organisation with hundreds of public offices to a centralised approach processing work in larger centres.

As well as the obvious economies of scale, the creation of the local service network working with partners in the state and voluntary sectors has enabled us to be more responsive to our customers' needs and to deliver services more effectively to them. When we made our plans for the introduction of the Pension Service, we did so on the basis of an unprecedented investment in the Department's future. I am talking about an investment of some £5 billion across the Department, including £2.8 billion over two spending reviews in modern IT infrastructure.

We always knew and made it clear that over time our staffing needs would peak with the roll-out of pension credit. That was especially the case given the radical approach of having five-year awards for pension credit. Greatly reducing the requirement to report changes not only improved the experience of our customers, but simplified ongoing administration. We set out our plans for a managed reduction in our work force of 18,000 posts in October 2002. Since then, we have had the added efficiency challenge, which was announced by the Chancellor in March. That has resulted in our having to find further savings over the four-year period to 2008.

The lessons learned from the establishment of the Pension Service and the success of the centralised process for delivering pension credit demonstrate that we can maintain high levels of service with a reduced work force. Since the budgetary announcement, further detailed planning has been taking place across the Department. This has included discussions on the future size and shape of the Pension Service, the scope for integrating benefit processing in larger centres in Jobcentre Plus, and the continued modernisation of the Child Support Agency and the Appeals Service.

From those discussions, it has emerged that, of the 29 pension centres, we have identified six that should transfer to Jobcentre Plus to improve the efficiency of benefit processing. Two further pension centres will transfer to the Appeals Service and the Child Support Agency. However, at this stage, we have been unable to identify alternative departmental uses for the two pension centres in Liverpool and York.

As requested by my hon. Friend the Member for City of York and the hon. Member for Ryedale, I can give an assurance that we are doing all we can to promote the sites and the work force to other Departments and the private sector, in the spirit of joined-up government that my hon. Friend requested. Both hon. Members know, as they know the site well, that it is extremely flexible and will be attractive in respect of other uses. Given its location, we are optimistic that, if we work closely with them and other agencies, we will be able to find alternative uses. We are working closely with york-england—formerly the York Inward Investment Board—and, as the Secretary of State pointed out when he spoke with my hon. Friend, he has been actively promoting the York and Liverpool sites to Cabinet colleagues.

The Department has an agreement with york-england jointly to market our site and our people, and I can assure both hon. Members that we are investigating opportunities with four Departments that may have an interest in the York area. Following yesterday's spending review announcement, the position of other Departments may be clearer that it was even 24 hours ago and they are therefore in a better position to assess their own needs.

Concerns have also been raised that, when the Lyons report is recommending moving jobs out of London and the south-east, these centres are being considered for closure. It is only fair to point out that when we set up the Pension Service, we did not locate any of the centres in London and the south-east. In fact, only 10 per cent. of the Department's work force is in London and a further 7 per cent. in the south-east. In the north-east, including Yorkshire and the Humber, the figure is 20 per cent.

As a responsible employer, we have been completely honest with our employees and have gone to great pains to explain the situation to them and to help them to prepare for the future. Within the Pension Service, a redeployment unit has been established to work with

[Mr. Chris Pond]

managers to find people redeployment opportunities in the DWP or in other Departments. The unit's aim is to help to find people jobs as quickly as possible and to facilitate the development of skills to enable people to take up opportunities. The unit's approach will be fair, open and transparent and it will follow DWP principles of equality of opportunity and diversity, with individuals' needs being taken into account in determining suitable alternative opportunities. In addition, the pension centre management team are in the process of creating a local redeployment service to support staff in activities such as identifying vacancies and completing training to strengthen their CVs.

Since the announcement at York, we have ensured that the staff have access to experienced human resource professionals to advise on the detailed issues associated with redeployment and severance policies. We have also provided a counsellor from Right Corecare, one of the providers of an employment assistance programme used by the Department. I understand that most staff have attended a presentation by human resource staff and have had a personal counselling session with a human resource adviser.

I shall respond to both hon. Members on the issues that they raised about the criteria used to select York as one of the sites that would no longer be required by the Pension Service. My hon. Friend the Member for City of York raised questions about the cost of setting up the centre in the first place and the cost of closing it now. We obviously needed to balance those costs in making the decision on which of the 29 centres should be considered for closure.

The criteria covered a number of areas and were divided into two categories: the operational tests and the economic tests. The former category included things such as the quality and age of the facilities, the lay-out of the site and the site's capacity to handle larger work loads.

I hear what my hon. Friend says about the buoyancy of the local labour market, but he will agree that there has been substantial growth in employment since 1997, both in the Ryedale constituency and in the city of York. That is not why we took the decision to close the York pension centre, but it is an important part of the context.

The economic analysis concentrated on retaining sites with higher exit costs and lower running costs, including such things as staff exit costs and estates and telephony exit costs.

The suggestion was made that when we established the York centre we always intended to close it soon afterwards, and that the considerable investment we made was therefore irresponsible. The implication was that we were being less than honest with our staff. I give the reassurance today that that was never the case; we would never have made that investment had we not intended the provision to be long term, but circumstances have changed. The new efficiency challenge that the Department faces—a considerable challenge, but one that we believe we can meet—means that we have to make such organisational decisions across the board.

Mr. Greenway: I want to raise a separate point that is important to the people of North Yorkshire. When the office was opened, a number of smaller, local offices closed and people were advised that they could raise their queries at York. Can the Minister assure me that there will be no reduction in service for people living in the county in relation to pensions and other advice on social security?

Mr. Pond: I can certainly give the hon. Gentleman that assurance. There will be no reduction in the service. From the point of view of our customers—the pensioners whom we serve—the impact of the organisational changes will be invisible. We are committed not only to maintaining the service, but to improving it and to providing pension credit to as many people as possible who are eligible.

My hon. Friend the Member for City of York asked one or two questions about some costs involved and the period over which we have the arrangement with Trillium. Our contract with Land Securities Trillium is until March 2018, and because of the categorisation of York pension centre we can give notice to LST in April 2008 for disposal in October 2008. We may be able to reduce that commitment through a commercial negotiation with LST once a decision has been taken on the future of the York building.

My hon. Friend also asked for other specific information on costings. I will write to both hon. Members with that information, which I hope they will find useful.

In the few seconds remaining, I pay a final tribute to both hon. Members for raising the issues in the debate and, most importantly, to the staff of the pension centre in York, who have acted professionally. I reiterate my assurance that we will do everything possible to help the staff through this uncertain and difficult period of change and to ensure that we find them suitable alternative employment wherever possible. To that end, we will be working with them and their staff representatives.

NHS Funding (East Sussex)

4 pm

Norman Baker (Lewes) (LD): I am pleased to be able to raise a significant matter for Lewes, namely the delivery, funding and organisation of health services as they affect my constituents.

Let me say first that I recognise that the Government have put significant extra resources into the health service, particularly in the past couple of years. That investment is welcome, and if that allows the Minister to tear up 10 minutes of her speech telling me how much the Government have allocated, so be it. This is not a plea for the overall amount of money allocated to the health service to be increased.

There are particular local factors that make NHS delivery complicated in my area and currently detrimental to my constituents. The Minister will be aware that my constituency has a significant number of elderly people, so the demands on the health service are greater than elsewhere. That is particularly true in towns such as Seaford and Polegate.

It is also true that East Sussex is not part of the rich south-east. We are sometimes wrapped up with Surrey and West Sussex and regarded as having a lot of money, but, according to all the Government's indicators, East Sussex is a poor county. Dependence on the health service is greater there, and the possibility of going private, which might be an option elsewhere, is not available to as many people. In any case, we all want to reach the stage at which the NHS is delivering so fantastically that there is no wish to opt out in that way. The Minister and I probably agree on that objective.

Let me say as a preface that nothing in this speech is a criticism of the excellent staff who work in our health service and hospitals and who look after my constituents to the best of their ability. However, there are particular problems that specifically affect my constituents.

The first is health service inflation. The Minister will know that the inflation rate for the health service runs ahead of that for the economy as a whole. That is partly to do with the ever-increasing drug budget. Will she comment on how those issues are considered by the Government? What steps can they take to ensure that drug companies do not abuse the extra money that is being made available to the health service? We all want to see the money going to the patients, rather than the companies simply cornering it for themselves.

Secondly, the Government have rightly been trying to reduce waiting lists, and they have been largely successful. However, the price of reducing waiting lists has been extra pressure, albeit perhaps only in the short term, on the acute trusts in particular. Given the historic absence of doctors and nurses, the trusts have responded by recruiting large numbers of agency staff. That has produced a gigantic bill for the local trusts, which has meant that some of the money that should be directly allocated to front-line services has been allocated to agencies that supply staff. That has been a short-term reaction to the work of reducing waiting times. The Government's ultimate objective is desirable but there is a short-term problem, and I would welcome the Minister's comments on it. I am concerned about the amount of money spent on agency staff by my local NHS trusts—the Brighton and Sussex University Hospitals NHS Trust, which covers the western part of my constituency, and the East Sussex Hospitals NHS Trust, which covers the eastern part.

The third issue that worries me, and which is particular to my constituency and those of other East Sussex Members, is the relationship and co-ordination between the various parts of the health service and those who are delivering health care. I refer in particular to the three trusts—the two acute trusts and the non-acute trust, the East Sussex County Healthcare NHS Trust, which delivers mental health and other such services—the primary care trusts that serve my constituents, and East Sussex county council, which is responsible for dealing with the care of those who are discharged from hospital, or not as the case may be.

Let me start with that last point. If the Minister has seen the figures for bed blocking in East Sussex, she will be concerned, as the incidence of bed blocking is unacceptably high. Indeed, her colleague, the Under-Secretary of State for Health, the hon. Member for South Thanet (Dr. Ladyman), stated in an Adjournment debate on 22 June that

"last week 10 per cent. of the acute hospital beds in East Sussex were occupied by patients who no longer required hospital treatment. That is not good enough."—[*Official Report*, 22 June 2004; Vol. 422, c. 1319.]

I entirely concur that that is not good enough. The figures from the East Sussex Hospitals NHS Trust for 1 July tell me that 99 people who should not be in hospital are occupying beds. More than 10 per cent. of the beds are occupied by bed blockers, and well over half of those result from the county council's failing to take responsibility for people who ought to have been discharged into county council care.

What steps will the Minister take to ensure that the county council takes its responsibility seriously and discharges people from hospital in a timely fashion, not simply leaving them in hospital beds, thereby preventing other people from occupying them? That has an impact on waiting lists, creates unnecessary costs for the NHS and, sadly, because the patients are not in a suitable environment, causes their condition to deteriorate.

The Minister may say that the Government have introduced an Act of Parliament that subjects county councils and others to a fines regime if they fail to take their responsibilities seriously. I personally do not have a problem with such a regime, but I wonder—perhaps I am being rather cynical—what the position is if a county council or similar authority decides that it is financially more advantageous to pay the fines that are racked up than to take responsibility for those who ought to be in its care? It seems that the financial arrangements are not on an even keel. I suspect that the county council is not taking its responsibilities seriously and discharging people into its care as readily as it might. I hope that the Minister will address that point.

The Minister will also be aware from earlier discussions in the House and elsewhere that there are plans to close wards in the Eastbourne district general hospital, which serves my constituents in Seaford, Polegate and elsewhere. She may have seen the front page of the *Eastbourne Herald*, which is one of the papers circulating in my constituency. It states:

[Norman Baker]

"Wards to be shut at DGH: This is a scandal!"

That is what my local paper is saying.

I raised the matter with the relevant PCT and also with the acute trust. They tell me that the closures are partly the result of the bed blocking to which I referred, but that they would close wards behind those who left the hospital even if the bed blocking problem were solved. In other words, the wards will shut in any case as soon as the bed blockers are discharged. Part of the reason for that is that the hospital has been set a savings target for this year of £10.8 million—more than 5 per cent. of the budget—despite the fact that its management costs have decreased by 0.5 per cent. in the past year. The difficult financial situation and the ongoing clinical review are leading them to consider options that are not regarded as acceptable or palatable by my constituents and others.

Despite the initial denial, the options include discontinuation of in-patient children's services at Eastbourne, which will be transferred to Hastings. The trust has been rather mealy-mouthed about that. It has said in public that that will not happen—indeed, the Under-Secretary of State for Health, the hon. Member for South Thanet, quoted the trust in good faith on 22 June—but I have subsequently had discussions with the trust and learned that that service is secure for only a year and that financial and recruitment pressures may force it to be discontinued thereafter. Front-line services are being affected in a way that is unacceptable and contrary to the Government's clear intentions to provide better health care services for the population at large. They have provided the money, but services are still being cut.

The Minister ought to ensure that Government money is being spent properly and that Government targets are being met. I do not believe that that is the case. It appears that the trust's deficit will rise to about £5 million by the end of the year. That means that several improvements are on hold and treatments that have been approved by the National Institute for Clinical Excellence will not be implemented or begun in my trust area because it cannot afford it. So we return to the post-code lottery of health services, which the Government tried to avoid by creating NICE, because trusts suffer from a shortage of money.

The problem also affects the other acute trust, the Brighton and Sussex University Hospitals NHS trust, which serves the Lewes and Newhaven end of my constituency. In 2003–04, the trust failed to meet its primary duty to break even, having a retained deficit of £7.9 million on total income. It has a financial recovery plan, but the reasons that it gave for the deficit are, first, the high cost of temporary staff to cover vacancies—the point about agency staff that I mentioned a moment ago; secondly, the use of the private sector to maintain levels of patient care and achieve its waiting-list targets—because it is striving hard, as it should, to meet the Government's determination to get waiting lists down, but that has a high, short-term cost; and, thirdly, the increased costs of development in medicines and supplies, which ran ahead of anticipated levels by 12 per cent. last year, and the cost of drugs. The Government need to grasp those things if they are to deliver want they want to deliver.

Management costs have been kept at 3.3 per cent. of turnover. The trust is not run by the bureaucrats the Chancellor wants to get rid of; there is a pretty tight management team in Brighton. It says that the 2004–05 budget will be

"every bit as challenging as 2003–04, particularly given the brought-forward deficit of £7.9 million that needs to be repaid and the underlying cost pressures that must be controlled."

The East Sussex County Healthcare NHS Trust has a horrendous problem, mainly because of spending on locum doctors and agency nurses, various private sector placements and the rising costs of drugs—the same reasons given by the other two trusts to which I spoke. The trust took up the matter with the strategic health authority, but it offered no financial support and merely said that any deficit at the end of 2003–04 would have to be repaid in full as a first call on this year's resources. It considered some serious options, including a full vacancy freeze, avoiding all private sector placements and said:

"Clearly, services, clients/patients and staff will be affected."

The trust has made desperate efforts to improve matters since then, but in its most recent statement to me it presented a pretty bleak picture of how things are. Ironically, that letter sent to me on 17 May by the chief executive Stephanie Parkes-Crick stated:

"I am pleased to be able to advise that as at the end of March, so the end of the last financial year, the Trust was £1 million overspent."

The chief executive was "pleased to advise" that she was £1 million overspent—that shows the depth that the trust had reached. There is a further £2.8 million to be realised this year, which will be provided by avoiding private bed usage, and the PCTs have said that they want a further £1 million in the course of the year from that already tight budget to contribute to the East Sussex health economy's financial gap. A trust that is absolutely strapped for cash is being asked to make a further contribution of £1 million.

The trusts say that the PCTs require too much money from them, and that they should consider savings first. I am not able to judge who is right, but I can tell the Minister that serious cuts are being made in front-line services despite the Government's extra cash to the health service. There is a dispute between the PCTs and the trusts, which the strategic health authority will not sort out, and also between the acute trusts and the county council about who is responsible for bed blocking and where the buck should stop in that respect.

It is not a happy situation. I am not particularly interested in where the blame lies; I just want my constituents to have the best possible health care. I welcome the fact that the Government have made more money available through the NHS but it is not reaching the people on the ground. That is not necessarily the Government's fault, but now that I have drawn it to their attention, it is up to them to sort it out. People are suffering; they are denied treatment that is available elsewhere in the country and that requires the Minister's help.

I will give the Minister an example. A constituent of mine, a Liberal Democrat councillor called Peter Harper, who lives in Newhaven, was in hospital for a serious operation in March. He has been told that he will have at least a 14-week wait for the pain clinic; he will

have to endure three months of agony before he can be seen by someone at Brighton. That is simply not good enough. I know that the Minister and her colleagues want to deal with the problem. I hope that the information that I have given will enable her to consider the issues that I have raised and to try to ensure that the Government's objectives, which by and large I share, result in action on the ground to make life better for my constituents, particularly those in Seaford and Polegate. They are seeing services disappear from those big towns into Eastbourne, rather than having more services on the ground.

4.15 pm

The Parliamentary Under-Secretary of State for Health (Miss Melanie Johnson): I congratulate the hon. Member for Lewes (Norman Baker) on securing the debate. I very much appreciate the interest that he takes in his local health services, and these matters are obviously of considerable interest to him and his constituents. I join him in paying tribute to all the NHS and social care staff who work in the local health economy. Their commitment is obviously to the continual improvement of the local NHS and social care services, which is to be commended, because they make the difference.

I will deal first with the question of national investment. I am glad that the hon. Gentleman welcomed the investment we have put in and accepted that a lot of extra money is being invested. There is 7 per cent. real growth year on year in terms of what goes into the NHS, which is considerable real-terms growth. The NHS plan, which was launched in July 2002 and drawn up with the help of staff, patients and other stakeholders, set out a programme of sustained investment to turn the NHS round, and it has delivered real progress.

Let me turn briefly to progress that has been made in East Sussex. No patient in East Sussex now waits longer than nine months for in-patient treatment or longer than 17 weeks for an out-patient appointment. I accept the hon. Gentleman's point that 14 weeks is still a long wait for a pain clinic, but we are making progress. Indeed, we have made considerable progress and we hope to make more.

Yesterday's announcement highlighted the fact that we are working towards a maximum 18 weeks from referral to treatment for every patient across the NHS by 2008. Considering we inherited waits of more than 18 months from out-patient clinics to treatment, that shows what a huge turnaround has been achieved and our ambitions for the service. Ninety-seven per cent. of patients in the Eastbourne Downs primary care trust area can access a general practitioner within 48 hours, and 100 per cent. of patients in that area can access a primary care professional within 24 hours.

The indications show that all primary care trusts in East Sussex are making good progress against the target for reducing the number of patients waiting six months for an in-patient appointment. The PCTs are also making good progress against the target for reducing the number of patients waiting 13 weeks for an out-patient appointment. The situation is very positive.

The new MRI scanner equipment at the Conquest hospital in Hastings is faster and 50 per cent. more powerful than the previous scanner. That hospital also has a new investigation suite for urology and gynaecology investigations. There is a new consultant in care of the elderly at Eastbourne district general hospital, which may be relevant to other issues that the hon. Gentleman raised.

In counter-balancing some of the hon. Gentleman's remarks, which suggested that everything is dire, I emphasise that big improvements are going on in the NHS. I am not saying that everything is all right; lots of things still need to be done. We accept that although we are making a lot of progress in the NHS, including in East Sussex, more is needed. That is why the continuing investment and reform are necessary. We continue to increase our investment—our spending on buildings and equipment—which has gone up from £1.1 billion to £3.4 billion. Without those things and without the help of NHS staff, we will not improve services and access to care and treatment.

As the hon. Gentleman knows, the funding system has changed. I will not spend too long on this point. Primary care trusts are those with the specific local knowledge and expertise that are responsible for improving health, securing the provision of the relevant local health services and integrating health and social care. I will return to the point about the relationship between health and social care in a moment.

PCTs are the cornerstone of the modernised NHS and they are best placed to reflect the needs of local communities. I am sure that the hon. Gentleman, as a Liberal Democrat, supports devolution and local decision making, because they are in common with his party's general philosophy. PCTs control 75 per cent. of the budget at local level.

The funding allocated to East Sussex PCTs comes on the basis of the relative needs of the population. A weighted capitation formula is used to determine it. I know that the hon. Gentleman started by saying that he is not concerned about the funding and that he recognises that we have put a lot more money in, but at times he was tempted to blame money for the problems he outlined, which still need to be resolved.

I am sure that the hon. Gentleman is happy that the PCTs in the constituency will receive considerably increased allocations. Eastbourne Downs PCT gets £47 million, or a 29 per cent. increase, during the years 2003–06. I am sorry that I do not have the updated figures. Sussex Downs and Weald PCT will receive a cash increase of £33.8 million, or 30 per cent. That is close to the England average of 30.8 per cent. So, they are receiving funding on a par with the rest of the country.

Norman Baker: I accept the Minister's figures on the PCTs' money, but my queries, which are twofold, are not about the overall sum. First, are the PCTs passing on the money properly or are they taking too much for themselves in management costs? What is the mechanism to deal with that? Secondly, what about the short-term pressures in the health service to get the Government's waiting lists down, which are leading to excessive short-term spending on agency staff? Those are the issues that I referred to, not the amount allocated.

Miss Johnson: I understand the hon. Gentleman's point, but I am making the point that money is going in,

[Miss Johnson]

and going in based on, and in recognition of, need. The East Sussex trust has also got additional money—from £161 million in 2003 to £167 million in 2003–04—and it will get £7 million more in 2004–05. So, the picture is of additional resources going in.

As the Under-Secretary of State for Health, my hon. Friend the Member for South Thanet (Dr. Ladyman), pointed out in a debate on 22 June, which the hon. Gentleman referred to, the NHS in East Sussex has achieved and continues to achieve the national standards. That is good news, but we want to go further and build on it.

To do that, the NHS must consider how it uses the resources it receives and the health care and social care organisations in East Sussex need to consider carefully how they work. That is, in fact, what they are doing. I am glad to receive confirmation from officials that the Surrey and Sussex strategic health authority and the PCTs in East Sussex have agreed funding positions for the delivery of the local delivery targets for 2004–05. The local delivery plan describes how the NHS and social care community will deliver during the next three years. It has been agreed by all the NHS organisations in the area.

The hon. Gentleman referred to the county council. The East Sussex county council cabinet has endorsed the overall direction of travel. That envisages a reduction in the number of avoidable admissions to hospital, which is a key area and often one in which a much better performance can be secured; shorter stays in hospital, which relates to the question of people who are unnecessarily still in hospital; reduced hospital capacity; and a reinvestment in community facilities, in particular intermediate care. That also relates to issues that the hon. Gentleman raised.

In the short term, the NHS and its partner organisations need to work together to make the most of their resources. I do not know the details of the working relationships between, for example, the county council, the strategic health authority and the PCTs locally. If there are particular problems with them, I would be grateful for more detail from the hon. Gentleman about what he considers the problems to be. As far as I am aware, all the mechanisms are in place. The NHS and its partner organisations have agreed a common strategy and they are working along the same lines to achieve the progress envisaged with the issues that they face.

I would be disconcerted to hear that any county council was more interested in receiving a fine under the revised community care arrangements than making progress with the provision of better services and on the issue of delayed transfer. I understand that there are challenges associated with the delayed transfer of care, but the strategic health authority and the Commission for Social Care Inspection are working with the East Sussex PCTs and social services in the county to bring down the number of delayed transfers of care. They have recently improved systems to streamline the transfer of patients. I am not sure whether the hon. Gentleman's remarks take account of that or whether the arrangements have been in place long enough to be reflected in the changing figures. Improved arrangements obviously take some time to be delivered and seen in improved figures.

Mr. Nigel Waterson (Eastbourne) (Con): Will the Minister give way?

Miss Johnson: No, I am afraid that I will not.

The hon. Member for Lewes raised concerns about agency staffing. Due to our concerns about agency staffing nationally and its costs, we announced the establishment of a special health authority to tackle the problems involved. It will be responsible for the strategic oversight of the NHS temporary labour market. Obviously the NHS needs a temporary, short-term and part-time labour market because of the nature of the work that it does, but it is important for NHS trusts to try to cut back as much as they can on the use of, in particular, expensive agency staffing.

The management of the agency framework contracts, the setting of standards and the policy framework for the NHS rest with NHS Professionals, the NHS in-house agency arrangement for staffing. NHS Professionals has already had considerable success in some parts of the country in reducing the expenditure on temporary staffing, and in due course I would expect that to be reflected across the country.

I do not how much engagement with NHS Professionals the hon. Gentleman's own trusts and PCTs have had in their discussions on what can be done locally, but a local problem can easily be exacerbated by spending a lot of money on solving it. I realise that, in the short term, they need to do that, but it can lead only to further problems. That may be the downward spiral in which they have found themselves.

There are ways out of this, however, and other health economies are not in that position. On the relationship with NHS inflation, which the hon. Gentleman mentioned, there is a substantial increase in funding in any case. Although I recognise that he is highlighting problems in several trusts and PCTs in his area, if we consider medicines and supplies, there should be a wider problem across the NHS but we do not see that.

The resources are with the local health service. It is in a position to deliver and there is a recovery plan in place for three years, which amounts to some £26 million. The partners are working together; there are mechanisms for dealing with many issues that the hon. Gentleman has raised. I trust that people will work together—I agree with him here—to focus on the needs of patients and to deliver for them in the most cost-effective way possible. I am sure that national agencies and the Department are happy to help the strategic health authority and the local trusts if they need more examples of how that has been done elsewhere to deal with the issues that face us.

It being half-past Four o'clock, the motion for the Adjournment of the sitting lapsed, without Question put.

Westminster Hall

Wednesday 14 July 2004

[MR. JOHN MCWILLIAM *in the Chair*]

Construction Industry (Deaths)

Motion made, and Question proposed, That the sitting be now adjourned.—*[Margaret Moran.]*

9.30 am

Mr. Deputy Speaker: May I caution Members that, although the first debate is on deaths in the construction industry, they must not refer to any case that is still before the courts or unresolved and that is therefore sub judice?

Jim Sheridan (West Renfrewshire) (Lab): I am extremely grateful but somewhat sad that the issue of deaths in the construction industry has been chosen for debate today. By the time we have finished this debate, there is every possibility that a construction worker will have either lost their life or been severely injured through no fault of their own. Having spent many of my working days in the industry, I am well aware of the dangers and risks associated with it.

There are, on average, 80 deaths a year on building sites, and significantly more serious accidents. Although there are official figures for recorded accidents on Britain's building sites, there are serious concerns that many accidents go unrecorded, for reasons ranging from employer intimidation to workers operating in the twilight world of illegal working.

Organisations such as the independent trades unions are already expressing genuine concerns about the fact that the problem could be further exacerbated by much-needed qualified migrant construction workers moving into the industry. Such workers may currently have little or no training in health and safety, and many of them cannot read or understand the English language.

Anne Picking (East Lothian) (Lab): I congratulate my hon. Friend on raising this serious issue, and I look forward to hearing the debate. On twilight organisations and unscrupulous employers, does he share my concern that many take up work in the construction industry with bogus rogue employers who do not have the proper health and safety procedures and insurance? The firm could have a fatality or serious injury, and there would be no recompense for the workers concerned or their families.

Jim Sheridan: My hon. Friend is absolutely right. Unfortunately, some people still operate illegally in the construction industry. Workers are engaged by such people and they have no recourse to compensation should they suffer injuries during their employment with those conmen. I congratulate my hon. Friend on raising that issue. She has vast experience of working in the health service, and has seen at first hand some of the horrific injuries that have come through the hospitals.

I spoke about migrant workers coming into the construction industry, but I qualify that statement by saying clearly that migrant workers and indigenous workers are entitled to the same health and safety standards as anyone else. It is true that the construction industry, in particular, is suffering from severe skills shortages across the length and breadth of Britain. It is important that we bring in migrant workers, but we should do so on the understanding that they work under the same conditions as everyone else in Britain.

There is no doubt whatever in my mind that the increase in fatalities in the construction industry is consistent with the decline in trade union representation on our building sites. Unfortunately—and my hon. Friend the Member for East Lothian (Anne Picking) alluded to this—some unscrupulous employers are still happy to play fast and loose with people's lives. I will return to that point later.

Trade unions invest large amounts of their limited resources in training safety reps to recognise and report potentially dangerous practices. Perhaps that is why the cowboy operators, as we call them, seek to undermine the trade unions at times and obstruct their activities. I am sure that many colleagues here will have constituents working in the construction industry, which is often undervalued. None the less, it makes an enormous contribution to our everyday lives and the country's economy.

John Robertson (Glasgow, Anniesland) (Lab): I congratulate my hon. Friend on introducing the debate. Putting the cowboy companies to one side, does he agree that even the best companies have problems with health and safety? That is not always on the side of the management. When the management express an opinion on the rules governing health and safety, it is sometimes perceived to be interfering. Does he agree that we need education not only for the management, but for the workers so that they become their own safety officers?

Jim Sheridan: My hon. Friend makes a valid and honest point. I am not suggesting for a minute that all employers in the construction industry are rogue or cowboy operators. There are a fair number of legitimate, good and honest employers in the construction industry and they are calling for a level playing field for health and safety. I agree that the workers have a responsibility on their own shoulders to make sure that they are working in a healthy and safe environment. If they identify a reason why they are not experiencing such conditions, they have a responsibility to say so. Facilities are already in place for whistleblowing and so on.

I have referred to trade unions, but those who work in a dangerous environment deserve our attention and our support. Thankfully, similar fatalities do not happen in other sectors of our society but, if we had the same number of deaths in our police forces, our fire services or, dare I say it, in our armed forces, we and the press and media would demand action and call for heads to roll. Why then do we not make similar demands on employers who knowingly put their employees at risk?

A 20 per cent. rise in the number of deaths on building sites must be taken seriously by us all. If not, the trend will continue. Last year, 86 construction workers were killed with employers being punished—if that is the right word—by having to pay ridiculous fines ranging

[Jim Sheridan]

from £300 to £600. What is the point of our clamping down on culpable employers and pushing for more prosecutions only to be undermined in the courts? We need to find ways in which to join up the authorities that are charged with prevention and punishment or there will continue to be an increase in the number of fatal accidents in the construction industry.

Mr. John Randall (Uxbridge) (Con): Are the fines set the maximum allowed or are they what the courts are imposing?

Jim Sheridan: The maximum fine can be more than £600, but those who impose the fine might not have a clear understanding of how dangerous the industry is. Therein might lie the problem. If they had a flavour of what some workers are going through in the construction industry, they might want to consider seriously how to deal with rogue employers.

In February 2001, the Government called a construction summit entitled "Turning concern into action" because of their awareness and growing concern about the industry's poor health and safety record. The conference acknowledged the concern about the industry's performance, agreed that it had to improve and committed the industry to a step change in performance. That was demonstrated by challenging targets and action plans.

The Minister then responsible for health and safety summed up the main day of the conference by concluding that

"we need a culture change—one where the industry sees itself as high quality, high performing and highly trained. The status quo is not acceptable—we must strive for the highest standards.

The Government, as a major client, has a vital role to play. The Office of Government Commerce guidance is a welcome step in setting those standards and lending more weight to health and safety performance."

The Minister continued:

"An industry which values and respects its workforce and takes responsibility for encouraging the health and safety and well being of its employees it likely to be a successful industry. We owe our workforce the right to be able to do a good day's work safely, go home to their families and not be one more casualty in an industry where there has been far too many in the past."

That step change in performance has not been achieved; those challenging targets have not been met; and the action plans are not delivering. This Government have done many good things in their period in office. However, despite giving a commitment that is now seven years outstanding, they have so far refused to set a date for a Bill that will make corporate killing an offence. With such blatant injustice, we must ask what the Government are afraid of.

I will conclude, as I am conscious that several other colleagues want to speak. The Health and Safety Executive is trying hard to address this issue along with good employers and the trade unions, but they require the proper tools to do the job effectively. That is why we, as legislators, must take seriously our responsibilities and introduce effective and robust legislation that will concentrate the minds of employers on the fact that life is precious and should be treated as such. As the law stands, the paltry fines imposed on guilty employers are an insult to those who have died and to workers and their families.

9.42 am

Mr. Michael Clapham (Barnsley, West and Penistone) (Lab): First, I offer my congratulations to my hon. Friend the Member for West Renfrewshire (Jim Sheridan). I also draw Members' attention to my interests, as I chair the group of MPs who are concerned with the Union of Construction, Allied Trades and Technicians, which is the largest trade union operating in the construction industry.

I shall make three points, and I want to draw the Minister's attention to what I perceive to be required in the construction industry: partnerships, which should work in conjunction with enforcement. There is a need to bring together on the major sites trade unions and their solicitor, employers and their solicitors, and the British insurance industry. If we can do that, there is the possibility of ensuring that the major contractor has a health and safety policy approved by the Health and Safety Executive, which becomes embedded in the contracts of all the other subcontractors. The one thing that is difficult to come to terms with in construction is the fragmentation caused by subcontracting. If the major contractor agreed to a health and safety and training policy, which was included in the contracts of all the subcontractors, there would be a chance of getting on top of some difficulties that we face.

One difficulty that my that my hon. Friend referred to is the safety culture. Because of fragmentation, there is little meaningful safety culture in construction.

John Robertson: Does my hon. Friend agree that one priority should be to beef up the Health and Safety Executive, in particular to have spot checks and field operatives checking on building sites without notification?

Mr. Clapham: My hon. Friend makes a good point and I will refer to it later.

First, we could set up a partnership approach and encourage subcontractors to take it up, and we could encourage the British insurance industry to make discounts available in employment insurance premiums in return for accepting the health and safety policy of the major contractor and agreeing to training. That is not to say that there should not be enforcement. I believe that there is a need to increase the penalties and I hope that my right hon. Friend the Minister will consider whether she needs to introduce legislation that would embrace corporate manslaughter. That would be an important inducement to ensure that employers comply with their legislative requirements.

There could be a partnership approach along with enforcement and checks by the HSE, to which my hon. Friend the Member for Glasgow, Anniesland (John Robertson) referred. It is important that the HSE is properly financed so that it can ensure that it has the adequate number of field inspectors to carry out regular inspections and to turn up unannounced on building sites.

There also needs to be workers' safety representatives who are well trained and who could take on the role of roving safety representatives. I know that there have

been a number of pilots in the construction industry; perhaps the Minister will refer to those. I understand that there have been successful pilots using roving safety representatives. She could consider rolling those out across the industry, because there is a need to come to terms with the poor record on deaths and injuries in construction and we must make a concerted effort to reduce the number of deaths, which my hon. Friend the Member for West Renfrewshire identified as 86 in the past year. Using partnerships, enforcement and roving safety representatives could be a way of getting on top of the situation in the construction industry and also of helping to rebuild a safety culture in it.

My second point relates to false self-employment. It is rife in the industry, which is the only one in which people who are self-employed have their tax deducted at source. I recall that UCATT, which is the major union in the industry, had a report prepared on false self-employment two or three years ago. It showed that the practice was rife across the industry. It was suggested that the Exchequer was missing out to the tune of £1.5 billion a year because of false self-employment.

Following that report, there was a series of meetings with the Treasury and it is considering—or it was—revising the process of how people register as self-employed. I understand that during the past year there was a pilot on that aspect. I also understand that it may be rolled out across the industry if it proves to be successful. If that is the case, we may be able to get on top of false self-employment, which helps to fragment the industry and undermines the safety culture.

Mr. Ian Davidson (Glasgow, Pollok) (Lab/Co-op): Does my hon. Friend agree that this is not just a question of the Treasury losing money as a result of false self-employment? The Treasury encourages false self-employment by providing financial incentives not only to those who become self-employed but to the potential employer, who has a disincentive to take people on directly. Clearly, the Treasury drive for flexible labour markets costs lives.

Mr. Clapham: I agree entirely. We need to be able to check false self-employment so that we can come to an arrangement on how people are employed. People employed on a pay-as-you-earn scheme tend to be more given to following the regulations set by their employers, but a self-employed person will tend to ignore the procedures set down by the contractors he is working for.

It is also important to recognise that in construction there are genuinely self-employed people, and there will always be a need for them, but the position is that false self-employment is undermining the union's attempt to embed a safety culture that would help to tackle the problem of accidents and injuries. It is important that we come to terms with false self-employment so that we can control it and stop it fragmenting attempts by the unions and employers to embed a safety culture.

My third point is about asbestos, to which many construction workers are exposed. I note from the recently published summer edition of the *British Asbestos Newsletter* that construction was the industrial sector with the highest incidence of diagnosed mesothelioma cancer between 2001 and 2002. During that period, there were almost 1,900 new diagnoses of that particularly virulent cancer. A person diagnosed with it has a short life expectancy—possibly 18 months.

The TUC reckons that, in addition to the recorded mesothelioma cancers, twice as many different cancers are caused by exposure to asbestos, so, overall, there are probably 4,000 cancer diagnoses across the country each year as a result of exposure to asbestos. On 16 May, *The Sunday Times* magazine published a thorough article by the investigative journalist Peter Martin, which drew attention to the growing problem of asbestos. He suggested that over the next 46 years there are likely to be more than 180,000 deaths in the UK resulting from exposure to asbestos.

I am aware that the new control of asbestos at work regulations were introduced earlier this year, and they are a step forward, but they do not apply to residential premises, even though many construction workers who come into contact with asbestos do so in residential premises. I can tell the Minister that during the health and safety debate at this year's UCATT conference, it was made clear that the union will call for an extension of the asbestos at work regulations. It wants that extension to embrace the residential sector, in which many of its members work.

Asbestos is a real problem, and I hope that I can persuade the Minister to support the call for a health and care strategy for people suffering from asbestos-related diseases. Australia has already implemented a health and care strategy. It has made a great deal of resources available to deal with the victims of exposure to asbestos, and I think that this country needs to do the same. I am aware that the NHS has a number of pilot schemes running, but we need to move pretty speedily when there are 4,000 diagnoses each year of cancers caused by exposure to asbestos. That is in addition to the men and women who will be diagnosed as suffering from asbestosis.

I hope that the Minister will take on board those three points and consider how we can move forward to building a meaningful safety culture in construction, because that is how we will get on top of the high rate of deaths and injuries each year.

Several hon. Members *rose—*

Mr. Deputy Speaker: Order. I remind hon. Members that the purpose of the debate is to enable the Minister to answer the hon. Gentleman who initiated it. However, if all contributions are short, all those who want to will be able to speak.

9.56 am

Mr. John Lyons (Strathkelvin and Bearsden) (Lab): I will try to be brief. Like others, I welcome the debate and congratulate my hon. Friend the Member for West Renfrewshire (Jim Sheridan) on securing it. There is no doubt that the construction industry is of national importance to the British economy. Nevertheless, the statistics for the industry hide the personal tragedy for the people who are killed and injured and the effect that that has on their families. That applies all over the UK. The debate has given, and will give, recognition to the very good work and practice of employers, individual trade unions, the Health and Safety Executive and, in

[Mr. John Lyons]

particular, the TUC and the STUC. Both those organisations have had a keen interest in the construction industry.

You will have noticed, Mr. Deputy Speaker, that a number of Scottish MPs are attending the debate, and with good reason, because the statistics for Scotland are horrendous. Indeed, they are worse than those for the rest of the United Kingdom. I will give an example. In manufacturing in 2002–03, four people were killed in Scotland and 41 in the UK. In the main industries, therefore, Scotland's rate of injuries and deaths is about a tenth of the UK's, but that is not the case in construction. In construction in 2002–03, there were 11 fatalities in Scotland; there were 56 in the UK. The rate of deaths is running at almost 10 per cent. higher in the Scottish construction industry than in the rest of the UK. Clearly, there is something wrong in the building industry in Scotland and much more work needs to be done in that regard.

I recognise that things are happening. There has been a blitz of inspections of building sites, including across whole cities, to try to get on top of the problem. I, for one, would welcome that practice being relaunched by the HSE, because it is an effective way of working. Following one such visit, the HSE's head of operations for construction, Pam Waldron, said:

"The clear message is that the industry must tackle those things which are killing and injuring people, and making them ill at work. Sadly the blitz indicates that there is a common pattern across construction sites in Great Britain of relaxed attitudes to health, safety and welfare.

As in the London blitz last month, we found standards on many of the sites to be well below what we expect. I personally witnessed many examples of poor site management and lack of control of subcontractors allowing unsafe working practices. I also saw individual workers putting themselves at risk by ignoring site rules and taking shortcuts. But there were also examples of well run sites, where health and safety risks were properly controlled. We need to see much more of this."

The figures make interesting reading. Prohibition notices were served on 226 of the 440 sites that were visited. That is another clear indication of the type of problem facing the industry. The figures across the UK are horrific.

There is good reason to be optimistic in some ways. Last year 2,000 young people were brought into the industry to go through a modern apprenticeship based at a college and the workplace or the site itself. We need to ensure that we step up the work of the HSE and the trainers in this area. People can receive good and fundamental health and safety training that, I hope, will never leave them. We need to keep the issue to the fore; it always will be if my hon. Friend the Member for West Renfrewshire is in the House.

10.1 am

Mr. Bill Tynan (Hamilton, South) (Lab): I offer my congratulations to my hon. Friend the Member for West Renfrewshire (Jim Sheridan) on securing this debate and on his Gangmasters (Licensing) Act 2004, which he successfully piloted through the House. A comparison can be made, because the same cavalier and uncaring attitude of some employers is found in the construction industry.

Many hon. Members have spoken about the numbers of people who have been injured. It is worth repeating that workers in the construction make up 6 per cent. of the work force, but account for a third of all fatal accidents and 16 per cent. of reported accidents. Construction workers are nearly five times more likely to be killed than workers in any other industry. There were 71 deaths in the construction industry in 2002–03 out of a total in all industries of 226. Alan Ritchie, UCATT's regional secretary for Scotland, said in June:

"The problem is that the best way to murder somebody in Scotland is to employ them in the construction industry."

The provision for the cost of accidents and near misses on a typical building site can amount to 8.5 per cent. of the contract price. The construction industry has a total annual output of £84 billion, so £7 million is built into contract prices to account for accidents and injuries. That is a horrific figure. The targets set at a health and safety summit in 2001 between industry and Government of reducing deaths and major injuries by 40 per cent. by 2005 and 66 per cent. by 2010 are unlikely to be met. I ask the Minister to look seriously at that. If we are setting targets at that level, we should see how best we can ensure that they are met. They have to be realistic.

In a report published in May, the National Audit Office looked at the HSE and the role the Government can play in improving safety in the construction industry. It was critical of the culture of the industry and explored a number of avenues for further Government action. It believes that the high level of death and injury is caused by the culture of some in the industry. I echo the point made by my hon. Friend the Member for Strathkelvin and Bearsden (Mr. Lyons). There are some good employers in the construction industry, but we have to deal with the bad ones. We also have to deal with the employees who put their own safety at risk and ensure that they have the sense and are trained to prevent the accidents that occur on construction sites.

The deskilling of workers is a major problem. The point has been made about the need for apprenticeships in the construction industry. I am heartened that the industry has taken that on board and is looking for ways to re-skill the work force because many people on construction sites do not have the necessary skills or the proper attitude towards health and safety.

Another problem is the fragmented nature and the large size of the industry. The HSE has done much through education and enforcement action to encourage employees to become involved with health and safety. Employers have talked about cowboy practices among employees that need to be removed by training.

The sanctions that apply against companies that break the law are part of the culture problem. Custodial sentences have been given to those guilty of animal mistreatment, and we have even talked about a naked rambler who was wandering from London to the top of Scotland and was put in jail. People are also threatened with jail for non-payment of council taxes. Yet, no one in the construction industry responsible for accidents has been given a jail sentence. The draft animal welfare Bill will set in place a maximum fine of £28,000 for people found guilty of animal mistreatment. We must get our priorities right; I support those measures for animal welfare, but we should also consider people in the construction indu. try.

Over the past 30 years, there have been 3,500 deaths in the construction industry yet no employer has faced prison. Large fines have been issued—£250,000 to £500,000 in recent cases—but there is no clear link between the seriousness of the offence and the ability to pay. If someone has the ability to pay, they should do so. A number of labourers have been fined £500 for unsafe actions, while companies are fined only £5,000 for hiring out defective equipment that has caused death. That dramatically highlights the attitude of some courts in this country, and we must overcome it.

There has been a progressive deskilling in the construction industry. A UCATT survey found that only 10 per cent. of workers had appropriate formal qualifications. The same survey found that 25 per cent. of workers had problems with basic reading, writing and numeracy. It is incredible that we are employing people in the construction industry with those problems. The increasing casualisation of the industry, both through the rise of self-employment—real and bogus—and through the rise of subcontracting has undermined industry-wide initiatives such as national vocational qualifications and minimum safety standards.

The fragmentation of the industry has direct consequences. There are 2 million employees across 168,000 companies. That causes problems for the HSE, but it has tried to tackle them seriously. Its blitzes have been effective. It has targeted particular problems in particular areas of the country. A September 2003 blitz found that one third of sites were well below standard. As part of a May 2002 blitz in Scotland and north-east England, as my hon. Friend the Member for Strathkelvin and Bearsden will know, the HSE visited 444 sites and found that more than half required health and safety action. What is more worrying is that the HSE gave advance notice that it would blitz those companies, yet it still came up with those horrific figures.

I am a member of Amicus, which has members in the construction industry and has been active in seeking to reduce deaths and injuries. The national construction sector conference was held in June. Unfortunately, Nigel Griffiths, the Minister for Small Business and Enterprise, was unable to attend. Particular concern was expressed about the continuing deskilling in the industry and the decline in apprenticeships. Amicus is very concerned about the dangers posed by the implementation of the EU posted worker directive. It believes that the importing of cheap posted labour undermines the safety, skills and job security of the whole UK construction work force. It also believes that if the directive is implemented properly, it will enforce minimum standards. However, it would appear that, at present, workers employed on contracts in other EU countries and not subject to the appropriate skills and safety standards will be allowed to be imported into the UK to work; the tendency is in some instances to undercut other companies on the basis of cheap labour.

Will the Minister take into account the fact that there are just over 100 health and safety inspectors in the inspectorate? That amounts to one per 20,000 construction workers. There is a need to strengthen the construction division, and I am sure that the HSE would welcome additional inspectors. That is one way to help to deal with the problem.

It is important, Mr. Deputy Chairman, to examine the issues of skills, the importation of foreign workers—we welcome them but must ensure that they are of the appropriate standard—and the strengthening of the health and safety inspectorate.

Several hon. Members *rose*—

Mr. Deputy Speaker: Order. Before I call the next speaker, I must point out that this debate is about enforcing the rules. I therefore remind the hon. Member for Hamilton, South (Mr. Tynan) that if he refers to another hon. Member, even a Minister, he should do so by referring to his constituency, which in this case was Edinburgh, South, or by his post—not by name. Also, I am certainly not a Deputy Chairman, whatever else I am.

Mr. Tynan: I take the point, Mr. Deputy Speaker.

10.11 am

David Hamilton (Midlothian) (Lab): I thank my hon. Friend the Member for West Renfrewshire (Jim Sheridan) for securing the debate. It is appropriate to have the debate now, because the Work and Pensions Committee is also investigating health and safety matters in industry. I believe that it is the first review of its kind by the Work and Pensions Committee and that the report will be a worthwhile document. That is not just because I am a member of the Select Committee, but because we have had discussions that seem to me quite important.

The subject before us today is one of the most important for the industry. Everyone wants our building industry to prosper, but we want people who work in it and their families to know that they will return home safe in the evening after a day's work. Our job as politicians is to create a fair playing field. I remind colleagues and Ministers that we set the rules by which the industry works. If we tell the construction industry that we want it to work using the highest levels of safety, it will agree with us, because the legitimate companies argue that they will comply with the dictates of the companies that procure the contracts.

The Government, local councils and health authorities are among the biggest contractors. The Construction Confederation, representing the building trade—it represents more than 5,000 companies and 75 per cent. of the industry—wants as much as we do to eliminate the cowboys. We should accept only those with a record of the highest standards to tender for contracts. If the public sector cannot determine who the contractors are, who can?

I worked in the mining industry for more than 20 years. I was on the safety committee of the colliery for more than 10 of those years. At its peak, there were 2,000 employees. More than 30 years ago in the pits, men still had to buy safety equipment, boots, gloves and tools. Hon. Members can imagine my horror when I found out from the Scottish regional secretary of UCATT, Alan Ritchie, that some workers still have to do that in the 21st century.

I agree with my hon. Friend the Member for West Renfrewshire about migrant workers. Building sites are by their nature dangerous, but we employ thousands of

[David Hamilton]

migrant workers, while providing little or no training in the English language. In one of the exercises that we conducted in the mining industry all those years ago we found that 10 per cent. of the work force were dyslexic or suffered some form of dyslexia. If that is the case for British people, let us imagine the problems entailed in bringing in migrant workers.

It is 40 year since the Health and Safety at Work, etc. Act 1974 was passed. I was still at school. A car was something that most people dreamed about. A telephone was something that a neighbour might have, if we were lucky. A colour TV was pie in the sky in those days. Television programmes came on for an hour in the afternoon. Scottish Members will remember that it was the Larry Marshall show at 1 o'clock in the afternoon. Then it started again at 5 o'clock and finished at 10 o'clock. In those days, "going all the way" meant you were going to the bus terminal. That was the difference way back then. The United Kingdom's safety record of more than 1,000 workers facing injury and death every year should not be tolerated in this day and age, and it is unbelievable to think that, in the 21st century, we are still working to 40-year-old legislation. The people we represent deserve better and there is no reason why we should deny them the working standards of which we should be proud.

The Minister should consider the following example: I went with the Work and Pensions Committee to what will be the world headquarters of the Royal Bank of Scotland, which is being built just outside Edinburgh. It will be a massive building, and more than 1,000 people are employed on site. The contract is being completed under time, under budget and with the best safety record in the UK. There are more than 30 contractors on site and each one must undergo training. There is a system of points and incentives to ensure that they work to the highest standards.

We, as legislators, have a responsibility, and our approach should be radical. The building industry already has an arrangement with CITB-ConstructionSkills. If it were to pay a small levy, it could be transferred and, with Government support, it would surely be possible to have health and safety representatives who could work with employers and unions towards establishing the right working environment. What is needed is a healthy work force, with training strengthened to encourage the development of transferable skills and with reward for achievement. Employers should see the unions as an asset, not a threat, and treat relationships with trust. Management should have a high-calibre work force, invest time and resources in people at all levels, have a strong communications strategy that allows the sharing of knowledge—that does not happen in the industry at present—have safe and productive working conditions and a well planned and logistical strategy. All those things can be achieved. That is the type of administration that is demanded on the Royal Bank of Scotland site, which will employ 3,000 people when it is finished. The people in Britain do not want workers to be injured or killed because of shortcuts and good companies do not want that either, so why do we allow it?

Mr. Davidson *rose—*

Mr. Deputy Speaker: If the hon. Gentleman is brief, I will call him.

10.18 am

Mr. Ian Davidson (Glasgow, Pollok) (Lab/Co-op): Thank you, Mr. Deputy Speaker. I draw the Minister's attention to the recent report by the National Audit Office and the hearings that were subsequently held by the Public Accounts Committee. My hon. Friends have referred to matters that I hoped to cover, but which I shall drop because time is short.

The one issue that has not been adequately discussed is the responsibility of designers for work and safety. The National Audit Office report indicates that research undertaken by the HSE and the European Foundation for the Improvement of Living and Working Conditions suggested that mistakes made during construction in the design phase led to 60 per cent. of fatal accidents. That is corroborated by groups such as the Major Contractors Group, the Strategic Forum for Construction, the Federation of Master Builders and others. However, the response from the professionals involved in design was shocking. The NAO report states:

> "The Royal Institute of British Architects ... questioned whether there were sufficient incentives for designers to 'design out' hazards, as this would lead to an increase in costs to the designer which could not necessarily"

be recovered. That is a clear example of designers placing their profits and financial well-being above the lives of workers in the construction industry.

In a survey of designers undertaken by the HSE, one third displayed virtually no knowledge of their responsibilities under the relevant legislation, many lacked knowledge of their duties and some did not even accept that they had any responsibilities, believing that all responsibilities for health and safety fell upon the contractors on site. In those circumstances, when designers who are adequately paid and in many cases overpaid, fail completely to take into account the implications of the designs on the safety of their work force, something should be done. Given that 60 per cent. of fatal accidents are traced back to design faults, I hope that the Government will undertake work in this area as a matter of considerable urgency.

10.20 am

Mr. Steve Webb (Northavon) (LD): I join other hon. Members in congratulating the hon. Member for West Renfrewshire (Jim Sheridan) on introducing this important subject. Everyone who works in the construction industry owes him a debt of gratitude for putting it on the agenda today.

Deaths in the construction industry sadly affect all parts of the country. Perhaps the most notorious case in my part of the world in the west of England concerns the deaths of four construction workers on the Avonmouth bridge. They were doing repairs to the bridge on the M5 near Bristol when they fell 100 ft from a gantry to their

deaths. The case has been through the courts, and the judge who passed sentence at Bristol Crown court in 2001 commented that there had been a

"blatant disregard for basic health and safety legislation over a long and sustained period of time."

That is the culture that we have been talking about today.

Interestingly, the fines in this case were £250,000 for each company involved. No figure is enough to compensate for a life, but that seems to be the kind of figure that we should be talking about. A Health and Safety Executive representative said:

"The fine imposed is there as a reminder of the financial costs of accidents at work. The human cost is incalculable."

It is striking from what we have heard from several Members that such large fines are the exception and that all too often fines are pitiful.

When we debated a private Member's Bill introduced by the hon. Member for Edmonton (Mr. Love) on 14 May this year, the hon. Member for Hendon (Mr. Dismore), a member of the Select Committee on Work and Pensions, discussed the level of fines. He said that the Committee, which had investigated the issue, had been told that the average fine following a prosecution after a death at work was about £9,000—that is in the more serious cases. He compared that with the penalty for one day's delay in delivering a contract of £20,000. As several hon. Members have noted, that indicates the relative priorities that we seem to attach to the value of construction workers' lives.

We have heard some important contributions. We heard predominantly from hon. Members from Scotland, and it was interesting that the hon. Member for Strathkelvin and Bearsden (Mr. Lyons) suggested that there was a Scottish dimension to the problem. Five of the six hon. Members who have spoken so far represent Scottish constituencies, and they might want to take that point up with the HSE, because it does not accept the view. Its research, a summary of which I have here, made the findings that one might expect: the major causes of fatalities are falls and the majority of fatal accidents happen on smaller sites. However, it said that there is no specific association with time of day, age of worker or nation or region. If there is a particular Scottish dimension that the HSE is not picking up, it is important that hon. Members relay the information to it. There is clearly a difference of opinion.

The hon. Member for Barnsley, West and Penistone (Mr. Clapham) made an important point about the role of main and subcontractors and ensuring that the highest standards of health and safety are part of what main contractors try to obtain. I was interested in the idea that we could use a discount on insurance as a lever. Will the Minister say whether she has had any discussions with the insurance industry on whether they could be engaged in giving subcontractors an incentive to take health and safety seriously?

The hon. Member for Hamilton, South (Mr. Tynan) made a powerful case when he showed how we take some trivial offences very seriously and lock people up for minor offences while we do not have serious penalties for people whose negligence results in the deaths of workers in the construction industry. There are serious questions about how we should respond. Corporate manslaughter and the time for legislation on it have been raised. Will the Minister tell us where the Government have reached in that process?

The hon. Member for Hendon, whom I quoted earlier, cited the fact that a director who gets their company accounts wrong can be disqualified, but if their negligence leads to someone being killed, they can just carry on. That does not seem right, and I hope that the Government will take action on it.

The hon. Member for Midlothian (David Hamilton) mentioned the work of the Select Committee on Work and Pensions, and it is welcome that it is taking health and safety seriously as a topic of investigation. I shadow a Minister in the Department for Work and Pensions, and health and safety is in danger of becoming a Cinderella subject in that Department; it came to the Department when employment matters were transferred to it. I would be interested to hear the Minister's honest reflections on how much of her time health and safety matters take up. I am aware that she is responsible for a range of other issues, such as welfare to work, so how important is health and safety in comparison, and how much of her time is required for it? Does she feel that enough governmental time is devoted to health and safety issues?

Some of the statements of Ministers and hon. Members highlight the fragmentation of responsibility. As I understand it, there is a Minister with responsibility for the construction industry in a different Department. One would hope that that Minister is concerned about health and safety in construction, yet he is in a different Department from the Minister with responsibility for health and safety. Is such fragmentation a problem, and, if so, what can be done about it? How closely can the Minister work with her opposite number at the Department of Trade and Industry?

The hon. Member for Glasgow, Pollok (Mr. Davidson) referred to the National Audit Office report on construction industry deaths, which came out a couple of months ago. It made an important contribution. He mentioned, in particular, the contribution of designers. That subject did not immediately occur to me, but the more I think about this issue, the more it becomes clear that it is important that the people who design buildings and decide on the way in which they are constructed should think about safety issues. That is obvious, but many of them did not appear to be aware even of their legal obligations. The Health and Safety Executive could do more on that.

Finally, I want to touch on some of the recommendations that the NAO made in its report. The hon. Member for Hamilton, South mentioned that, in 2001, the industry set itself a target of achieving a 40 per cent. reduction in deaths by the middle of this decade, and a 60 per cent. reduction by the end of it. I was not there, so I do not know how those figures were decided on, but I can almost sense that people said, "We have got to come up with a target," and yet the nitty-gritty of how it will be delivered was not addressed.

The hon. Gentleman rightly suggested that those targets would not be met. We all want a target of 100 per cent., because we do not want any deaths in the construction industry, but targets that cannot be met are almost meaningless. The NAO calls upon the HSE to

[Mr. Steve Webb]

ensure that the industry sets itself more specific and low-level targets for particular types of construction and activities—deaths from falls from heights, for example. The industry should do that.

We have heard about the blitzes that the HSE conducts. The NAO thinks that it could do more to publicise them, so that everybody knows that they could be next. As the hon. Member for Midlothian mentioned, even when sites are told that somebody is coming, there are still gross breaches of regulations. That is appalling. The NAO wants the HSE to return to the sites where it has done its blitzes more often so that they are not one-hit wonders, and to see whether anything has been done and to get tough if it has not. I support that.

The HSE should do other things, too. It should liaise not only at high levels with major Government Departments, but with all the people in the public sector who tender for and let out construction contracts, and with non-departmental public bodies much further down the supply chain.

In construction contracts, the NAO suggests that delivering health and safety should be part of what we mean by getting value for money for the taxpayer. It is interesting that that should be recommended in a report by a bunch of auditors. I think we all support that.

There is no shortage of aspirations, fine words and targets, but we do not seem to be making progress at the speed that everybody who works in this industry has a right to expect. That is why it is particularly valuable that the hon. Member for West Renfrewshire has brought this subject to the House's attention.

10.29 am

Mr. Henry Bellingham (North-West Norfolk) (Con): First, I declare my interests, which are listed in the Register of Members' Interests. I also want to point out that, in fact, I shadow the relevant Department of Trade and Industry Minister, and that I am here in place of my colleague who shadows the Department for Work and Pensions Minister. As the shadow construction Minister, I have been following the issue carefully.

I congratulate the hon. Member for West Renfrewshire (Jim Sheridan) on securing the debate and on the excellent way in which he put his case forward. I was fortunate enough to be in the Chamber for the Second Reading of his Gangmasters (Licensing) Bill, which I am pleased has now passed through the House. The hon. Gentleman's tenacity in pushing that Bill forward showed how effective he is as a parliamentarian. No doubt, he will return to the issue under discussion time and time again.

I represent the area in west Norfolk in which CITB-ConstructionSkills has its headquarters and the National Construction college. Both work closely with the college of West Anglia in King's Lynn and, between them, they provide a number of important vocational training courses. I have been to the CITB at Bircham Newton many times. It offers training across the whole construction sector, places an overwhelming emphasis on safety, and makes constant efforts to drive up standards.

The hon. Members for Strathkelvin and Bearsden (Mr. Lyons) and for Hamilton, South (Mr. Tynan) mentioned the modern apprenticeship scheme. That scheme is now locked closely into a number of the training courses in construction skills provided by CITB-ConstructionSkills.

It is worth reiterating the importance of the statutory levy, which was mentioned by the hon. Member for Midlothian (David Hamilton). Without that levy, the CITB would not be able to provide the training. Since I have been following the activities of the CITB, there has been increasing emphasis on trying to reduce the number of injuries and tragic deaths in the construction industry. If the levy system were voluntary, there would be nothing like the level of training in the UK that is currently provided. As the hon. Member for West Renfrewshire and many other hon. Members pointed out, the situation with regard to deaths in the industry is worse than it should be, but it would be worse still if we did not have the statutory levy. I do not believe that there is any debate between the parties about the levy, but I take every opportunity to put on record my support for it. I urge Ministers to put their support for it on the record.

One of the points that was made—I think by the hon. Member for Barnsley, West and Penistone (Mr. Clapham)—concerned the fragmentation of the industry: the proliferation of sites and subcontractors, and the problems that that causes for the major contractor.

When the tragic accident at Potters Bar occurred, I focused on it carefully, because the train was on its way to my constituency. I nearly took that train, but missed it and took the next one—which was, of course, much later. The contract in that situation was fragmented: there were a number of different subcontractors. The hon. Member for Barnsley, West and Penistone made the important point that a safety protocol should be embedded not just in the main contract but in the subcontracts. Had that been the case with Jarvis at Potters Bar, there would not have been the lax safety standards that led to the tragedy of the derailment.

There is obviously a challenge posed by language and cultural barriers. I am pleased that CITB-ConstructionSkills has introduced a comprehensive health and safety test, which now has a pass rate of 85 per cent. Half a million people have now passed that test. The test is an important part of the construction skills certification scheme, which is the skills passport for the industry.

I hope—I should like the Minister to comment on the matter—that major contractors will soon start to stipulate that subcontractors should have a carded work force on all sites where they are working for the main contractor or are part of a contract chain. The health and safety test imposes pretty rigorous standards, and I understand that, in that context, CITB-ConstructionSkills now receives 20,000 applications a week for the skills passport. If we can move forward to a fully carded work force, that would make a huge difference.

The language barrier that is often found on sites was raised by a number of hon. Members. CITB-ConstructionSkills and the National Construction college are now providing extensive safety training in different languages. For example, Laing O' Rourke Learning has set up an organisation called Learning World to train a number of its different contractors at

Heathrow terminal 5 in different languages. That is very positive and I hope that more companies will set up similar initiatives and schemes.

A number of hon. Members, including the hon. Members for Northavon (Mr. Webb) and for West Renfrewshire focused on the fines that are levied on negligent construction companies, which are partly the cause of deaths on construction sites. However, I am not clear—perhaps the Minister can elaborate—whether fines are levied for exceeding the limits set by the legislation or for causing an accident by adopting a cavalier and lax attitude. I join the hon. Member for Northavon in asking the Minister to tell us more about the Government's current thinking on introducing a new offence of corporate manslaughter. Can she also comment on the excellent idea put forward by the hon. Member for Barnsley, West and Penistone of trying to persuade the insurance industry to offer discounts on their employer and public liability premiums to companies that are able to embed safety protocols not just in the main contract but in the subcontracts?

I read the other day—perhaps the Minister and her officials also spotted it—that the National Federation of Roofing Contractors has entered into an exclusive agreement with a particular insurance company, so that any of its members who sign up to a fairly comprehensive safety protocol receive a substantial discount on their insurance premiums. I should like to see other trade associations and federations do the same, and perhaps the Minister can do something to encourage that.

The point about self-employment is important, because there has been a substantial debate in the Department of Trade and Industry, the Department for Work and Pensions and the Treasury about false self-employment. I urge the Minister to consider that a lot of small construction companies, many of which I meet as I go round the country, tell me about the stiff regulatory barriers that they face when taking on employees. There is currently a hefty disincentive to employ people, which is why there is every advantage, for employer and employee, to ensure that they are self-employed subcontractors. That is a real issue, so perhaps the Minister can say what the Government's current thinking is.

I notice that the hon. Member for West Renfrewshire alluded to the construction summit that took place in 2001. I remember the great fanfare that greeted that summit: a lot of discussions took place, which generated hope and optimism. Targets were set and a lot of good came out of it. However, we must hear from the Minister an update on how the Government consider the initiatives that came out of the summit. It supported a lot of good initiatives, but as hon. Members have pointed out, the number of deaths in the industry has unfortunately remained rigid at about 80–86 last year. If one adds to that the deaths from asbestos-related injuries and illnesses, the figure obviously goes up. I hope that today's debate will act as a watershed, because it is the first time since I have been a Member, both this time and the previous time, that we have had a debate on the issue. It is a vital issue, and let us hope that not just words but action will come out of this debate and, as a consequence, lives will be saved.

10.39 am

The Minister for Work (Jane Kennedy): May I add my congratulations to all those that have been expressed this morning to my hon. Friend the Member for West Renfrewshire (Jim Sheridan) on securing this debate and on bringing the challenge to me, newly in position as the health and safety Minister? This is the first opportunity that I have had to consider the issue, and I have been sobered by the details that have come out not only in the contributions but in my preparations for the debate.

I also thank my hon. Friend for his work in bringing forward the Gangmasters (Licensing) Act 2004, which received Royal Assent on 8 July; other hon. Members have also congratulated him on that. The Bill was strongly supported by Ministers in its passage through Parliament, and I am pleased that it is now on the statute book.

I apologise in advance if I miss any points that have been raised; I will seek to address all of them. This has been a robust but courteous debate. The issues are extremely serious and, at the outset, I would like to offer my condolences to the families of the three agricultural workers who died on Monday in Norfolk in the course of their work. When I was preparing for this debate, I looked at the figures for this year. I had prepared to say that the number of fatal construction accidents this year stood at 11, but, sadly, a worker yesterday suffered a fatal injury at a construction site in Purfleet, Essex, so the total is now 12. I want to put on record my condolences to the families of those killed.

As we have already heard, there can be no doubt about the poor record of the construction industry. I would like to pick up on a number of points made. My hon. Friends the Members for Hamilton, South (Mr. Tynan) and for Glasgow, Pollok (Mr. Davidson) and the hon. Member for Northavon (Mr. Webb) drew my attention to the National Audit Office report. I am grateful to them for that, and I will look at the report as a result of this debate.

My hon. Friend the Member for Midlothian (David Hamilton) invited me to consider the Royal Bank of Scotland construction site. I will look into that. If I get the opportunity to visit bonny Scotland, I will perhaps see whether I can fit in a visit to that site.

The hon. Member for North-West Norfolk (Mr. Bellingham) is welcome at our debate. Many of us came at the issue with a Health and Safety Executive focus, but the hon. Gentleman, in a useful, interesting and challenging contribution, asked me to speak about the compulsory levy that contributes to the training of construction workers. I am happy to say that we support that levy. It is without question a practical way to ensure that the industry invests in training. Health and safety law requires that workers and managers be trained and competent to carry out their functions. It is important to bear that in mind when considering the issues.

My hon. Friend the Member for Barnsley, West and Penistone (Mr. Clapham) raised a number of issues. I am grateful to him for the role that he plays on this subject, wearing a number of hats. Not least, he is chair of the all-party occupational health and safety group and its asbestos sub-group. He invited me to consider the question of partnership. I will talk about that in greater detail later. I will think carefully about his idea—

[Jane Kennedy]

which the hon. Member for North-West Norfolk commended—about major contractors and the role that they play. I will touch on that point in a moment.

My hon. Friend the Member for Barnsley, West and Penistone and the hon. Member for Northavon invited me to think about how the insurance industry works with contractors and construction businesses. During the review of the employers' compulsory liability insurance difficulties experienced over the last year, we worked closely with the Association of British Insurers and the Health and Safety Executive. We are looking into ways in which the risk can be assessed properly. Employers—not just in the construction industry but in all walks of life—who demonstrate that they take health and safety seriously, who manage properly the incidents that occur to their work force and who can show that the number of incidents is as low as possible should get some relief from the insurance premiums that they face. We are working to secure that. That will benefit everybody.

Every Member who has spoken has commented on the level of penalties and fines applied. I want to make it absolutely clear that the general level of health and safety fines does not reflect the gravity of the relevant offences. That is why we were pleased as a Government to support the private Member's Bill that was introduced by my hon. Friend the Member for Edmonton (Mr. Love). That received a partial Second Reading in May; it is due to receive a further Second Reading this Friday if it is fortunate enough to be reached, although it is fairly low on the Order Paper. That Bill would certainly be a major step forward. The problem is partly that the fines are not high enough but, as the hon. Member for Uxbridge (Mr. Randall) said, it is also because the courts do not apply the available fines. The Bill will send an important message to those considering these issues in a legal setting.

I want to make two further points about Crown immunity and corporate manslaughter. If the Bill of my hon. Friend the Member for Edmonton does not make progress, the Government need to consider the consequences of that and find another way of bringing about those changes. I reassure hon. Members that we are actively looking for a way of making progress on all these issues. It has been a long time, and I acknowledge the justice of what my hon. Friends have said. Home Office colleagues are taking forward the questions of corporate manslaughter and Crown immunity. We are working on a draft Bill, and the aim is to have that published towards the end of this year—perhaps the back end of autumn. That is our objective. In spite of the number of green seats between us, I hope to be able to demonstrate to hon. Friends that, in fact, we stand shoulder to shoulder on many of the issues that they have rightly raised.

One or two things should be said about what is happening in the construction world. It is of no comfort, but it is a factor that we should bear in mind, that the UK construction accident rate is the second lowest of any European Union state and significantly lower than the larger member states. Good though that may at first appear, we acknowledge that nearly 850 workers and members of the public have died as a result of accidents in the construction industry in the past 10 years. Many more have died as a result of exposure to asbestos, as my hon. Friend the Member for Barnsley, West and Penistone rightly pointed out. In fact, to describe the increase in the numbers of those suffering from asbestos-related illnesses as an epidemic to be faced over the coming years would not be too strong. Thousands more have been seriously injured as a result of accidents or have had their lives blighted through damage to their health and well-being. As has been said, we must remember the wider impact on families and friends. They, too, suffer when injuries and deaths occur.

At its best, however, our construction industry is world class. We all benefit from the improved built environment that the industry provides: new houses, schools, hospitals, a better transport system and other essential infrastructure. However, we should not and cannot accept that those gains should be at the cost of damage and suffering to construction workers and their families. The industry must improve its performance in controlling and managing the safety and health risks that it creates.

Many hon. Members drew attention to the summit in February 2001 at which my right hon. Friend the Deputy Prime Minister set down some major challenges to the industry. We should remember that, at that time, there were a shocking 113 deaths of workers and members of the public in a single year. Commitments were given at the summit by all those who have a stake in the industry, including clients, designers—about whom I will talk more in a moment—suppliers, contractors and trade unions. That meant accepting responsibility for the industry's health and safety performance and giving it a priority in terms of business risk management to achieve dramatic improvements, and we heard about the target of a 10 per cent. year-on-year reduction in deaths and major injuries.

Since then, the number of deaths has reduced to 76 and 71 in the two most recent years. I did not recognise the figure of 80, but I will check the figures that we have been discussing. However, the record is less clear when major injuries are also taken into account. I acknowledge that the industry is well short of its target to reduce the rate of fatal and major injuries by 40 per cent. by 2004–05. It is not clear that there has been any marked improvement in reducing ill health. Major challenges face all the industry's stakeholders.

Those commissioning the work—the clients, who have been referred to as contractors—must do more to meet the challenges set by Ministers in the strategic forum for construction, which is convened by my right hon. Friend the Member for Cunninghame, North (Mr. Wilson). The purchasers—the clients—must provide leadership to the teams that they create, make clear their commitment to respect the people who will work for them and reject those who do not measure up. My hon. Friends are right to point out that, as major purchasers of the industry's services, central and local government need to ensure that they follow the practice of best value and not lowest cost, so that whole-life health and safety issues are addressed to reduce injuries, whether caused during initial construction, or, equally importantly, during subsequent maintenance.

My hon. Friend the Member for Glasgow, Pollok questioned the role of designers. He is right to draw attention to that; designers have yet to engage fully in reducing the likelihood of injuries by improving the quality of their designs so that potential hazards are

eliminated at the earliest possible opportunity—in the design office itself. Designers can, for example, specify lower-weight building blocks to reduce the risks involved in manual handling. Through the design process, they can also reduce the need to work at height. A recent HSE survey suggested that there is increasing commitment by designers. However, as my hon. Friend rightly said, that has come from a very low base.

Equally, suppliers could do more to improve the products on the market. For example, heavy components that have to be manually handled create problems, and advances in reducing the weight of pre-packaged materials need to be rolled out more widely. There should be joint development work with others in the supply chain, so that off-site prefabrication, which we see more of these days, reduces on-site risks. Such things hold out further opportunities for manufacturers to make a contribution to the health and safety agenda. Contractors also have to commit more positively to the provision of decent working conditions, put that at the top of their agenda and improve the ways in which they engage with those who work for them.

As the Minister responsible for health and safety, I am pleased to give my support to the Health and Safety Commission's document "A strategy for workplace health and safety in Great Britain to 2010 and beyond". The hon. Member for Northavon asked me how much time I devote as a Minister to health and safety. I commit half my working time to it, because health and safety matters are so pressing and urgent in the Department. The role that I play in liaising with the Health and Safety Executive and the Health and Safety Commission is demanding, and rightly so.

Hon. Members may not be aware that long before becoming a Member of Parliament—more than 25 years ago—I trained as a Workers Educational Association health and safety TUC instructor. I well recall working with shop stewards in training courses in Liverpool. I have an anecdote about a self-employed construction worker who worked, I think, at the Shell oil refinery at Ellesmere Port. He described how he had been instructed to travel from one side of the site to the other. He and his comrade, who was also self-employed, loaded up the back of the flat-bed truck that he owned. They put their acetylene torches, the accompanying paraphernalia and the brazier that they were to use at the next point on the site on to the truck and they trundled off across the vast chemical plant. They did not see a soul on the site and when they arrived at the other end, they climbed out of the cab of their flat-bed truck and found that the brazier had reignited. They had thought that it was out, but it had reignited when they started and, by the time they reached the other end of the site, it was ablaze. Presumably, they had trundled the blazing truck right the way through the centre of one of the most dangerous sites in the UK. That indicated to them that, self-employed or not, they needed to get some training and to understand what they were doing in terms of safety.

That is a good point at which to remind everybody that all workers, irrespective of their status—whether they be migrant workers or self employed—are covered by UK health and safety legislation. I hope that that reassures those who had concerns about migrant workers. The question of language problems needs to be addressed by employers when they take on subcontractors who may have such difficulties.

The strategy that the HSC and HSE have developed signals a new approach, which recognises that they have to work with others to develop closer partnerships in creating a sensible health and safety culture. I am also pleased that the construction industry has been identified as a priority for action by the HSE. The creation of a separate HSE division that is tasked to challenge the industry makes clear the HSC's commitment to the construction industry's problems as part of the new strategy. There are more inspectors and support resources tasked to construction than ever before. That was a point about which reassurance was sought and I hope that that has helped.

The HSC is taking forward the development of two codes of regulations that are particularly relevant to the construction industry: the work at heights code, and the design and management of construction work. I know that some stakeholders have concerns and also that the HSE is in close consultation with them so that the outcome will be regulations that add value by reducing injuries and do not simply increase bureaucracy. We must acknowledge that the HSE alone cannot put right the health and safety performance of the industry. Those who commission, provide and maintain the built environment create the risks and they must take responsibility for working in partnership to manage them.

Partnership working was amply demonstrated when Andrew Smith—I beg your pardon, Mr. Deputy Speaker—my right hon. Friend the Secretary of State for Work and Pensions—

Mr. Deputy Speaker: The right hon. Member for Oxford, East.

Jane Kennedy: Oxford, East. I have no excuse. As a former Whip, I should know all that. It should be on the tip of my tongue.

Partnership working was amply demonstrated when my right hon. Friend announced on 30 June the success of two bids made jointly by construction trades unions and employers for a share of the £3 million workers' safety adviser challenge fund. Workers are the ones who are exposed to the risks and in many workplaces they have not been fully heard. Evidence shows that when workers have a voice and influence, workplaces become safer and health risks are better controlled. I congratulate the social partners that made the successful bids—UCATT, the National Federation of Builders, the Transport and General Workers Union and the Federation of Master Builders—so that sustainable workers' safety advisers can be established in the south-west and the midlands. Partnership has equally been successfully demonstrated from the summit until now.

Since the summit and since the targets were set, I would acknowledge that the construction industry has not been on course to meet them. All of us who have an interest in making the industry safer must join forces to ensure that we work harder to achieve those targets.

Mr. Deputy Speaker: May I thank all the hon. Members who have taken part in this debate for their co-operation? It has been a good, if not a model, Westminster Hall debate.

Way to Go Campaign

11 am

Mr. Colin Challen (Morley and Rothwell) (Lab): I am grateful for the opportunity to speak about the Way to Go campaign, which was launched by more than 30 non-governmental organisations with environmental and social objectives to set the pace in developing a progressive transport policy that places greater emphasis on public transport, cycling and walking.

I speak as one who has been a motorist for more than 30 years and who, until recently, according to the chart in my doctor's surgery, was categorised—unbelievably, I have to say—as obese. However, I have started a diet and taken up regular cycling again. I am no longer in the red column, but have moved into the pink, which is for those of us who are merely overweight.

I have been relearning the simple message that "lifestyle" and "healthy" should go hand in hand. However, in today's society they often do not. What is promoted as a good lifestyle these days will usually allude to cars, fast food and one's desire for convenience. Around the time that I was born, traffic was measured at about 33 billion vehicle miles. Now the number has risen to more than 300 billion vehicle miles and shows no sign of abating, which is not surprising as the cost of motoring continues to plummet and the costs of other forms of transport continue to rise.

The costs of obesity continue to increase, too. The Health Committee estimated the expense to the national health service of dealing with obesity at £3.7 billion a year. When we consider the proposals of the Way to Go campaign, which amount to the capital and revenue sum of £1.75 billion each year to 2010, we should consider how much we could save elsewhere. That is a central feature of the Way to Go campaign and why it was initiated not only by environmental or transport groups, but by such organisations as Help the Aged, Age Concern and the women's institute. They know that we need a transport strategy that is about social justice, as well as greening the environment. The organisations know that, if the campaign bears fruit, it will deal with social exclusion and give more people real mobility, as opposed to congestion, pollution and health problems—especially for those who live in inner cities and have to cope with the fumes spewed out by commuters' cars. We would have better rural services, too, which is why the Campaign to Protect Rural England also supports the Way to Go campaign.

The Government need to build on their successes. I welcomed the Secretary of State for Transport's announcement last week about car sharing on motorways and the recent publication of the walking and cycling action plan. I am pleased that the Department for Transport has a new public service agreement target to deal with climate change. I am delighted that, yesterday, the Government introduced a transport renewable fuel obligation to the Energy Bill. I welcome the fact that they have an open mind about new ideas and new ways in which to develop partnerships to deliver better transport.

I also acknowledge that the taxpayer does not have a bottomless pocket to pay for schemes and that the Government rightly want to obtain the maximum benefit from whatever schemes are proposed. I know very well how such strictures are applied because, at the local level, the Leeds supertram—a proposal that I support—has over the past 15 years or so seen its projected capital costs increase from £330 million to about £800 million. What a shame that the Leeds supertram has had so many false starts, but it is not alone. I recognise that the costs in general of light rail systems have mushroomed and that we have to be sure that they can deliver value for money. I believe that, in this instance, the case for that can still be made.

Can the same be said for all the road schemes still on the books? In an answer to a recent parliamentary question, I was told that the targeted programme of improvements had risen from £7,761 million to £8,781 million—an increase of more than £1 billion or, in itself, more than enough to fund the entire Way to Go capital proposals for the next six years. The amount is enough, in other words, to fund a cycle-friendly road network, cycle training for all, networks of bus lanes, the promotion of bus services, safe routes to schools, 20 mph speed limits in residential areas, the restoration of streets and pavements to good condition, quality standards for buses and trains, and grants for rail freight projects.

Mr. Paul Truswell (Pudsey) (Lab): I congratulate my hon. Friend on securing the debate and on his sterling advocacy on behalf of the Way to Go campaign. I hear what he says about investment. Does he agree that the vast majority of passenger transport journeys are made by bus, and that since the ill-advised deregulation of bus services in 1986, patronage has plummeted, mainly because of unreliability, escalating fares and the constant chopping and changing of timetables?

Does my hon. Friend also agree with the 106 hon. Members who signed early-day motion 518 that the successful bus franchising in London should be extended to other places, such as the West Yorkshire passenger transport area, to secure quality bus contracts that strike a better and fairer balance between passengers and profit?

Mr. Challen: I am grateful for my hon. Friend's intervention, and I agree with what he says; I think I am a signatory of the early-day motion. The Government should listen carefully to those proposals, as in the last 20 years, bus passengers have been ill served by the dogmatic, ideological Thatcherite deregulation in 1986. The Way to Go proposals, which may one day include those ideas too, are excellent. They have been costed and are waiting to go.

Last week, I read about the proposals from Central Railway to develop a new freight service between the north-west and the south-east, which would have a major impact in reducing both congestion and the need for extra lanes on the M62—one of Europe's busiest motorways, which goes through my constituency. Those proposals would boost the economy of the north-west, and I hope the Government consider them seriously.

As we review the transport strategy, we should try to apply a much greater vision and escape from the predict-and-provide shackles of the past. Roads will take the largest slice of funding for the foreseeable future and the car and road transport lobbies will say that they make a

massive contribution to the Exchequer. That is true—I do not dispute it—but what often does not enter the equation is the huge environmental cost of road transport.

I acknowledge that there have been improvements such as reducing pollution from individual cars and that fuel consumption overall has moderately eased off in the last three or four years, although the long-term trend is up. Road traffic has increased by 79 per cent. since 1980, and fuel consumption rose by 53 per cent. in the same period. Since 1990, CO_2 emissions have risen by 11 per cent., and transport on the ground and in the air threatens to wreck the Government's greenhouse gas emissions targets. My question is, what would happen if the costs of global warming were to be internalised in our assessment of the real cost of motoring? Given that road transport contributes 25 per cent. of our carbon emissions, compared to just 1 per cent. for rail, it is easy to see where the burden of improvement lies.

Adjustments have been made to vehicle excise duty to reflect the fact that smaller engines pollute less, but it would make sense to carry that logic through and to make larger engines pay more than the standard rate of VED. As any study will show, most four-wheel drives sold on the market today never see an off-road track, and for that the countryside must be grateful. These behemoths clog up our urban roads, but their fuel efficiencies are disgracefully low. Their owners may argue that they are therefore paying more in fuel duty, but that is to miss the point entirely. They were described by the Mayor of London as complete idiots, which may explain why 4x4 owners can so easily miss the point. Apart from the greater pollution they cause, they also hasten the demise of a finite resource. If they cannot be trusted to be the guardians of their children's future, the Government should take that small step and do it for them. Would that be such a terrible thing?

A modest adjustment in VED would pay for much of the Way to Go campaign's manifesto and it would save lives, too. Four-wheel drives have been shown to have a far higher risk of causing death to cyclists and pedestrians than ordinary vehicles, because of their greater height and bulk.

That proposal is an example of integrated transport, and we could use the money to train cyclists, as most journeys made are less than 5 miles. I believe that the Government's target was to quadruple cycling, but we are well short of that: at just 2 per cent. of journeys made, we are abysmally short of the Dutch 28 per cent. or the Danish 18 per cent. The smart Alecs who scoff at our attempts to boost cycling will retort that Holland and Denmark are flat countries more suited to cycling and that, besides, they have all those dedicated cycle lanes. However, is Switzerland, where 15 per cent. of journeys are made by bicycle, a flat country?

We know that measures to increase cycling have precisely that effect. London has bucked the national trend, and cycling has increased considerably. That is because cyclists are considered important and deserving of road space in their own right. The congestion charge has helped by making the roads safer for cyclists and by forcing motorists to reconsider how they get to work. The Government's action plan for cycling is a welcome document, but it is described in the introduction as a beginning, not an end. I hope that that is true, as we have seen some false starts in the recent past.

There are other measures I would like to be introduced, which go beyond the Way to Go proposals and perhaps show that that campaign is too modest in its objectives. I note, for example, that the Environmental Transport Association—I am a member of it, so I have declared my interest—is promoting carbon emissions offsetting. Under that scheme, motorists can seek to neutralise their carbon emissions by funding renewable energy schemes such as paying for the distribution of free low-energy light bulbs or the planting of forests. What help for such schemes are the Government willing to offer? These initiatives are new and we should see whether there are new ways to support them—with tax breaks, for example.

I must also plug my ten-minute Bill, the Domestic Tradable Quotas (Carbon Emissions) Bill, launched last week. It shows how carbon trading at the individual level could help us all to reduce carbon emissions, and it might even raise a bit of money for the Government, which could be used to promote the schemes in the Way to Go manifesto.

We cannot afford to be timid in addressing the issues. We have panics about obesity, congestion and global warming, but we then comfort ourselves with the thought that, as change happens at such a slow pace, it does not really matter if we do not do something about those things today, if our next pair of trousers happens to be 2 in wider at the waist or if there is a slight change in the weather that means that somewhere else in the world a hurricane is stronger than usual. That is normally off our register.

Our psychology is the same in both regards, and collectively we persist in putting off the day when we take drastic action to tackle the problems. Like smokers, we always want one last fag. The question is, when are we going to curb our addiction to yet more roads and cars and recognise that what we need is not the transport equivalent of a nicotine patch, but a bit of exercise on the old step-change machine?

11.13 am

The Parliamentary Under-Secretary of State for Transport (Mr. Tony McNulty): I congratulate my hon. Friend the Member for Morley and Rothwell (Mr. Challen) on securing the debate. These are important matters.

I am grateful for the contribution that the Way to Go campaign has made to the review of the 10-year plan for transport. It has raised many points about how a future transport system could better service the needs of the population, and it highlights some key issues that the Department for Transport has regularly to consider as we aim to balance transport efficiency, safety and accessibility with achieving our environmental objectives.

As I hope to show, we are addressing many of, if not all, the issues in the Way to Go campaign, although I would be the first to agree that we need to go further in some areas. However, we start from the premise that we need a transport strategy that can meet the challenges of a growing economy, as well as a rapidly increasing demand for travel, and balance that with the environmental considerations to which my hon. Friend referred.

In passing, and no more than that, I say that the undercurrent of opinion that characterises our transport policy as "predict and provide" across all modes is

[Mr. Tony McNulty]

simply wrong. I will not go into substantive detail on the air transport White Paper, but it has been characterised as predict and provide, and it is not.

Much debate prompted by the Way to Go campaign starts from the premise that this Government are as voracious as previous Governments when it comes to road building. Well, my hon. Friend will know that we imposed a moratorium on road building soon after we came to government to take stock of where we were with the road network and to see how, rather than simply building roads willy-nilly, we could optimise existing networks. That is what we have done across the piece, including the air transport White Paper.

My right hon. Friend the Secretary of State for Transport has said time and again of the road network that we will not, and cannot, build our way out of congestion. That is central to all we do, but it does not obviate the need for a roads programme. There clearly is such a need, but this Government, unlike the previous Government, start from the premise of optimising the existing road network before creating more scars across the land.

Last year, in my previous incarnation as a Minister responsible for housing and regeneration, I took great delight in visiting any number of city centres where scars across our communities were being torn down. I am referring to the once-fashionable inner-city ring roads that simply went straight through communities. The people who had those roads built could not care less about their impact on communities and on air quality and the environment. I do not accept, therefore, the underlying premise that our approach is all about predict and provide, that over the past seven years this Government have done exactly the same as any previous Government, that we are in hock to the road lobby and that our approach is all roads, roads, roads as that is the only answer.

The Way to Go campaign has published a list of measures that it wants the Government to incorporate in the review of the 10-year plan for transport. I will dwell on some of those to see where we are with them, as a prelude to publication of the review. First, on the provision of cycle networks and training, the Government have been proactive in their efforts to maximise cycling as an alternative to the motor car. I congratulate the many local authorities up and down the country that have taken the provision of cycle lanes and networks seriously.

As my hon. Friend suggests, it is no accident that London is ahead of the game in that regard. That is because London boroughs and local political leaderships in London take cycling and the provision of cycle lanes far more seriously than their colleagues elsewhere. I would venture to say that that includes West Yorkshire, which is not the brightest light bulb in the box when it comes to such provision.

I am talking about not simply cycle networks and the like, but going beyond that and getting our infrastructure right in relation to the balance between public transport and the motor car. To many local authorities up and down the country, bus priority measures mean a bus stop, rather than a bus lane or similar devices. I endorse what the Way to Go campaign says about getting the balance in many of our towns and cities much more favourably disposed towards all road users. I also agree with that in the context of cycling.

As my hon. Friend said, in June, after working closely with experts and organisations in each area, we published an action plan on our strategy to encourage cycling and walking. Improvements can best be driven through at local level, and the best councils are developing improved cycle routes as an integral part of their local transport plans. We certainly encourage that. Local authority spending on cycle infrastructure was about £45 million in 2003–04—up a third on two years earlier—but, as my hon. Friend said of the document that we published, it is a beginning. We have not secured everything we need in that regard. We have been working with more than 20 road safety and cycling organisations on a new national standard for child cycle training. Many other schemes reflect our commitment to those important issues.

I can reconfirm that buses remain at the centre of our strategy for local transport networks. The vast majority of public transport trips are made by bus. Overwhelmingly, buses connect our communities to key areas of employment, leisure, retail and other activities. In the context of transport as a weapon in the battle against social exclusion, buses are, will be and should be at the core of our strategy. We employ a host of measures to help to improve bus efficiency, including priority at traffic signals and access to vehicle-restricted areas. The Department has published local transport note 1/97, "Keeping Buses Moving: A Guide to Traffic Management". More recently, we published a guidance pack on behalf of the Bus Partnership Forum called "Bus Priority: The Way Ahead".

I repeat, however, that it is incumbent on local authorities to take these matters forward. I make no apology for getting local transport plan resources down to the local level over the past four or five years, so that in the first instance local authorities can determine what is necessary in terms of local transport for their own areas. When I appear before local government organisations or forums, I take every opportunity to repeat that it is in their hands not to describe bus priority measures as an add-on or a frill that they might get around to if they want. If we are serious about tackling urban congestion, the bald logic that 80 people on a bus is 80 people not in 50, 60 or 70 cars must commend itself. However, there is no point having 50, 60, 70 or 80 people on a bus if all it is doing is sitting in the same traffic that everybody else is sitting in.

Local authorities can and should do more, and elected representatives in the House could do more with their local authorities to ensure not only that the buses work, but that measures are taken. We must get a better balance between the various users of road space. Many of the Way to Go policy proposals are about reconfiguring our public space, especially our road space, so we can achieve that. I endorse that, and local transport is central to achieving it.

We support the uptake of real-time information for bus users, which allows passengers to make better-informed decisions. In 2002, £20 million was allocated to local authorities to implement real-time information schemes. People will use the buses and rely on public

transport if they are reliable, efficient and safe and there is the necessary information for them to be able to rely on it.

Developing safe and efficient routes to school is also an important part of our transport plans. We have put into action a wide range of initiatives to improve travelling to school for children and parents, tackle rising car use on the school run and encourage healthy and safe routes to school. That should also be seen in the context of the anti-obesity campaign. Those initiatives include a travelling to school action plan and a good practice guide. We want every school in England to have a school travel plan by the end of the decade; all of them will focus on developing safe routes to school.

I turn to other issues highlighted by the Way to Go campaign. We believe that decisions on local speed limits are best made at local level. Local authorities already have the freedom to introduce 20 mph speed zones through their local transport plans. We recommend that 20 mph zones be installed near schools, where appropriate. Our child pedestrian casualty record has improved in recent years and we have a number of initiatives under way to reduce casualties further. My hon. Friend knows that our record in terms of the statistics on killed or seriously injured children and adults is far superior to that of most of our colleagues in Europe, but we can and should go much further.

The Way to Go campaign says that funding for local transport is a priority. We have doubled our capital funding for local transport, and we are delivering a sustained investment policy to ensure that we do not return to the days of stop-start investment in transport. We have not shifted the resources focus to the local dimension through the local transport plans simply to starve them of resources. Whatever the mode of public transport, throughout the past 20 or 30 years there has been stop-start investment, which has been detrimental to the entire public transport network. We must ensure not only that there is investment, but that it is sustained.

In December 2003, we announced an investment package of almost £2 billion in local transport—roughly three times the investment in the mid-1990s. We have also given local authorities extra power to solve local transport issues themselves. New guidance on the next round of local transport plans is due soon. In addition, almost £200 million has been made available in the three years between 2001 and 2004 to improve rural transport provision. I accept what has been said about the need for transport in rural areas. We have a rural bus subsidy grant, which has funded more than 2,100 new and enhanced bus services in rural areas in 2003–04.

I agree with the underpinning points of the Way to Go campaign, especially with respect to sharing very limited space when there is urban congestion. We are taking forward policies on streets in a manual for streets to help to provide guidance on the design and layout of roads.

The development of a tool to help local authorities to manage streets effectively has been proposed as part of the integrated local transport bid. That would help authorities to bring together the many different parties responsible for our modern streetscape. We cannot encourage people to walk far more in urban areas to alleviate aspects of urban congestion if the very act of walking is unsafe and unhealthy and takes people through what is almost a war zone or obstacle course.

It is necessary to reconfigure and to bring balance back into the equation in terms of design and what can be found on our streets and at road junctions. Professional engineers especially need to think about why people may walk through a certain area and whether some road space should be configured for pedestrians as well as for motorists.

Among other Way to Go priorities is the improvement of quality standards for bus and rail travel, which we are keen to continue. Journeys involving those will be improved by the new Transport Direct programme—a comprehensive national information service covering all modes of transport.

We are determined to improve standards by making buses and trains more accessible. With 1,400 new rail vehicles entering service over the past two and a half years, and another 1,000 to come over the next 18 months, we will see a big improvement in rail services and accessibility in many areas.

Mr. Challen: On rail travel, a senior executive of a train operating company told me recently that he was told by a Minister—I know that this is all anecdotal, but I hope that my hon. Friend will take it on trust that it is true—that the way to handle the capacity problems that some rail services have is to put up prices. How will that message go down with commuters, particularly those who travel through my constituency on two lines where extra carriages are sorely needed? If they thought that they would have to pay more to use those services, that would give them a grievance.

Mr. McNulty: I accept the point behind my hon. Friend's intervention—price is an important dimension of all aspects of public transport—and that we cannot allow rail services, which are a crucial part of the network, to price themselves out. More often than not, if people are priced off the railways, they do not jump on a bicycle or walk to where they are going; they get in their cars. However, I should make the point in passing that pricing is in the first instance a matter for the train operating companies.

We will bring in new initiatives to make taxis and buses more accessible. Such initiatives are already bearing fruit in some ways and we are making transport safer by cracking down on crime.

As to discount railcards, the Secretary of State has, in response to the fares review, asked the Strategic Rail Authority to work with the industry to develop a national discount railcard. I know that that is another concern of the Way to Go campaign.

In response to the ninth point on the Way to Go list, we are already encouraging motorists to buy smaller, cleaner cars. Vehicle excise duty and the range of taxation and fiscal measures are a matter for the Chancellor of the Exchequer, not for me, and if my hon. Friend wants to pursue that aspect through an Adjournment debate, I am happy for him to do so, as I will not be answering.

Broadly speaking, although I accept that we may need to go further, and we probably will not make sufficient progress on some Way to Go issues, much of what we are already doing through our transport policies, as I have tried to show in the short time available, goes with the grain of the Way to Go campaign.

[Mr. McNulty]

Buses are central to our transport strategy. Public transport is central to all that we try to do. Across all modes of transport—roads, rail and buses—we try to make optimum use of existing capacity before even considering any additional capacity. In that way, as we progress over the coming years, the Way to Go campaign and what we are trying to do nationally are at least aligned in terms of direction of travel, if not in every detail.

11.30 am

Sitting suspended until Two o'clock.

Affordable Housing

2 pm

Andrew George (St. Ives) (LD): I was delighted to secure the debate this afternoon. In fact, I could not believe my luck. The hon. Member for South Holland and The Deepings (Mr. Hayes) and the Minister may have a sense of déjà vu, because we debated the same subject on 9 December 2003. The hon. Member for Stroud (Mr. Drew) also took part in that debate. One of the reasons that we are here today is that it is a massive issue and affects most of this country. We in the House cannot explore enough the need to find solutions to this most pressing and urgent of problems.

I said that I felt extremely lucky to secure the debate this afternoon, but that was before I realised that the minor matter of the Butler report would be discussed in the main Chamber at the same time, which may have diverted a large number of hon. Members who would otherwise be interested in taking part in this debate. There are important issues to debate and I am delighted that the Minister is here. I told his office about the issues that I intend to cover. They are similar in some ways but different in many others, and develop our debate of eight months ago.

The situation is now so urgent that we need a constraint on the building of new private market homes in the countryside. That may sound perverse, but it is needed to deal with the lack of affordable housing, particularly in the countryside. There is a crying need for the development of an intermediate market between social rented housing and the first rung on the ladder of the private owner-occupying sector. That gulf has been consistently large in many parts of the country, particularly in rural areas, although it oscillates over time. Sadly, it has affected my part of the world for the last generation. We must recognise the need to build a bridge by developing an intermediate market between social rented housing and the first rung of the housing ladder.

I argue strongly that the Government should explore new constraints on the still growing demand for second homes in many areas with severe housing problems. I am not opposed to people who own holiday homes. There are many of them in my area, and despite what others in the Chamber may believe, I am on very good terms with them. Owning second homes and using unused or underused properties for recreational purposes is fine in areas with an excess of housing, but we need seriously to consider ways of constraining the use of such houses purely for recreation and investment in areas with massive local housing demand. Those are the areas about which I am most concerned.

I want to talk about the development of the intermediate market. I also want to engage constructively in the debate, and I hope that that spirit came across the previous time we debated the issue. It is perhaps important to tell the Minister that I shall not be encouraging the many thousands of people in housing need to get involved in a gladiatorial argument about statistics, past records and what the Government have or have not done. I say that because the answers are staring us, as legislators, and the Government, as the controller of the resources, in the face.

In my contribution, I want to look at the intermediate market, changes to the planning exceptions policy under planning policy guidance note 3, and section 106 obligations under the Town and Country Planning Act 1990. I also want to look at measures to control second home ownership and ask about the Housing Corporation's targets for rural areas and market towns. I then want to ask about the predicted outcome of the investment in social housing that was announced in Monday's spending review and that the Deputy Prime Minister elaborated on further on the Floor of the House yesterday.

I have covered the background to the issue in previous debates, so I shall not go into great detail about the situation in my constituency, which covers Kerrier, Penwith and the Isles of Scilly. As has been well documented, however, it is experiencing severe need because it is at the bottom of the earnings league table but has extremely high house prices. As Members of Parliament, we tend to wear our hearts on our sleeves, drawing attention to the severe problems in our constituencies in an almost macho comparison of scars. Although we may all say that the problem is far worse in our areas than in those of other hon. Members, that will not help to solve the problem. None the less, I assure the Minister that he will find severe housing problems if he looks at areas such as mine. Indeed, the numbers on the local authority waiting list have increased by more than 50 per cent. in the past five years alone.

The problem is illustrated not only by the statistics, but by the human tragedies and the human suffering that those statistics quite properly highlight. It is clear from my constituency work over the past three or four years that the lack of affordable housing is the most significant issue for the majority of people, and I am sure that other hon. Members will have found the same in their casework surgeries, correspondence and public meetings.

Many young couples come to me in severe circumstances. They may be living in winter lets, overcrowded accommodation or one-bedroom flats with two or three children. The local authority is doing its best, and social housing providers and housing associations are trying to manage their resources as best they can, but the fact that many hundreds of families are in such situations brings home to us all just how severe the problem is.

Some people perceive those who live in bedsits, bed-and-breakfast accommodation, overcrowded housing or, as happens in constituencies such as mine, in winter lets such as holiday chalets, as incompetent, dysfunctional, or as belonging to the undeserving poor. I assure hon. Members, however, that those living in such circumstances in my constituency come from hard-working families and were born and brought up there. They do not have criminal records and show no signs of being dysfunctional. They are doing their best, but the facts of life that they face are against them. Despite every effort to improve their situation, they find that it is getting worse, if anything.

Mr. Adrian Sanders (Torbay) (LD): Does my hon. Friend have the same problem in his constituency as I have in mine—a growing gap between wages and average house prices, and a new group of people who need affordable housing because they cannot afford to borrow, and whose wages in the same occupations 20 or 30 years ago would have meant that they could afford to buy? The affordability gap has increased homelessness among working people.

Andrew George: That is true. I am grateful to my hon. Friend for mentioning that. I notice from the Joseph Rowntree Foundation findings on affordability differences for working households wanting to buy homes that Torbay comes 20th on the list of authorities with the highest house price to income ratios. Many areas in my part of the world are high on the list, too.

In the families that I am talking about, the main or second income earner—it is not unusual for there to be two—may be a nurse, a member of the fire service or, as in one recent case, a teacher. One would normally expect those professions to provide for their members a settled existence in the community and a sound foundation from which to go to work with some security.

Mr. John Hayes (South Holland and The Deepings) (Con): I shall speak later, so I do not want to take up too much of the hon. Gentleman's time. Does not the intervention by the hon. Member for Torbay (Mr. Sanders) highlight the fact that affordability is about people, not buildings? Houses become more or less affordable according to market change, so it is necessary to focus on helping people to afford the available housing stock—not merely to assume that it is possible to build "affordable houses", because they may quickly become unaffordable.

Andrew George: I am grateful for that intervention. I entirely agree. As I said earlier, we cannot simply build ourselves out of the present housing crisis. However, I did not sufficiently explain one point. The affordability gap has been significant for the past 25 years in areas such as my constituency, which has consistently been at the bottom of the earnings league table, but where house prices have always been buoyed by people equity stripping from the south-east, buying second homes and so on. It is just that a gap sometimes becomes a gulf, which is what it is at the moment.

Of course, there are oscillations in the market. Even when there is negative equity, the affordability gap remains for many families. It is not something that goes in cycles and will vanish in a few years when the market rights itself. My prediction is that in areas such as mine the market will never come right. There will always be a significant affordability gap. Therefore, we need to find constructive, creative ways to resolve the problem.

The Countryside Agency's report entitled, "The state of the countryside 2004", published at the end of June, identified a 30 per cent. increase in homelessness in remote rural areas in the past two years. I am sure that the Government have taken that on board.

Hywel Williams (Caernarfon) (PC): I apologise for not being able to stay for the debate, much as I want to participate, as I have a Committee meeting.

Does the hon. Gentleman agree that there is a great deal of market failure in many respects? In my constituency, for example, there are communities where more than 50 per cent. of the homes are second homes. Anyone on an average wage locally will be pushed out

[Hywel Williams]

of the market. There is nothing whatever that those people can do. On his point about homelessness, is not a large amount of rural homelessness masked by out-migration?

Andrew George: I entirely agree. In certain circumstances, even where there are jobs locally for a local young person or family, housing pressures become so great that those people are forced to leave—they do so because of lack of housing, not lack of jobs. In the far west of Cornwall and the Isles of Scilly, which are particularly remote, it is difficult to make that decision, whereas in areas that are closer to urban centres, that decision can be made relatively easily because the family or person can still keep in touch with the local community from which they come. However, I accept the hon. Gentleman's point.

I want to mention the development of the intermediate market. I use that expression, as do some others, and I hope that it will gain common currency and that the Government recognise that there is a policy area that is presently largely filled with a vacuum. I am talking about the gap between rented—mainly social rented—housing and the first rung on the housing ladder in the private sector. Primarily, when people think of filling that gap, they think of shared equity developments, which is fine as an approach. I agree that, primarily, an intermediate market means shared equity properties or long-term leasehold properties.

A problem emerges when people are encouraged to create demand in that market, but there is a lack of available properties for them. Another problem, if people are able to get a shared equity property, is what to do after they have purchased that property if they want to move on. Often, people find themselves locked into a shared equity situation. They are unable to make the further step on to the first rung of the housing ladder because there has been no significant increase in their income, and they have not had the benefit of money from a legacy, or won the lottery. Where do those people go? There are so few options for them.

The development of sufficient property in the shared equity sector—the intermediate market—is required, so that it will have a life of its own. That will need a positive policy initiative from the Government. I appreciate the need to avoid, in any shared equity development, the situation in which an occupier can staircase ownership up to 100 per cent., so that the property cannot be used for local need. It is also important that such schemes ultimately have a housing association or other similar manager to provide long-term management. Investment and a concerted effort on the part of the Government are needed.

On 10 May, I had a debate with the Economic Secretary to the Treasury in the main Chamber on self-invested personal pensions. The hon. Member for Ceredigion (Mr. Thomas), who knows a great deal about the issue, and I had a meeting with the Financial Secretary to the Treasury last week to discuss the potential negative impacts of the misuse of self-invested personal pensions, which we fear may allow those who use the scheme to purchase second homes. There is potential for a virtuous circle to be achieved here. There may be a problem with the many people who have spare income to invest in private pension arrangements, and who use a self-invested personal pension, because from 2006 they will be eligible to invest their pension in residential property. If that were clearly restricted to portfolios of shared equity accommodation with housing associations or the public or private rented sector, the pension investor would get the benefit of investing in the relatively stable and growing value of the property market over time, there would be a beneficial social outcome and the available housing stock would increase for people who need affordable housing.

I urge the Minister to talk to his Treasury colleagues about ensuring that self-invested personal pensions are not misused to buy second holiday homes, but are used for good and virtuous purposes. That will take a concerted effort and a little joined-up government, with which I am sure the Minister would want to associate himself.

Another area that is currently being developed, which was mentioned to me by the co-operative movement, is the possibility of establishing mutual home ownership. I am told that mutual home ownership is a model based on two core structural elements: a community land trust to hold the land outside the market, and a shared equity housing co-operative to reduce the management costs and to ensure accountability. It is argued that the main advantages of that model are that, unlike shared ownership, any public subsidy is locked in and preserved for future generations.

The proposed structure gives residents access to lower mortgage rates as an individual owner-occupier, because it is part of a wider investment plan. The monthly payments are flexible and based on an affordable percentage of a key worker's income. There are a number of advantages to the scheme. I say to the Minister that the mutual home ownership approach is worth looking at along with other approaches such as the shared equity system.

I want to consider the planning exceptions policy. Before I was elected in 1997, I was involved in the charitable sector, working with parish councils and local authorities, to establish local housing need working parties to identify land and housing associations, and to work with the local authority to stitch together developments of 10—possibly more, possibly fewer—houses using the exceptions policy, after PPG3 was introduced in the early 1990s. At that stage, there was a lot of enthusiasm about recognising the distinction regarding market housing on the edge of villages and, I argue, towns as well, and recognising the problems of sticking strictly to planning policies and not demonstrating flexibility, which rolls over into hope values on land. Landowners were prepared to countenance the idea of making land available at significantly lower than market rates in order to meet a need that is held in perpetuity. I urge the Minister to look carefully at the way in which the policy is being rolled out.

The Minister for Housing and Planning made a written statement on 17 June this year regarding that policy, but he did not make it clear whether the Government will ensure that exception sites will be allocated, or allow them to be identified through a development process. I urge the Minister to consider the

issue carefully because as soon as one starts allocating exception sites one, first, increases their value and, secondly, restricts other options.

When I was involved in the working parties, there were occasions when the landowner said, "I want to hold out for more money." Because the working party held the mechanism to deliver housing to meet local need, we were able to say, "If you're not prepared to negotiate on the price, we'll look at another site". That usually brought the landowner back to the negotiating table.

It is important that we ensure that the exceptions approach is expanded still further. As I have said, we cannot resolve the crisis simply by building so many thousands of houses that it brings market prices down. That is unrealistic. In fact the private sector has enough land in planning permission to build 250,000 houses tomorrow. The problem is the phasing and development.

Last week, a local newspaper the *Helston Packet* had as its front-page headline—it is a big issue—"Priced-out". Its report states that estate agents were confirming the findings of an official report by the National Housing Federation that said that homes in the south-west were unaffordable. One branch manager, Stephan Kent of Miller Countrywide estate agents, is quoted as saying:

"The only way, really, you could solve the situation is having councils saying houses can only be sold to local people.

There really is no other solution unless the market comes down."

That recognises that something needs to be done. Something dramatic needs to happen to ensure that exception sites can be brought forward.

That involves much more robust planning policies. In my view, those need to be more draconian to stop general unfettered planning permissions in the countryside and to provide a fertile ground on which exceptions developments can go forward. For example, in Penwith district, only one exception site has been brought forward in the past five years and that was on council land. We need the support of Government to create the fertile ground on which such development can take place.

I do not want to go on much longer but I emphasise to the Minister the issue of second home ownership, which I have raised before. I understand that the Welsh Assembly has considered the issue of altering the Town and Country Planning (Use Classes) Order 1987, so that planning permission would be required to change a property from a permanent residency to a recreational, holiday or non-permanent residency. It consulted a large number of academics, who said that that would be unworkable because it is difficult to define what is a second home and what it is not.

I urge the Minister to consider the issue more carefully. It was possible to define what a second home was when it was in the interests of second home owners to receive a 50 per cent. discount in council tax. As it was possible in those circumstances, I urge the Minister to consider the issue closely to see whether there are ways in which such constraints could be brought forward. In the past, the Housing Corporation set targets to meet needs in more remote and smaller rural communities.

There is concern about the matter. In its annual report to Government last week, the Countryside Agency warned that the Office of the Deputy Prime Minister's plans to scrap national targets for the provision of low-cost housing for local people in settlements of fewer than 3,000 people—and to hand responsibility to the regional housing boards—will result in fewer social housing units being developed in rural areas.

When it comes to meeting future targets, the impact of the spending review and the annual 4.1 per cent. increase in investment in social housing, I am concerned that, in respect of registered social landlord and council developments of social housing since 1996, the number of completions has almost halved—from 38,000 in 1995–96 to 19,000 in 2002–03. The investment available from the Government is one thing, but completions appear to be quite another.

I know that I have taken up quite a bit of time but, as not many hon. Members are present, I have perhaps taken more liberties than I should. I apologise to you, Mr. Olner, and to other hon. Members for doing so. I wanted to set out the importance of the issue clearly, as well as establishing a constructive cross-party consensus to try to find new ways to bridge the affordability gap.

2.31 pm

Mr. David Drew (Stroud) (Lab/Co-op): I am delighted to reprise a debate that we seem to have every six months, but I hope that we can move it forward today, as there have been some important developments since we last had the opportunity for debate, either in this forum or in others. I know that some of us are regular offenders when it comes to taking part in such debates, but either we are a bit slow in getting our message across, or we feel that it is such an important message that we must keep reiterating it. I hope the latter is the case.

I welcome what the hon. Member for St. Ives (Andrew George) has said. I disagree with no detail of his explanation of the rural context. I make no apology for speaking largely about rural Britain, because the urban dimension is regularly raised in other quarters.

Three developments since we last had a similar debate are worthy of note. The first happened yesterday. It would be churlish not to recognise that the OPDM has done well out of the comprehensive spending review—assuming that the review will turn into real money at some point. It was a good announcement, and housing was obviously the major beneficiary: £1.3 billion by 2008 is a significant investment. However, we all know that we have to go further and lock in private sector funds.

The second development is the changes in the planning system. Like so many developments trailed by any Government, the impact of the changes is more immediate in theory than it is in reality. I hope that the changes will be implemented sensitively in rural areas—no one wants untrammelled development. I retain my membership of the Campaign to Protect Rural England, but sometimes argue with the organisation about the way in which some of its messages are—at best—misconstrued. The CPRE must avoid being perceived as a taking a no-development-in-any-circumstances approach. The focus should be on having the right development, carried out in the right way, with appropriate housing numbers.

[Mr. David Drew]

The third development, which is not to be underestimated, is the Miles report, which considered some of the macro-underpinning of the housing market. Although we are considering only part of that market, it is an important part. If people are starved out of the market, it is not effective—there is market failure. The inbuilt pressure of excess demand inevitably increases prices, which prevents more people from entering the housing market.

The hon. Gentleman did not blind us with a lot of statistics, as has happened in previous debates, and I do not intend to examine the figures for what has happened over the past few years, either. Anyone who has a rural or semi-rural constituency will know one clear piece of anecdotal evidence: development has not taken place in recent years, especially in villages; and many developments in market towns have not been able to bridge the affordability gap. We have a specific problem with our ability to deliver social housing. My right hon. Friend the Deputy Prime Minister talked yesterday about gap funding, and on a very different level we may need to consider that in a rural dimension. I take it that the Department will be working on it, and no doubt my hon. Friend the Minister will say a few words on the subject when he responds.

I shall concentrate on three rural housing issues, coming in directly where the hon. Gentleman left off with exceptions policy, although I will be even more blunt than him. Baroness Dean of Thornton-le-Fylde asked some of us whether it was suitable or appropriate to try to change exceptions policy. The overwhelming message from rural Labour MPs was to leave it alone. The figure should not be raised beyond 3,000, because, if it were, the emphasis would immediately be put more on market towns than on small communities. There was even an argument for reducing the threshold, but we did not get into that. I hope that the Government are not wobbling and getting the idea that the figure is irrelevant or that a different approach is possible. The only other approach is to use section 106 agreements, and anyone who has had dealings with local authorities—love them though we do—will know that they are often seriously underpowered in that respect. Developers are too often able to twist and turn and exploit the lack of expertise, so that what is supposed to be delivered ends up not being delivered. That is no way to give any community confidence in that way of proceeding.

Andrew George: I do not disagree with the hon. Gentleman, but were he and his fellow Labour MPs confusing the Housing Corporation targets, which over the years have included developments of social housing for communities with fewer than 3,000 people, with exceptions policies, which are about developments on the edges of settlements that could involve a range of communities of various sizes? Is he talking about the allocation of public funds or the imposition of planning policy?

Mr. Drew: They work together. That is the whole point. My old friend Moira Constable from the Rural Housing Trust has told me on more occasions than I care to remember that, in reality, there are three sides to the problem. There is the problem of land, but people are adamant that they can find altruistic landowners to provide land. Planning permission is more of a problem, but that is why exceptions policy is so important. An interested parish council or organisation working off a parish council—usually the main drivers—will almost certainly find a way of using the policy. Because the development almost certainly falls outside the village envelope, they usually find a way to persuade people that the development falls within the exceptions policy criteria, and it is moved forward. The third problem is money. One can have the land and the permission, but one needs the money from the Housing Corporation. The biggest single problem with that is the fact that the sites involved are small, perhaps consisting of only three or four houses; they go into the pot against larger developments and sometimes lose out because they cannot offer economies of scale.

Let us leave things as they are, but improve the process. Let us give parish councils and local communities the wherewithal to feel confident. The biggest problem is the time involved. In the case of one village in my constituency, Nympsfield, it took a decade of attrition to get from wanting a small number of affordable houses, some of which would be social housing, to completion. It took so long despite helpful support from Gloucestershire rural community council, which takes an active interest in the area. The process takes a long time and we need to cut that down.

There is another problem that needs to be solved. I am usually a great believer in regional strategy and identity, but regional housing boards must recognise that, as well as establishing the strategic overview, they must work at a much lower level—dare I say, the first level—of communities: villages. Regional housing boards must include rural housing people who really understand what needs to be done in terms of the process of attrition, the cleverness that always has to be brought into any system, and the sheer guts that are needed to stand up to the developers, who often come back with something that is not necessarily what the community wants.

I hope that the Minister will consider the matter. I am sure that he will not give us an instant reply, because I know that the discussions are ongoing, but there is a clear understanding among rural MPs in general, and Labour ones in particular, that we do not want the policy monkeyed with. It is working. It could work better, but the alternatives are far worse.

The next issue is what I call the structure of rural housing—who is there and who is not. We know who is coming into the rural housing market: increasingly, it is people with money. When I met Shelter recently, it described the drift that is taking place, largely from the south-east to the south-west—I make no apology for concentrating on the south-west. That drift puts enormous pressure on house prices, particularly for the sort of house that a first-time buyer wants to move into, but that someone else might regard as an ideal second house—they might ultimately want to move to the south-west, but initially they regard the property as an investment and something that they can use at weekends. In the meantime, they might rent it out, which keeps the unit of accommodation accessible to someone of lesser means for a time, but at some point it will be lost. We must understand the structural implications.

Labour does not sell off housing association properties—there is a marked difference between the main Opposition and us in that respect. Going along the route that they propose would be the death of any form of social housing in rural economies. However, I feel strongly that we have made a huge mistake in terms of the number of council properties that have been lost. I know that I disagree with Ministers on that—I shall not reiterate the arguments about keeping the fourth option open—but social housing in rural areas is even more important than in large urban council estates, because even now there are still some units of accommodation left and it is important to keep them in a price bracket that makes them available to families who are never going to be able to buy at the current rate. That is important whether one calls it social engineering or social justice.

We can look at the issue in different ways—I will come on to my proposal in a minute—but we must not confuse affordable housing with social housing. Some people concentrate wholly on social housing, and we must fight that corner, whether we are talking about housing for agricultural labourers or housing that is tied to a particular job, or housing in some parts of the south-east and the south-west for people who would not be able to do social care work, or even work in the public sector, if they did not have access to that type of housing.

That takes me on to my final point, which was well rehearsed by the hon. Member for St. Ives—I said "hear, hear" plenty of times. My solution to many of the problems, which is still in its infancy, involves community land trusts as a way to control the land. If we lose control of the land, a whole section of the population is shut out. Retaining ownership of the land while giving people an equity stake—that is where the mutual prospects come in—would be music to my ears and those of my hon. Friend the Minister, who is a fellow co-operator. That is not just a theory or a wonderful idea that might be tried in a couple of decades. In many parts of the world, community land trusts and mutual house ownership give people an equity stake that increases so that, ultimately, they can buy for themselves—they are not prevented from taking advantage of the opportunity to do so—but the important thing is that they cannot take the unit with them. I hope that the Government will give the idea serious consideration.

If my hon. Friend the Minister has been briefed properly, he will know that I have already got my greedy little fingers all over one of the sites that has moved from the Department of Health to the Office of the Deputy Prime Minister and said that it would be a wonderful location for a pilot. Although I have a vested interest in my hon. Friend examining what can be done in the Strouds of this world as well as in the Londons, he does not have to say anything today and I do not mind where it is done. This is a real opportunity that should be grasped now, given the fact that there is good will behind it and additional investment.

We had an excellent meeting in my constituency last Thursday with David Rodgers of CDS Co-operatives, who is well known to my hon. Friend the Minister. Mr. Rodgers was well received by 100 people, to whom he sold the idea that the proposal that I have outlined could begin to break the back of the affordable housing problem. A report commissioned by CDS from the New Economics Foundation goes into considerable detail about how it could work. We just need to take it up and get pilot projects under way to discover how it could be introduced across the country.

Community land trusts are not the only answer, but there are solutions to the problem, and we must consider them. What is happening now is not in any way acceptable, let alone sustainable. We talk about sustainable communities, but it will not help if urban centres become more sustainable while rural communities become even less sustainable—if they become commuting settlements or areas in which only those with means are able to live.

I hope that my hon. Friend the Minister has heard my plea. He will get nothing but support from me, because I believe that we must all pull together—I hope that the issue does not divide the parties. There were many Conservatives in the audience last week, and they were keen to hear about the proposal. We must begin to break the back of this problem. Many people think that politicians have let them down and that the issue has slid past us. It seems so difficult, and we ask, "What can we do?" Well, there are things that can be done, and I hope that with support from all quarters my hon. Friend will be there to make sure that they are done.

2.48 pm

Mr. Adrian Sanders (Torbay) (LD): I congratulate my hon. Friend the Member for St. Ives (Andrew George) on securing this debate and on dealing with issues that are pertinent to most constituencies in south-west England and beyond.

The intermediate housing market requires attention. It is clear that we have suffered from a two-dimensional housing market in which one either rents or buys. However, in an intermediate market, one can go from renting to part-purchase to purchase. That gap in the market is short. My hon. Friend mentioned the affordability gap—not a new phenomenon but one that has certainly become worse in the past 15 to 20 years. As I said in my intervention, a new group of people are looking for affordable accommodation—people whose incomes would in the past have enabled them to borrow and get on the first step of the property ladder.

My hon. Friend also mentioned the problem of second homes. People with equity who move in from outside not only inflate house prices with their bids, but are often in a position to move faster to secure a sale than people in the local area. My hon. Friend also mentioned self-invested personal pension schemes and the impact that they might have in future, which is certainly a concern.

On PPG 3 and local housing need strategies, if a local authority was tasked with developing a local housing needs strategy and left to conduct an authoritative study of what was needed in the area, it would probably come up with a very different picture than simply an outline showing the total number of units required, which is how things are done now. A local approach is more likely to produce appropriate housing. That point is important in bringing quality to the planning system and in developing communities.

My hon. Friend called for tougher planning rules to assist the provision of affordable housing. The hon. Member for Stroud (Mr. Drew) echoed that call and

[Mr. Adrian Sanders]

made a good point about section 106 agreements. There is expertise within local authorities to negotiate such agreements, but that expertise is not the same in every local authority. There is no doubt that some developers can get a better deal out of one local authority than another. Perhaps some work should be done to ensure that the skills and powers in local government are equal, so that no authority can be picked off.

The hon. Gentleman also mentioned migration from the south-east to the south-west, which is quite well documented. Surveys of people's expectations suggest that there will be no downturn in the number of people desiring to move to the south-west from the south-east. He also mentioned community land trusts—an idea whose time has come, particularly in small rural communities, but in urban areas and cities as well. He was right to say that no one has the answer to the problem of affordable housing, but there are solutions. I should like to talk about some solutions that the Liberal Democrats advocate, and add to those that have already been mentioned.

On the scale of the problem, about 175,000 houses were built in the United Kingdom in 2001—the lowest level since the second world war—and 12.5 per cent. fewer new houses were built in the last 10 years than in the preceding decade. Over the past 30 years, UK house prices have increased by 2.4 per cent. a year in real terms, compared with the EU average of 1.1 per cent.—the figures were 0 per cent. in Germany and 0.8 per cent. in France. The latest evidence suggests that the trend rate of house price growth in the UK has increased to 2.7 per cent. in the last 20 years.

Following the spending review and the Barker review, the Office of the Deputy Prime Minister's housing budget will be £1.3 billion higher in 2007–08 than in 2004–05, which is equivalent to an annual average growth rate of 4.1 per cent. in real terms. That is marvellous news—I do not think that anyone has said, "We're against this"—but, according to the Government's figures, the increase will provide funding for only 10,000 new social housing units a year by 2007–08. The Barker review says that we in fact need between £1.2 billion and £1.6 billion for social housing alone, and 17,000 to 23,000 more houses each year.

My local authority conducted a housing needs survey and brought in outside consultants, who concluded that my authority alone needed 2,000 units of affordable accommodation. I often look at national statistics and try to work out what they mean for my area, so I did a quick calculation based on that figure. The population of my area is 0.2 per cent. of the UK population, so the 2,000 properties needed in my constituency is equivalent to close on 1 million properties across the UK, yet the Barker review says that only 23,000 are needed. Either the Barker review has massively underestimated the likely need for housing, or the situation in my constituency is worse than a crisis. Perhaps it is a bit of both. The Barker review states that

"additional investment building up to £1.2 to £1.6 billion per annum"

will be required to deliver additional social housing to meet projected future needs. The spending review is therefore a start, not an end, to meeting the need for more affordable housing.

The Liberal Democrat view is that we can do better, that empty homes should be brought back into use and creative planning should be used to build more affordable homes. Between 1991 and 2001, growth in housing demand outstripped supply by more than 400,000 households. Based on current trends, a housing shortfall of 1.5 million within 20 years is predicted. In human terms, that means overcrowding at best, and more homelessness at worst. Britain now has the highest ever number of households in temporary accommodation, and Shelter reckons that 1 million households are already inadequately housed. House prices and rents are so high in some areas that employers in schools, hospitals and across the economy simply cannot afford to recruit staff locally. That will not get any easier when graduates come out of university with big debts: areas with high house prices will have difficulty in attracting graduates, because they will want to go where the highest salaries are so that they can pay back their debts with minimum outlay on housing costs. That will have a profound effect across the board in the far south-west, where the affordability gap between what the local economy can offer in salaries and how much it costs to house oneself is greatest. That will affect not only the private sector, but local government and other public services.

There is a rather obvious reason for the problem: for the past 30 years, we have been building fewer homes. Annual house building has plummeted to levels not seen since the 1920s. The Government have acted, but, sadly, they also cut the social housing grant, which meant that affordable housing schemes across the country had to be curtailed and projects that had been several years in the making had the rug pulled from under them. The Liberal Democrats want to know why the tens of thousands of empty properties across the country are not being reused. There have been some pilot schemes, but nationwide action is needed. There should be some consideration of homes that are left empty because their owners lack the cash to repair them, or because the absentee landlord cannot be bothered with them, or because their ageing owners have not been offered help and advice about renting them out. Empty homes present an opportunity, and we need to do more to bring them back into the market. If we want to boost the number of affordable homes quickly, it makes more sense to use existing homes than to build new ones, as it must be cheaper and faster to repair empty housing stock.

To do that, we need to trust and empower housing authorities more than we currently do, which means providing best-practice cash and legal powers to act. The Liberal Democrats believe that the first steps should be voluntary changes such as the use of grants and advice to try to persuade owners to let their property; brokering relations between owners and letting agents; proposing appropriate tenants; and delivering faster on housing benefits, which can often act as a disincentive to people to rent out. However, all that needs back-stop powers. There should be a power to act where owners leave homes empty for no good reason, which is why we have long advocated empty property management orders giving councils the power to take over the management of the property for a limited period, and compelling them to lease it. I am pleased that the Government are taking that up. The use of empty homes should have been part of the sustainable communities

plan. That aimed to be environmentally friendly, and in many ways it is, but there is a glaring error in relation to empty homes.

We all know that it is difficult to find extra housing resources, so one of our proposals is for a right to invest, which has been referred to by other hon. Members. That would make the old notion of shared equity far more flexible, by allowing council and housing association tenants the right to build up stakes in their homes. We think of it as a development of right to buy in which the home does not leave the social housing sector. Under right to invest, tenants share in the rising value of the social landlord's property, so rocketing house prices do not prevent them from moving out of social homes if they want to do so. The concept is not new; it just involves tweaking the planning rules so that planning consents place limited restrictions on future sales of new affordable homes.

We are also keen for the Government to investigate the idea of land value taxation, which would bring land that is banked by landlords into use. The evidence of greater Government effort is there, but the report of the Select Committee on the Office of the Deputy Prime Minister on the Housing Corporation concluded that housing policy has become a quagmire of quangos. That needs to be addressed. We must make it simpler to invest in housing. Finally, the message from the ventures is that we need more affordable homes because the scale of the problem is so great. We want more local decision making, a review of the planning system and policies that match the problems that are experienced in our communities.

3.2 pm

Mr. John Hayes (South Holland and The Deepings) (Con): I refer hon. Members and others to my entry in the Register of Members' Interests.

I congratulate the hon. Member for St. Ives (Andrew George), who always speaks with charm and expertise about his locality, expertise that wavers a little when he moves outside it, but he is certainly well informed and passionate in his advocacy of local interests. It is entirely appropriate that the tone of the debate has been largely non-partisan. As several hon. Members have said, many of these issues extend well beyond the normal party divide or knockabout.

We have a major problem with housing affordability in the south-west and elsewhere; there are few areas in which it is not a problem. Although there are pockets where this does not apply, most places experience an affordability problem of some kind. In my part of the country—a rural constituency in a rural county—young people, first-time buyers and other local people who want to get on the housing ladder all experience difficulties because house prices have risen sharply.

There is a great deal of empirical evidence to support that assertion. The Halifax price index shows that the price index ratio increased from 3.19 in 1997 to 4.78 in 2003, and the Halifax annual first-time buyer review suggests that eight out of 10 towns in the UK were unaffordable for the majority of those buying their first home during 2003.

The hon. Gentleman referred to the Joseph Rowntree Foundation report, which found that the ratio of house price to household income for working households aged between 20 and 39 exceeded five to one in 33 local authority areas in England, and that in 19 local authority areas fewer than one in five such households could afford even the lowest quartile of house prices.

The results of the affordability problem have been manifold. One of the most notable and socially significant is that people are buying houses later in life; they are finding other ways to accommodate themselves. More young people, including young married couples with children, are unable to get on the housing ladder and are therefore obliged to live with their parents. It happens in my constituency, and I am sure that it happens also in the Minister's constituency and those of other hon. Members. Couples are having to live with parents, or other members of the family because they cannot get on the housing ladder.

However, this is not principally a problem of housing supply, although that is a problem in some parts of the country. We certainly need to build houses—we always have and we always will. Houses of the right kind, built in the right places, will add to the quality of the built environment, be in sympathy with the landscape and deliver high-quality residences for those who buy them, but, although supply is important, the question of affordability is principally about people. I justify that conclusion on three grounds.

We have already spent a little time debating the first; it is clear that as house prices change so does affordability. Affordability is about people's ability to afford what is available. With volatility of the sort that we have seen in the housing market over recent years, houses that were affordable one year become unaffordable the next—for the same group of people doing the same kind of job and with the same social status and the same income. That is exactly the point made by the hon. Member for St. Ives when he introduced the debate.

Secondly, the result of the massive growth in second home ownership and the buy-to-let market is that available houses have been bought not by first-time buyers, key workers or those who in the past would have been able to buy them, but by people who consider them principally either as an investment or as places to be used for recreational purposes. That does not suggest a supply problem. The houses are there, but they are not being bought by the people who once would have purchased them—people who are rooted in the local community. Often, for the reasons I mentioned, they are bought by people from outside the community.

Thirdly, there seems to be an imprecise relationship between house prices, and therefore affordability, and supply. Only 10 per cent. of housing transactions involve new housing stock, and only 1 per cent. of total housing stock is new. Due to the typical delays involved when supply is increased, a massive number of houses would need to be built to affect price through supply-side means. Most factors that affect house prices, and therefore affordability, are demand-side factors. They include the level of interest rates, the attractiveness or relative unattractiveness of alternative investment vehicles, the level of borrowing secured by housing equity and the disproportionate allure of home ownership in English culture.

To assume that one can counteract those factors by changing the volume of supply is at best naive and at worst a hopelessly misplaced adventure. None the less,

[Mr. John Hayes]

the Government may embark on that adventure if they follow the recommendations of the Barker report. Despite the fact that Kate Barker is a distinguished and much respected economist, she seems to have disregarded the macro-economic arguments that I have listed. She seems to assume that one can significantly affect house price inflation and volatility by making a massive change in supply.

I hope that the Government will be much more imaginative than that. We have to consider a range of means by which people can be helped to afford available housing. Before that, however, I want to deal briefly with two or three points made by others.

The hon. Member for Stroud (Mr. Drew) spoke with great passion and knowledge about the exception site policy. It is an important means, in rural areas such as those represented by me and the hon. Member for St. Ives, of adding to the housing stock incrementally—with sensitivity to local wishes and in keeping with the local built environment and landscape—to provide housing for local people. But the exception site policy should not be used as a means to ride roughshod over the proper planning process. That policy is not about building 100 houses in a settlement irrespective of who will buy them, what they look and feel like, and their impact on local infrastructure. It is an incremental means to add to a settlement and to provide low-cost and social housing for local people. That has my full support, as I have said in the House previously.

The hon. Member for Stroud is right in that we need to look at ways that we can provide extra support. I hope the Minister deals with that. There are strong arguments for examining how we can build on the exception site policy, because there is hardly a village in Britain that could not accommodate a small number of extra houses to provide opportunities for local young people and first-time buyers, and this policy provides a good means of doing that.

The hon. Member for Torbay (Mr. Sanders) referred to social housing and was right to say that, notwithstanding the Deputy Prime Minister's announcement yesterday, social house building has virtually petered out. There were between 35,000 and 40,000 social housing completions in most years under the last Conservative Government, but that figure has fallen to fewer than 20,000 under Labour. Even with the extra 10,000 a year mentioned by the Deputy Prime Minister yesterday, we are 10,000 a year behind the record of the last Tory Government.

There are key issues involving social house building and whether we are getting, in the words of the Minister for Housing and Planning, sufficient bang for our bucks. Are the current means for providing social housing and the mechanisms for delivering a return on investment the most effective? We did not hear much about that from the Deputy Prime Minister yesterday. There may be an issue as to how effectively the Housing Corporation is delivering bang for bucks—those words are not mine, but those of the Minister for Housing and Planning—and there may be issues about how we can help housing associations to work more effectively with the private sector to deliver more social housing where it is needed.

Andrew George *rose—*

Mr. Hayes: I shall give way briefly, because I am anxious to give the Minister maximum time to reply.

Andrew George: I agree that the hon. Gentleman should give the Minister the maximum, so I shall be brief. I accept that the Labour Government seem to be putting more money in, but they seem to be getting less housing out. The crucial factor is the price of available land, which requires the Government to establish robust policies to distinguish between unfettered permission for market housing and social and affordable housing.

Mr. Hayes: The hon. Gentleman makes a good point; it may also involve how land availability can be re-examined. I refer him, in particular, to the designation of brownfield land. I recently completed a study on that and found that the proportion of brownfield land designated for commercial and industrial development is greater than that designated for residential growth. In terms of take-up, the Government have had some success; they have met their target for brownfield land, although whether it was high enough may be debatable. That is a cheap and easy point, which I should not make because I am neither.

There is an argument that some redesignation of brownfield land in urban and rural areas would have a significant effect on the available land for development. While one would need to consider the cost of development in those cases—there are associated fiscal and regulation issues—it would provide an opportunity for the development of land that is lying idle. There is hardly a town in this country that does not have a derelict former industrial or commercial site that has remained so for a considerable period and that could be used more productively for residential development.

We are not saying that we do not want to build anything anywhere, but that we want to build the right houses in the right places—houses appropriate to local needs and in line with local wishes. We also want to make available housing that suits local demand, so we are indeed talking about social and affordable housing.

My final point is about changing our view of affordability. We need to change from a building-centred view to a people-centred view. We need an equity revolution—to give serious consideration to shared equity, as several hon. Members have said. We need a multiplicity of schemes that will allow people to get on to the housing ladder at different levels and to staircase up their acquisition of equity over time. Most people can afford more as they become more prosperous. Ironically, however, mortgages do not work like that. They are very hard to pay right at the beginning, but as one becomes older and richer—well some do; I live in hope—the mortgage becomes easier to pay and so we need to consider ways to adjust that kind of arrangement. In essence, shared equity can provide means to bring into the housing market people who are excluded from it.

In conclusion, I draw the Minister's attention to the study by Glen Bramley of Heriot-Watt university, which estimates that if shared ownership was widely available

it would help an additional 12 to 15 per cent. of householders in the south of England, including the south-west, to buy.

We have a problem that requires imagination and lateral thinking. It is not a party political problem, but the Government are the ones with the power to do something about it. If we fail, we fail aspirant home owners; we fail the future.

3.16 pm

The Parliamentary Under-Secretary of State, Office of the Deputy Prime Minister (Phil Hope): I congratulate the hon. Member for St. Ives (Andrew George) on securing the debate and on bringing this important issue to the attention of the Chamber again. If we do this every six months, we can call it a biannual review and develop policy in that way. We have had a high-quality debate, although there may have been few people in the Chamber, for reasons to which he alluded. The quality of hon. Members' contributions has been excellent. We will take away many of the comments in the spirit in which they were made, which is how we solve the problems that we face.

I make it clear, and I am sure that there is no doubt, that the Government are committed to increasing the overall supply of housing in areas with significant housing shortages. I shall return to the core point made by the hon. Member for South Holland and The Deepings (Mr. Hayes) about being people-centred rather than building-centred. Whatever that argument may be, there is no doubt that we must increase the supply of housing in areas with significant housing shortages. The provision of sufficiently good-quality housing is an essential requirement if we are to have thriving and sustainable communities.

Tackling housing shortages, homelessness and the problems associated with housing in poor condition, which we have not touched on today, as well as low demand and abandonment, which are totally different problems that affect certain parts of the north, is a key part of our strategy to tackle social exclusion and to make real changes to the quality of life in our most deprived communities. Cramped housing and housing in poor condition have an impact on people's well-being, their general health and their children's educational attainment. There is a raft of problems, with which we are trying to deal. Problems with the supply of housing affect the economy as well as people, a point that was made earlier.

Several hon. Members, including my hon. Friend the Member for Stroud (Mr. Drew), mentioned the strategic spending review announcement yesterday. I shall place on record what was announced, so that we have a context. There will be an extra 10,000 social rented homes a year by 2007–08—an increase of 50 per cent. on previous figures—delivered as a result of a 22 per cent. increase in investment, coupled with significant efficiencies, to which the hon. Member for South Holland and The Deepings referred. We intend that real investment to turn around the growth in homelessness by 2008.

We are acting to increase the housing supply and to help to improve affordability in high-demand regions through the communities plan, which will deliver some 200,000 additional homes in the growth areas of London and the south-east. We are also responding to new proposals for sustainable growth where there is demand locally. Yesterday, we announced a new £200 million community infrastructure fund, responding in particular to the Barker report recommendations on providing transport infrastructure to support the development of new sustainable communities. Often, transport can be the key to unlocking sites and regeneration.

Although this has not been a focus of the debate, we are also improving the economic development of the north of England to deal with the issue of the growth gap between the regions. We are dealing with low housing demand by trebling the pathfinder programme to £450 million, with a new scheme to deal with low demand—the opposite of the affordability issue that we have been debating this afternoon. We are also reducing the number of non-decent social rented homes by 1.6 million between 1997 and 2008, giving sustained progress to our target of having 2.1 million decent homes by 2010.

In these debates, the time available to tackle the raft of issues and concerns raised is never enough. There is no quick and easy way of tackling the complexity of the problems and issues raised this afternoon. However, we are now putting in place all the building blocks—if I may use that phrase—to get this matter right. First and foremost is the question of resources. Although public funding is inevitably limited and difficult choices have to be made, it is clear from yesterday's announcement that we attach huge importance to the need to improve our work on housing. Some £4.5 billion has been allocated for mainstream housing investment in 2007–08, which is about three times the amount made available in 1997–98.

I do not want to get into point scoring here, and we have done pretty well in that regard so far, but I have to say that the previous Conservative Government halved funding for housing investment in the five years up to 1997–98. When the hon. Member for South Holland and The Deepings was speaking about how he wanted to be person-centred, not building-centred, I wondered whether that meant that he could not say today whether his party would match the investment that we announced yesterday for housing. I am happy to take interventions from the hon. Gentleman or from the hon. Member for St. Ives on whether they would commit themselves at this stage to matching the investment in new house and home building over the period of the strategic spending review. It seems that no one is going to intervene, so I shall take that as a no.

I make that point because the hon. Member for St. Ives made an impassioned speech, but did not give the statistics. He talked about the personal impact on individuals, families and people growing up in rural areas of not being able to afford to buy a house. He was absolutely right to describe that in those personal terms, but the Government have to match personal experiences with effective spend, and put the resources in place. That is why I put down that small challenge as to whether we could rely on a Liberal Democrat Government—God forbid—to match our spending on housing, which the individuals whom he described so desperately need.

Andrew George: It would be quite improper for me, speaking from the Back Benches, to tie the hands of my

[Andrew George]

Front-Bench colleagues by making commitments. We certainly strongly support the investment that the Government are proposing to put in. We are undertaking our own spending review, and we will be looking at the Government's commitments, but the Minister knows very well that the Liberal Democrats are very committed to increasing investment in social housing.

Rather than getting involved in such a silly spat, I want the Minister to answer the constructive issues that I raised about exception sites, section 106 agreements and the intermediate market.

Phil Hope: I will certainly do that, but it is important in these debates that we have not only analysis and discussion but the action that goes with that, which requires commitment to deliver from those who take part in the debates.

I move on to deal in some detail with some points that have been raised, turning first to second homes. The hon. Gentleman described the impact of people buying second homes in his constituency, and how that takes away from the market affordable housing for the people who live in his area. He will know that we changed the council tax rules to allow local authorities significantly to reduce the 50 per cent. discount for second homes. That was done to provide additional funds to address the significant impact that second and holiday homes have on local housing markets.

Of course, it is up to local authorities to decide how to use any additional income. I am pleased that local authorities in Cornwall have taken the opportunity afforded by the Government to increase council tax on second homes. It is estimated that that will provide more than £4 million of additional funding for affordable homes in 2004–05. That is a significant amount, given that the Housing Corporation's investment programme in Cornwall will provide about £20 million over the next two years. So that is one successful line that has been taken.

The hon. Gentleman has raised concerns with my Treasury colleagues about the impact of self-invested personal pensions. I have been given assurances, as I think he has in his meetings with those ministerial colleagues, that the relevant policies will not give individuals an incentive to buy properties for personal use, because a tax charge based on the rent imputed on the capital value of the property will be levied on any non-commercial use that is made of it. Therefore, most homes that are bought by a pension fund will need to be sold before the pension can be drawn to provide a secured income in retirement.

It is true that those policies will increase the number of pension funds that can invest in property, but individual property investment is unlikely to be attractive in many cases. The restriction on borrowing to 50 per cent. of the value of the scheme's assets, together with the requirement to put all rental income into the pension fund, is likely to be unsuitable for most buy-to-let landlords, who will need to access income returns to fund mortgage repayments. I hope that that reassures the hon. Gentleman.

Unfortunately, I cannot give the hon. Gentleman a similar answer on changing the use classification of second homes. We debated the idea of a separate use class for second homes six months ago, and there were lots of arguments either way. For example, concerns were expressed about the fact that, even if the use class were changed, there would be nothing to prevent someone from claiming that their second home was another family member's main residence, even if it were being used primarily as a second or holiday home. We have had lots of debate about that in the House. Following research into the issue, and feedback on the consultation document that we issued in 2002 on options for changing the use classes order, we have decided not to change the C class, and we shall not be allocating a different use class to second homes. All the research has shown that such a measure would not have the impact that the hon. Gentleman and others would like.

Let me move on to some of the planning issues. PPG3 is all about having a sufficient number of better-designed homes to meet housing need. We want a better mix of housing to reflect everyone's needs, and there has been some development on the issue. We are updating PPG3 to secure more affordable housing and a better match between the housing plan and the needs of the community. Some of our proposals for updating PPG3 will make it clear that affordable housing—this reflects the point made by the hon. Member for South Holland and The Deepings—should be defined in terms of the relationship between local income levels and house prices or rents for different types and sizes of housing, as well as in terms of housing for identified groups, such as key workers. That brings together the points about the affordability of property and people's ability to pay.

The issue of exceptions is still under consideration, but I can say that we are taking all the responses into account in working up our proposals, which we hope to publish in the autumn. We understand the point that is being made.

I realise that I am about to run out of time. I have answered all the questions that have been asked in the Chamber. Rural housing issues, such as affordability and the provision of more housing in the areas that need it most, are at the top of the Government's agenda, and we are responding positively through our strategies. I have also answered one or two of the more detailed points raised by the hon. Member for St. Ives. I hope that he knows that our review and our plans are putting money in place, changing planning procedures and introducing measures to deal with how people behave and how we provide more resources for building. They will address many of the concerns that hon. Members have raised in the debate.

NHS Appointments System

3.30 pm

Mrs. Patsy Calton (Cheadle) (LD): I am as always grateful for the opportunity to raise a matter that affects my constituents. This is one that can be literally a matter of life and death, and it has an application that is wider than my constituency. I asked for the debate because of personal experience, the experience of friends and the number of cases coming to me as a constituency MP.

I have been conducting my own survey, and although there are not yet any finished figures—it is early days—we are getting a considerable number of responses. Of the approximately 60 responses that have been received in my constituency office so far, more than half report trouble of one sort or another with appointments.

I am concerned that the figures the Minister will no doubt cite to us later in the debate may tell a partial and possibly misleading story. I have initiated the debate in a spirit of helpfulness, in the hope that the Minister will act to ensure that he is not being misled. Of course, he could treat my contribution as he did yesterday, with dismissive, cheap point scoring, but the public know that there is a problem with some appointments in the NHS, and all his debating points will score nothing with the people who matter—patients who use the NHS.

I am in no way complaining about the vast majority of front-line staff. In many ways, they are the victims of the problems that I shall outline. Certainly, the nurses I meet tell me that they spend a disproportionate amount of their time chasing up appointments for patients.

Problems with appointment systems are of various types. My survey already shows quite a lot of information about cancelled and postponed out-patient appointments. About half the responses received point out such problems. The questions concern a two-year period: participants were asked whether they had had a hospital out-patient appointment in the past two years, whether the hospital had cancelled or postponed it, and how many times it had been changed.

If I take a random sample of responses, I find the following answers: four times, twice, twice, three times in the past six months, twice, one hospital twice and another hospital once, four times and three times. Clearly those replies are not entirely typical. On the whole, the people replying to the survey see themselves as having been messed about by the system. I am well aware of that. However, there is a significant number of such people. I am pleased and grateful that half the replies say that appointments have been fine, and that the respondents have been able to see the person concerned on time. However, that is not happening for a number of people.

I understand that hospitals may well collect their own data. I have been in communication before with local hospitals that have been able to explain matters to me; for example, of the five cancelled appointments that one patient told me about, she had cancelled two. When we asked her whether that was true, she said, "Yes, I had forgotten about those, sorry." I understand that patients are sometimes forgetful, but that does not alter the fact that people are telling us about this problem.

The hospitals collect their own data, which do not necessarily affect the waiting time statistics. A cancelled appointment for a check-up for a life threatening condition possibly does not show up in the Government's waiting time statistics. I can understand that a consultant may be ill, or, more often, perhaps, decide to go to a conference abroad. What seems to happen more often than not is that a block of appointments is shifted six months to the back of the queue.

Most of us coming back to work after illness or some other absence have to work a bit harder for a while to make up for lost time. I can imagine what my constituents' attitude would be to their MP saying, "Sorry, I was away for a week. I shall have to put seeing you back six months." They would not be prepared to put up with that, and I would not expect them to. What would happen if a schoolteacher said, "I missed the time when I could have written reports because I was at a conference, so they will not be ready for another six months"? That is simply not acceptable, but it happens too often in hospitals.

The Minister should investigate the issue of cancelled and postponed appointments. He should ask the Healthcare Commission to look behind the waiting time targets for out-patients' appointments to find out about cancelled appointments and how they are handled. I sincerely hope that the practice of sending appointments to patients when they are known to be on holiday, which I have come across once or twice, has stopped.

The Minister may tell us that out-patient waiting times are at a certain level, but the boxes that have been ticked do not necessarily reflect the actuality for patients. I ask him to look behind the figures. I have raised the matter with the chairman of the strategic health authority in my constituency and with others, as the problem is very worrying indeed.

I know of quite a few cancelled and postponed operations. As an MP, I have the opportunity to intervene, which I have done on several occasions. It worries me how often a patient gets what he needs simply because I have written a letter asking whether his operation can be carried out in a timely fashion after one or two cancellations. It worries me that patients who know enough to come to their MP and get themselves placed slightly further up the queue than they would otherwise be cannot do that for themselves with the same result. I want the Minister to discover what impact MPs' letters are having and why the patients themselves cannot have the same impact.

I salute the new patient advice and liaison service, which is doing a better and better job and making a difference in my constituency. However, there are problems. For example, I have a constituent, a young mother with a brain tumour, who needs an operation that will involve her being in hospital for at least a fortnight. She has two young children and her operation has been cancelled twice on the day of the operation. In such circumstances, when family arrangements have to be made, that makes things very difficult indeed. My intervention, and possibly that of the woman's husband, who wrote a letter of complaint, ensured that the third time she prepared for the operation it was actually done, but it is worrying that people have to make a fuss to get their operation.

Unco-ordinated and untimely appointments, possibly—I will only say "possibly"—because of working to the targets, are affecting large numbers of

[Mrs. Patsy Calton]

patients, including in my own case. The report by CancerBACUP in May 2004 indicated that cancer patients were often left not knowing how long they would have to wait for an appointment. The all-party parliamentary group on cancer has been conducting a Select Committee-style inquiry into the tension between national targets and local decision taking and the impact on cancer services. The group has heard evidence from health professionals and civil servants, who emphasised that shortages of specialist staff such as radiographers, radiologists and chemo nurses are hampering efforts to reduce waiting times for treatment.

Equally, there is good practice, where services have been redesigned. I ask the Minister to ensure that services are redesigned to meet the needs of patients more effectively, as that would bring great benefits. Such good practice should be spread throughout the country rather than being limited to small, isolated pockets, as it really makes a difference and patients benefit tremendously.

I should also like to make the point that CancerBACUP has made, which is that the difference between urgent and non-urgent cancer patients is causing a problem. I know that Ministers have not always agreed with that, but I would argue the case again. Routinely, around a third of the patients referred who are labelled as "non-urgent"—even the urgent cases have difficulty getting through sometimes—are subsequently found to have cancer. There is a serious problem with a system that leaves a third of patients waiting for the length of time that some end up waiting. When such patients are subsequently found to have cancer, it may well be too late for treatment that can make a difference. Again, the appointments systems do not seem to reflect what is necessary.

CancerBACUP has said that it receives phone calls every week from people who are worried about how long they will have to wait for treatment. Not knowing how long one will have to wait and believing that one's prognosis is getting worse in that time is, CancerBACUP says, a source of enormous anxiety to patients and their families. I am sure that the Minister is well aware of that issue, so will he address it? The problem affected me during my treatment—I talk about my treatment and the patient pathway in the round. Not knowing when things are coming is a source of enormous stress and cannot be good for the patient.

To sum up those points, there is a tension between targets and clinical need. It is possible—many are saying this, including consultants—that targets are distorting priorities. In many cases, there appears to be a lack of co-ordination, which means that resources are wasted and additional appointments are needed. There appears to be a lack of capacity. Where targets are attached to one part of the treatment, the patient is given no indication of the total wait. For example, a two-week wait at the beginning to see a consultant does not tell the patient when the diagnostic tests will be conducted. A 62-day wait for treatment to start on a fast-growing cancer is too long and patients cannot wait that long.

Waiting to get on the list is another problem. I received a letter, which came as part of a survey, from somebody who, happily, has now had her operations. She waited for a year and a half to be put on the waiting list, which was where she clearly needed to be for bilateral hip replacements. Once on the list, she was told that she would have a 12-month wait and was operated on 363 days later—so, slightly less than a year. The normal waiting system would have made her wait another year for the second hip, but she made a lot of noise and got it four and a half months later. Happily, she managed to climb a mountain in Glen Coe in May with speed and ease, and has sent her thanks to the people who sorted her out. Two and a half years is far too long to wait for that operation; it is simply not on.

A further issue is the interface problems between hospitals. I would ask the Minister to look at that too. CancerBACUP says that the distress and inconvenience that patients suffer can be extreme when there are such problems. Patients can be left for weeks watching a cancer grow, or imagining that it is growing internally, not knowing when their appointments will come. While they wait for diagnostic test appointments, they imagine that the cancer has spread to every area as yet unchecked. Again, the problems of getting information passed between hospitals are extremely serious.

What needs to be done? May I make a plea to the Minister to push to ensure that patients do not leave a previously arranged appointment without having their next step planned and co-ordinated? That means dates for appointments, and so on. It means that GPs, nurses and other authorised persons should be able to make bookings with patients by phone or computer link before the patient leaves. I know that the Government intend that computer link-up to be available by the autumn of 2005. I applaud that and I hope that they make fast progress, but that does not alter the fact that there will still be capacity problems.

I shall make one last point, as I am aware that I have overstayed my welcome. The point that I made to the Prime Minister on 5 May was that when appointment systems are not functioning properly, disadvantaged groups are especially disadvantaged. People like me who know who to contact and who to make a fuss with will end up rising to the top of the queue, if there is a queue. It is wrong that advantaged groups should be able to push themselves forward while disadvantaged groups fall to the bottom of the queue and, according to the National Audit Office, have worse outcomes. I do not ask that everybody get pushed further down the queue, but that there is better co-ordination of appointments and better design of services so that all patients get a better crack of the whip, not just those who are sufficiently articulate to be able to push their way to the front.

3.46 pm

The Parliamentary Under-Secretary of State for Health (Dr. Stephen Ladyman): Once again, I commend the hon. Member for Cheadle (Mrs. Calton) on securing an Adjournment debate. On this occasion, I agree with a great deal of what she had to say. Very little is as frustrating for people as having appointments cancelled, not being able to get the appointment they need and seeing mistakes being made. Those are issues that we must tackle, and indeed we are tackling them.

The hon. Lady began by saying that she hopes I will not be dismissive of her as I was yesterday. One reason why I was dismissive was her inconsistency. Yesterday,

she told us why we should scrap all the targets. Today, she gave us a good case for having targets for different types of people, why the targets that we have are not tight enough and why we need to build capacity so that we can improve waiting time targets.

Mrs. Calton: Will the Minister give way?

Dr. Ladyman: Let me make some points first. I need to answer the case that the hon. Lady made, and I have only 15 minutes in which to do it.

We are reducing the maximum waiting time for operations. We have reduced it from 18 to nine months already, and we intend to reduce it further. We have reduced the first out-patient appointment waiting time from 26 to 17 weeks. Setting targets was one of the tools that we used to do that. The hon. Lady said that those waiting times do not include the time a person waits for a consultant's referral or for diagnostics. That is true, which is why, in the NHS improvement plan, we set a target for 2008 of a complete patient journey time of 18 weeks from seeing a GP to receiving treatment.

The hon. Lady mentioned cancelled appointments. She seemed to imply—although perhaps I am overstating this—that cancelling appointments might assist people in meeting waiting time targets. I assure her that cancelling appointments in no way alters how the maximum waiting time is measured. Trusts and commissioners are unlikely to achieve the standards that we have set for out-patient waiting times if they allow consultations to be cancelled without good reason.

To be sure that the public can be confident of the accuracy of published NHS waiting times, we have asked the Audit Commission to examine how NHS trusts manage information on waiting lists and waiting times. A spot check programme began in 2002. We agree that when, occasionally, appointments have to be cancelled, it is essential that trusts keep closely in touch with patients to rearrange appointments. The new booking system, which I shall talk about later, will support the NHS in doing that.

We offer other guarantees to patients. Work is being undertaken by the Healthcare Commission to ensure that we do not allow clinical priorities to be distorted by waiting lists. We offer a guarantee, which was introduced in the national health service plan five years ago, for patients whose operations are cancelled at the last minute for non-clinical reasons. The example that the hon. Lady gave of an operation twice being cancelled on the day of the operation should not be happening, because the guarantee, which came into effect in April 2003, says that if operations are cancelled at the last minute, patients are given a new firm date quickly so that they have certainty about their readmission to hospital and capacity is not wasted. If they cannot be offered another appointment within 28 days of their operation being cancelled, the national health service will fund the patient's treatment at a time and hospital of the patient's choosing. We are putting in place guarantees to deal with exactly the sort of case the hon. Lady mentioned. They are terribly difficult to deal with.

The hon. Lady talked about people who know sufficient to go to their MP. Many people come to see me at my surgery because their operations have been cancelled. I do not know what it is like in her trust, but if I identify a mishandled case, my trust responds by raising its priority to deal with the error and ensure that the patient is seen within an appropriate time scale. If, on the other hand, someone has come to me to see whether they can jump the queue, the matter continues to be dealt with according to its clinical priority and writing an MP's letter has no impact. That is the way it ought to be.

The hon. Lady is right to identify the patient advice and liaison service, which is increasingly helpful in many constituencies, including my own and hers. It was introduced so that people would not have to go to their MP to have things sorted out and there would be somewhere in the hospital to have issues dealt with through the national health service. It is proving increasingly successful.

The reduction of waiting times and the improvement of patient access are very high on our agenda. We are working to bring down waiting times from referral to treatment to 18 weeks, but clinical assessment of clinical priority will always be the key determinant of how quickly someone is treated.

In developing our health care service, we are taking into account the patient's experience through patient surveys and other systems to provide better feedback. All surveys focus on issues that patients say are important, not issues decided centrally. The development of national standards, including the national service frameworks, is an important part of ensuring that clinical priority always comes first.

I remind the hon. Lady that the implementation of national service frameworks is mandatory on the national health service. The frameworks are targets. She and many of her hon. and right hon. Friends support much of the work being done under the national service frameworks, so they are, by implication, supporting a target. We must accept that.

Mrs. Calton: The Minister pushes the case on targets somewhat. All of us would accept that a change of culture needed to take place in the health service and that some targets have assisted that change. He would accept, too, that there are misgivings about the effects that some of those targets are having two or three steps down the line and that some are producing unwanted effects. I ask him to be a little less dismissive of the concerns about targets, because there are legitimate concerns.

Mr. Bill Olner (in the Chair): Order. This is becoming a speech.

Dr. Ladyman: Again, I agree with the hon. Lady. This is a point that we have made consistently: it was necessary to change the culture of the national health service, which is why we had to have many clear targets. Whenever one tries to change the culture of an organisation and how it works, firm leadership and firm management of the direction of travel are necessary.

We have made progress, so we have announced that we will reduce the number of targets and examine the way that targets are working to produce cleverer, better and more appropriate targets—targeted targets, if the hon. Lady will. I cannot give her an announcement

[Dr. Ladyman]

today, because we will be publishing shortly the Department's public service agreements and the planning and priorities framework. However, when they are published, I am fairly confident that she will see the current 62 targets dramatically reduced. They will be much broader and different from the current targets, but they will still be targets; they will still be mandatory and there will still be clear, central leadership. That will allow a lot of local decision making and prioritisation, but there will still be a clear central vision of what the NHS needs to become, which is important.

I will deal now with specific points that the hon. Lady made about appointments. We have been talking mostly about secondary care, but I need to reflect for a moment on primary care. We have set a target of patients being able to see a GP within 48 hours and a primary care professional within 24 hours by December this year. Nationally, the vast majority of patients—about 98 per cent.—can now be offered a GP appointment within two working days. That compares with 75 per cent. two years ago, so there has been progress.

I am grateful to the GPs and nurses who have made that possible. Through the primary care collaborative approach, the national primary care development team, led by Sir John Oldham, has supported more than 5,000 practices, covering more than 32 million patients, in taking up the advanced access methodology to improve access for patients. Advanced access involves doing a lot of simple things differently. I think the hon. Lady said that service redesign could help a great deal in achieving targets. Patients benefit from advanced access, as do staff. It has reduced waiting times to see a GP by about 50 per cent., so it is an important step forward.

The target of seeing a GP within 48 hours or another primary care professional within 24 hours does not prevent people from making their own choice. They may want to see a GP at a later date because that is more convenient, and that choice should be available.

The hon. Lady mentioned our plan to use IT systems to streamline and co-ordinate improvements, which is a huge and important project. Over the next four years, the culture of waiting that has long been a feature of the NHS will be replaced by a personalised approach to care. The information systems that we put in place will enable patients to choose more convenient and higher-quality personalised care. An individual personal care record, for example, will enable health professionals to have easy and rapid access to patients' medical histories at any time. It will also allow patients to influence how they are treated in a way that they cannot do now.

The booking of hospital appointments is a cornerstone of our reforms; it is central to the provision of a new, modern service, as the hon. Lady said it needed to be. By the end of next year, an electronic booking system will make it easier for patients to arrange appointments that suit them. That will be a fundamental change in how hospital appointments are booked. As she said, at the moment people have to wait for a letter or postcard; they do not know when it will come. They have to leave the hospital and come back, hoping that sooner or later the postcard will follow them. All that will change.

Appointments used to be made clinic by clinic. Each clinic, and sometimes each consultant, had a different way of booking appointments, which was expensive, time-consuming and the cause of many mistakes. Now, 96 per cent. of day cases and more than two thirds of out-patient appointments and in-patient elective admissions are booked. That is a considerable achievement in a relatively short time.

By December next year, all NHS patients will be able to choose between a range of providers for hospital appointments and they will be able to book their appointment for a date and time that suits them. Gone will be the misery of wondering when they might make the front of the queue; they will know exactly when the appointment is and that it does not clash with another commitment.

We will go further, so that by 2008 there will be independently assessed health care providers providing treatment within a maximum agreed price range that people can choose from. People will be able to sit in their GP's surgery, or even on the sofa at home, and not only choose a consultant, but make a booking that suits them to receive treatment.

Underpinning those changes will be a booking management service to support patients in making, amending and cancelling appointments, because quite frequently it is patients who do that. We will bring to an end the traditional system of NHS waiting lists; that will genuinely put patients at the centre of their NHS treatment. That will create a fundamental shift in how we do things and completely revolutionise the national health service. Those changes—

Mr. Bill Olner (in the Chair): Order. We must move on to the last debate of the afternoon.

Science Park (Sittingbourne and Sheppey)

4 pm

Mr. Derek Wyatt (Sittingbourne and Sheppey) (Lab): I am extremely grateful to have been granted this debate on the Kent science part and its owners, LaSalle Investment Management, the pension fund for Mars UK Ltd.

I am a big fan of science and technology. I was a fellow of the Industry and Parliament Trust, working with Motorola. I spent 18 months looking into satellite technology, both here and in America, and I am due to visit Motorola in Chicago shortly. I was the only MP on the BT Vital Vision programme at Berkeley and Stanford, which looked into change management in systems, and I am one of the founders of the Oxford Internet Institute, with which I have helped to raise £15 million. So, I am a fan of science and technology; I want it, I like it and I think it is a great change.

I am worried about Kent science park on every single level, which is why I am raising the issue with the Minister. Almost a year ago, on 21 July 2003, Swale borough council's economic scrutiny panel minutes read:

"In relation to the feasibility of the Southern Relief Road, the Chief Executive explained that Sittingbourne Research Centre . . . had been identified as an Enterprise Hub and had great potential to benefit the local economy. As a result, a submission had been made to the Office of the Deputy Prime Minister . . . for funding for a feasibility study to be carried out on the implications of a proposed junction from the M2, which could serve the site and east and south Sittingbourne."

From the fact that the chief executive of Swale borough council commented at that early stage, it follows that the chief executive, the leader of the council—Andrew Bowles—and the Conservative executive must have been in confidential talks for a considerable time with the South East England Development Agency, the Government office for the south-east, possibly the Thames gateway and the owners of the research centre.

As an aside, I would say that the local government reforms that we introduced at the end of the 1990s have not worked; they have led to greater secrecy and much less democracy.

First, I would like to ask the Minister when he first became aware of the plans for a southern ring road. LaSalle Investment Management bought Kent science park, or Sittingbourne research centre—Shell research centre, as it used to be called. The last thing Kent science park is is a science park.

Earlier this year, the Deputy Prime Minister had a photograph taken and made a statement at a trade fair in France. What he said has been widely interpreted by my constituents and the local media as meaning that the Government are 100 per cent. behind the plans. I hope that the Minister puts the record straight.

Science parks in the United Kingdom are inevitably attached to a university. Consider the evidence. On 27 April 2001, it was announced that Leeds university was to build a 110-hectare science park. On 18 May 2001, it was announced that Leicester university was to build a science park next to the National Space Centre. On 28 June 2001, it was announced that Bristol and Bath universities were to join forces to create an innovation centre for technology start-up businesses. On 14 February 2003, it was announced that Liverpool university and Liverpool John Moores university were to provide a science park paid for by the local regional development agency. On 1 August 2002, it was announced that London was to launch a centre for bioscience, and on 3 January 2004 that Nottingham university and Nottingham Trent university were to open the largest biomedical science park and incubation centre in the United Kingdom. Before then, there was a much older science park tradition with science parks at Surrey—the first—Cambridge and Oxford.

The Kent science park is only 80 per cent. occupied. That 80 per cent. is sub-divided 50:50 between concerns that involve science and those that do not. It is now clear from LaSalle's objections to the draft Swale borough council local plan that it already knows that a second park on greenfield land would not necessarily be driven exclusively by science. In effect, it wants an open-ended business park that may or may not involve any world-class science companies. That is not surprising.

I asked the UK Science Park Association how many parks have been built since 2000 that are not attached to a university. It confirmed in an e-mail that there is only one—the Colworth science park at Sharnbrook in Bedfordshire—but that happens to be owned by Unilever. That is rather like the Shell research centre that used to be in Sittingbourne. We have in Sittingbourne no university and no further education college, and there are no plans for either. Therefore, I suspect that a science park that is not a science park, and that will not be connected to the needs of local people, will fail. Can the Minister confirm that, on the existing Kent science park, there is still substantial room to refit the buildings or build new ones and that, therefore, a second park is not necessarily required? Is he aware that in 1992, when the park was known as the Shell research centre, more than 1,200 people worked there, whereas today some 800 do?

Is access a problem? I confess that I have not received a single letter about that from either a constituent who lives on the route to the park or a single company on the park. A constituent has provided me with the following notes about objections to the Kent and Medway structure plan. The first is KMSP deposit consultation—policy NK3, dated 10 November 2003:

"Name: Mr. Brian Lloyd (on behalf of Swale borough council). Consultee comment: Amend (e) to read 'expansion of the Sittingbourne Research Centre as a mixed science cluster supported by the provision of a southern Sittingbourne Relief Road linking the A2 to a new junction on the M2 motorway'."

The second is KMSP deposit consultation—policy FP4, dated 10 November 2003:

"Name: Mr. Brian Lloyd. Consultee comment: Reference to Sittingbourne Research Centre to read 'Sittingbourne Research Centre, supported by the provision of a southern Sittingbourne Relief Road linking the A2 to a new junction on the M2 motorway'."

My problem, on which I hope the Minister can shed some light, is this: how could Swale borough council put a request in November 2003 to the Kent and Medway structure plan that it wanted a significant change to the planning when it was, at the same time, launching a draft local plan over which it would be both judge and jury? That does not strike me as fair or democratic. It seems that the authority owns all the rights and its citizens have none.

[Mr. Derek Wyatt]

Why is Swale borough council so keen to have a southern ring road when we are still struggling over the northern distributor road, which opened only earlier this year? Indeed, if funding for crossing the creek at Milton is not found, and the additional exit at Bapchild on to the A2 remains incomplete, there is a danger—as another constituent put it to me at the weekend—of the northern distributor road becoming the biggest cul-de-sac in Kent. I hope the Minister will allay those fears.

I understand that research commissioned by the Office of the Deputy Prime Minister on a traffic model shows that the northern distributor road will take 20 per cent. of through traffic away from Sittingbourne centre. That seems remarkably low. Why put upwards of £25 million into the northern distributor road if it is going to take away only 20 per cent. of through traffic? I am speculating, but I hope that the Minister says when the survey will be put in the public domain. I have to ask him whether the Thames gateway should have produced the model before agreeing the funding. Will he comment on that? Swale borough council has also introduced traffic calming at Bapchild and Tunstall, so I hope that has been factored into the modelling.

A new access road from the motorway would attract new companies to the Kent science park—either now or in future, if the extension is granted—and make it easier for employees to get to work. The cost of a single extension would be approximately £10 million. However, that would do nothing for my constituents, as none of the high-skill jobs would be filled by them. A new exit would have the unintended consequence of opening the south side of the motorway on to the spectacularly beautiful north weald of Kent. I think that various agencies would have serious objections to that idea. The Highways Agency is opposed to a new exit, as indicated in an e-mail dated 6 April 2004. Can the Minister confirm that it is for Kent county council to make the case for a new exit and for the ODPM to say yes or no?

The owners of the new Kent science park need to persuade my local borough council to allow them to build a second park with associated housing, which will help to pay for the extension. That will provide a new southern ring road. The council wants to exchange a science park that will not be a science park for some 5,000 to 6,500 brand new high-density houses on greenfield sites. Hon. Members might expect me to complain about that. However, I have been the local MP since 1997, and I have to say that the Labour Government have been incredibly generous to my community. We have had a £100 million bridge and a new hospital in Minster. Wards have been opened in a hospital built by a previous Conservative Administration, who could not afford to open them. We have had Sure Start in Sheerness, which is sensational; extensions to schools; computer suites; and the promise of a new Rushenden link road. We stopped an asylum centre at Coniston, and just recently the Allied Steel and Wire Sheerness occupational pensions campaign led to the Chancellor and the Secretary of State for Work and Pensions giving us £400 million for failed pensions. Dare I say it—we have never had such Government investment and it has been worth waiting 18 years for it.

I will stop there because, in a sense, what happened next causes more concern. The ODPM has asked the south-east to build more homes; everyone recognises that it is the engine that is driving growth for the whole United Kingdom. Of course, we must build the roads. However, according to the draft Swale borough council plan, 9,000 new homes are to be anticipated between 2006 and 2016. That figure is approximate depending on whether we are talking about 2.4 people per house or 2.8. Whichever statistic is used, there will be somewhere between 22,000 and 30,000 extra people, who will all need doctors, schools, policing, water, electricity and other essential infrastructure. At every level, that will strain the community that I represent. The good thing is that 90 per cent. of the build will be on brownfield sites.

The southern ring road affects five parishes: Bredgar, Tunstall, Rodmersham, Milstead and Bapchild. I went to a meeting last week and I have to say that people there have lost complete faith in the local democratic process. They are having to raise their own funds to pay for their own representation. I have told them that, later in the year under information legislation, I will request telephone logs, e-mails and correspondence between the Conservative executive, its officers, LaSalle and the landowners, where applicable.

LaSalle hopes that the executive at Swale borough council will fall for a new science park that is only a glorified business park. It wants a new southern ring road paid for by a section 106 order, which will increase the number of people involved by between 12,000 and 18,000, on top of the 22,000 to 30,000. In other words, over the next 10 years we would be asked to cater for perhaps 34,000 people, but possibly as many as 48,000. That is absurd and it flies in the face of what Sir Sandy Bruce-Lockhart, the leader of Kent county council, said in a letter to me:

"In my view, a development of anything like 6,000 homes would be totally unacceptable."

Kent science park will not create new jobs for my constituents and it will not attract a university or further education college. It will make us a vast dormitory town and make two landowners very rich.

In relation to Monday's three-year spending review announcement, I draw the Minister's attention to the publication on the science and innovation investment framework—sponsored by the Treasury, the Department of Trade and Industry and the Department for Education and Skills—of the document relating to 2004 to 2014. Among many excellent things, it draws attention to the fact that the Government announced

"that it will build the Higher Education Innovation Fund as a permanent third stream of funding for universities in England to further build the capacity in the university sector for knowledge transfer."

It continues:

"The Government will develop this policy as part of its ten-year investment framework for science and innovation."

Nowhere in the document is there anything about individual science parks that are commercial entities and not attached to universities. If we could have a university, I would rethink the whole issue.

This is what I want for my community: Sure Start for Eastchurch, Rushenden, Milton and Murston; improvements in relation to primary schools; one system of secondary schools, especially on the Isle of

Sheppey; a further education college; and a sixth-form college or academy. I would love a postgraduate university department. I would like to bed down the northern distributor road before we start on a southern distributor road, and I would like a bypass for Newington and work to start on the Rushenden link road. I would like more job opportunities on the island and greater sporting and cultural entities. None of those things will happen if the Kent science park is built.

If we, the Labour Government, practise what we preach, let the Learning and Skills Council propose a plan to build a further education college for Sittingbourne. Let the Department for Education and Skills give university status to Imperial college and ask it to merge with Kent university at Canterbury. Let the new world-class university open a graduate science department on the Kent science site. Let us move the 40 per cent. of people on the existing site who have no science base to space on the Eurolink estate in Sittingbourne. That is a win-win-win situation. That is what we need now, not this seriously flawed plan from a pension fund representing Mars UK Ltd. that wants to rape our countryside for its own ends.

4.15 pm

The Minister for Housing and Planning (Keith Hill): I begin by congratulating my hon. Friend the Member for Sittingbourne and Sheppey (Mr. Wyatt) on securing the debate. He is well known as a keen advocate of his constituency and for bringing constituency issues to the attention of the House.

Before I address the matter that my hon. Friend has so eloquently put before us, I remind the House of my Department's commitment to Swale. As part of the Thames gateway growth area, Swale submitted bids for funding from the sustainable communities plan. In July 2003, the Deputy Prime Minister announced that four projects would receive funding in the next three years. Those projects included: £10.4 million to the Sittingbourne northern relief road to support mixed-use development to the north of Sittingbourne; £3.6 million for improvements to Sittingbourne town centre; and £7 million for a mixed-use redevelopment scheme in Queenborough on the Isle of Sheppey. In addition, a number of education, environmental and community regeneration schemes approved for north Kent will directly benefit the residents of Swale.

Also included in the package was a £1.3 million grant for the Kent science park, formerly known as the Sittingbourne research centre. The science park houses 80 businesses, providing 1,000 jobs with a focus on life sciences. It has been designated by the South East England Development Agency as one of a network of enterprise hubs across the south-east. As an enterprise hub, the site provides units for small science-based businesses to start up. That has been successful and £1 million from my Department is going towards a project to renovate a building on the science park to provide space for those businesses to expand when they outgrow the innovation buildings.

Both Kent county council and Swale borough council support the expansion of the site as a science park. Policies encouraging the further development of the site as an innovation hub are included in both the draft Kent and Medway structure plan and the draft Swale borough local plan. However, it is recognised that any major expansion of the site will raise a number of planning issues, not least that of providing better road access. For that reason, the Government have approved a grant of £300,000 for a feasibility study into the possible provision of a new junction on the M2, as well as other options. The study is nearing completion. Any major changes to the highway network would take several years to complete. As Swale borough council does not want to stifle the further development of science-based industries on the site, a policy has been included in the draft local plan allowing limited expansion if measures are taken to minimise the generation of extra traffic on existing roads.

My hon. Friend wrote to me earlier this year about his concerns regarding the future expansion of the Kent science park. He emphasised the need for a strong link between the science park and research-based universities and expressed his view that the feasibility study on access should be put back until the Sittingbourne northern relief road had been completed. In my reply, I stated that, due to the long run-in times for delivering new roads, to wait for the new northern relief road to be completed before carrying out the study might leave developing the site too late to support the regeneration of Sittingbourne as a whole. The feasibility study will, at this time, inform not only the future development of the science park, but take into account the other redevelopment works in Sittingbourne. To delay the study would therefore be counter-productive and leave a large part of the regeneration of Sittingbourne uncertain.

The reasons for the absence of a research-based university in the Kent science park are largely historical. The science park has been developed during the last 10 years on the site of the former Shell research facility and is one of the few privately owned science parks in the country. One of the purposes of the enterprise hub is to strengthen links with academic establishments. Many links have been developed between firms on the site and the universities of Greenwich, Kent at Canterbury and London. For example, one firm is developing a shared lab facility with the university of Kent, and an employees training unit to be launched later this month will involve the Kent new technology institute.

The Kent science park was identified as the location for one of a small number of flagship centres for technology and business development in work undertaken for the Thames gateway innovation sub-group. The consultants identified as a prerequisite for a viable flagship the need to secure a suitable anchor member. The businesses on the science park are a good nucleus on which to build. The site represents the largest single concentration of laboratories to let in the UK, with buildings suitable for biological and chemical sciences, pilot-scale production and clean and constant temperature activities. Existing tenants include major pharmaceutical and biotechnology companies, of which Pfizer is one, as well as technology-based business in environmental technology, electronics diagnostics instrumentation and information technology. I understand my hon. Friend's concern about the present make-up of the park, but I understand that the trend is towards mixed business parks. Good office accommodation as well as on-site conference facilities will also be required.

[Keith Hill]

My hon. Friend also raised the issue of housing on the site. Under Highways Agency rules, a new motorway junction cannot serve a single site but must link into the wider highway network. For that reason, the feasibility study will also examine a link between the M2 and the A2. Clearly, such a road could open up land to the south of Sittingbourne and raise the possibility of land being released in future to help to meet Swale's housing needs. Furthermore, the sustainable communities plan supports developments where mixed use would contribute to reducing commuter and business travel, thus easing congestion. That is of particular relevance on the A2 and M2, which are not only the main trunk roads between Sittingbourne and its neighbours, but major links between the ports of Dover and Folkestone and the rest of the UK. My hon. Friend asked when the Government first became aware of the southern link road plans. The answer is: when a bid for sustainable communities fund money was made in 2003 by the Thames gateway Kent partnership.

The site owner recently proposed a scheme for a major expansion of the site, including 72 hectares of employment land and 150 hectares of housing and community facilities, together with the provision of the M2-A2 link. That would entail the development of some 5,000 houses, which the site owner believes are necessary to fund the whole package. I emphasise that that figure has not emerged from the feasibility study and has not yet been subjected to any testing through the planning system. Such a major proposal raises wider issues relating to the long-term housing and employment needs of the area, and it will need to be fully debated at the public examination of the draft Kent and Medway structure plan in September. By then, the feasibility study on the road access will have been completed. It will indicate the practicability of a new junction and link road, and the cost that would be involved. The funding mechanism for the infrastructure will have to be considered carefully before any further proposals for the science park or new housing in that part of Sittingbourne can be properly evaluated.

I emphasise that the Government have made no decisions about the expansion of the science park, the proposed link road or the housing. The public examination will be the first stage of evaluating the proposal. It might lead to proposals being advanced in the Swale local plan, which will go to public inquiry next year. I emphasise that there will be full opportunities for public consultation before any decisions are made. The House will understand that I cannot pre-empt the results of the public examination or the local planning inquiry. The aim must be to encourage the development of the science park as a centre for innovation and high-quality employment in a sustainable way that brings the maximum benefit to the area as a whole.

Complex issues are involved and I am grateful to my hon. Friend for highlighting them in this debate. It goes without saying that I sympathise with his vision for improving education in his constituency. However, he and the House will understand that such matters fall outside my responsibilities as Minister for Housing and Planning.

Question put and agreed to.

Adjourned accordingly at twenty-three minutes past Four o'clock.

Westminster Hall

Thursday 15 July 2004

[SIR NICHOLAS WINTERTON *in the Chair*]

Inter-Parliamentary Union

Motion made, and Question proposed, That the sitting be now adjourned.—*[Mr. Rammell.]*

Mr. Deputy Speaker: Before I call the Minister to open this important debate on the work of the Inter-Parliamentary Union, let me say that I had to leave a reception given by the Leader of the House early to be here. I know, however, just how important this debate is.

2.30 pm

The Parliamentary Under-Secretary of State for Foreign and Commonwealth Affairs (Mr. Bill Rammell): Thank you, Mr. Deputy Speaker. We are delighted to see you here. Given your involvement with the Inter-Parliamentary Union, it is appropriate that you are presiding over the debate.

I shall speak only briefly because I hope to respond to the debate later. On behalf of the Government, let me start by paying tribute to the IPU's significant work. I very much look forward to my hon. Friend the Member for Erith and Thamesmead (John Austin) highlighting some of that work. The twice-yearly assemblies, in particular, give parliamentarians internationally an important opportunity to engage with one another. I know from the feedback that I get from MPs that the bilateral visits are exceedingly important, and I always try to meet those who come on such visits when I can. Many hon. Members are present this afternoon, which shows the degree of interest in the issue, and I very much look forward to their speeches.

2.31 pm

John Austin (Erith and Thamesmead) (Lab): In responding to my hon. Friend the Minister, let me say how grateful we are for the support and encouragement that we have had from the Foreign and Commonwealth Office—not only from Ministers, but from the civil service and, in particular, the parliamentary relations and devolution department. I may say something about that later.

I rise to speak in the debate, which is the first of its kind in the House, as the chairman of the British IPU group. My term of office is coming to an end, although I have been more fortunate than others because, despite a three-year time limit, I have enjoyed almost four years in the post following the retirement of my predecessor, Mr. Rogers, and the intervention of the general election.

In my four years as acting chair or chair, there have been several significant changes not only in the workings of the British group, but at the international level. When I first chaired a conference, there were several problems with the IPU budget internationally. I very much regret, as I think all my colleagues on the executive of the British group do, the withdrawal of the United States of America from active participation in the IPU. We are the oldest international inter-parliamentary body—indeed, the largest international political body—in the world. We predate the League of Nations, never mind the United Nations, and it is sad that one of the most important democracies in the world is no longer a member. I know that the Minister and his colleagues share our concern and will use all their endeavours to get the United States to rejoin.

Because of the size and wealth of the United States, its absence has had an impact on the IPU's budget internationally. When I first became the chair of the British group, I was among those who said that the IPU had to come to terms with the reality of its budget and to trim its activities—to reduce the scale of its operations, not the impact of its work—and become a more lean and focused organisation. One of the initial changes was that we moved from having two major assemblies a year to one, and a smaller conference in Geneva in the autumn, thereby reducing some of our costs.

We also changed the way in which we operated. The IPU moved from being a general assembly of parliamentarians from across the world to holding more focused discussions. It created three new standing committees—one concerned with peace and international security, one concerned with sustainable development, finance and trade, and one concerned with democracy and human rights. That new structure is not as radical as some of us had hoped it would be. We had hoped for smaller committees with some of the powers that the Select Committees have in this House, such as conducting investigations and summoning witnesses. However, the majority view was that every member country should have the right to be represented on every committee. Therefore, we have somewhat large and unwieldy committees. Nevertheless, they have been focused and there has been a change in their structure. Each committee has a bureau representing all the geopolitical groups in the IPU and two rapporteurs who prepare detailed working papers before we go to the assembly. The conferences are not ill prepared; a great deal of work goes into them beforehand to ensure that they are productive.

I pay tribute to the hon. Member for Ruislip-Northwood (Mr. Wilkinson), who is one of the vice-presidents of the bureau on the peace and international security committee, and who has been very active in the IPU's work in that regard. My hon. Friend the Member for Putney (Mr. Colman) has been a co-rapporteur of the committee on trade and sustainable development, and I am sure that he will want to address hon. Members on its work. Other hon. Members present have attended meetings of the IPU. While those standing committees are meeting, there are, in parallel, meetings of the women parliamentarians. The hon. Member for Broxbourne (Dame Marion Roe) and my hon. Friend the Member for Lewisham, East (Ms Prentice) have played an important part in the working group on the committee of women parliamentarians.

In the past few years, the IPU has addressed a number of gender issues—notably, in recent years, female genital mutilation. My hon. Friend the Member for Cynon Valley (Ann Clwyd) and the hon. Member for Broxbourne have been vigorous spokespersons on the issue in this House. I record my thanks to the hon. Member for Broxbourne, who has served on the special

[John Austin]

panel established by the IPU to tackle the abuse of girls and women, particularly in Africa, by the custom of FGM. She also serves on the IPU's panel on the sexual exploitation of children.

The IPU is not a talking shop; it is a doing body, trying to tackle some of the major issues that confront us. It is also concerned not only with human rights across the board but with those of politicians. As British parliamentarians, we enjoy a degree of free speech that is unheard of in many parts of the world. We would find our civil liberties somewhat curtailed if we made in other parliaments some of the utterances that we make here. I pay tribute to my hon. Friend the Member for Cynon Valley for her work on the committee on the human rights of parliamentarians. One bit of good news is that Leyla Zana is now free, and we hope that she will visit this Parliament later this year. That is due in no small measure to my hon. Friend's work.

The period during which I have been chairman of this very important body has not been easy. The conference, as it then was, in Santiago took place against the backdrop of the invasion of Iraq. There will be divided views in this Chamber on the rights and wrongs of that intervention, as there are strongly held views on both sides of the House and within parties. You, Mr. Deputy Speaker, will know of the difficulty that I had leading a delegation of eight Members of Parliament, four taking one view and four another. I pay tribute to that delegation, because its members were determined to ensure that something positive came out of the meeting in Santiago and that it was not some sterile debating society issuing bland resolutions. It was a difficult assembly, but I pay tribute to our delegation for staying together and concentrating on what we as parliamentarians could do constructively to assist in the process of reconciliation and reconstruction in Iraq. When the IPU president, Senator Páez of Chile, came to London, he met my right hon. Friend the Foreign Secretary and spoke to him about the ways in which parliamentarians might assist the process in Iraq, helping the growth of emerging democratic institutions.

In the same way, parliamentarians from the House, through a variety of organisations—such as the Westminster Foundation for Democracy, the East-West Parliamentary Practice Project and the British Association for Central and Eastern Europe—have assisted the newly emerging democracies in eastern and central Europe. We have not told them how to do things, but have shared our experiences of operating a parliamentary democracy. We do not have all the right answers, but we can share our experiences and, in so doing, learn from one another.

In Geneva last year, we gave strong support to the proposal that the Inter-Parliamentary Union should assist the Iraqi people in establishing a constitutional conference that could lay the foundations for the establishment of representative institutions. To that end, the IPU convened a meeting of Speakers of the Parliaments of the countries neighbouring Iraq to discuss the constitutional processes. The meeting took place in Amman in May, with the Speakers from Bahrain, Egypt, the Islamic Republic of Iran, Jordan, Kuwait, Saúdi Arabia and Turkey, together with representatives of the IPU, the United Nations and the Parliamentary Assembly of the Council of Europe. The IPU is playing a key role by sharing experiences, providing constitutional advice, assisting with the establishment and consolidation of state institutions, directly supporting the emerging Parliament and harnessing regional solidarity in support of that process.

Let us turn to the middle east process. The IPU has a standing committee on middle east questions. At the assembly in 2003, there was a direct encounter, organised by the IPU, between members of the Israeli Knesset and the elected Palestinian Legislative Council. At a time when the Israeli Prime Minister was refusing to speak to the Palestinian President, and when negotiations on the road map were stalled and had broken down, under the auspices of the IPU, the Speakers of the Legislative Council and of the Knesset could meet in dialogue and debate.

I want to refer briefly to our relations with the United Nations. During my period as chairman, we have entered a new era. The IPU has been granted special observer status at the UN, with a right to circulate papers. The Minister will know that there are problems with the procedures. We would like the papers tabled to become official UN papers, to be catalogued and dealt with as such. We are still in discussions about that.

The IPU has worked extensively with a range of United Nations organisations, and has worked intensively with the United Nations Development Project since the early 1970s. The IPU administers a number of UNDP-funded programmes in various parts of the world. In Burundi, we have assisted the National Assembly in the peace process, trained staff and Members of Parliament, and provided equipment and assistance with EU funding to the women's caucus. We have strengthened the library and *Hansard* services in Equatorial Guinea, and have trained staff and Members in the establishment of a computer network and a library and documentation service in Ethiopia. We have assisted MPs in Rwanda in the oversight of legislation and have also assisted the human rights committee. The list of projects in Africa is very long, and I will not tire hon. Members with it. Recently, the IPU published a document—one of many—setting out the 10 years of its work in Africa and an assessment of its effectiveness. Outside Africa, the IPU is working in the context of capacity building in Kosovo, Albania, Uruguay, and Timor-Leste, and projects are in the pipeline in Sri Lanka and Pakistan.

Another priority of the IPU has been gender partnership and gender equality, focusing in particular on the contribution of men, and men parliamentarians, to the promotion of gender equality. The IPU has produced a number of handbooks for parliamentarians, to assist them in their task. One of the most important is "Parliament, the Budget and Gender", which shows how the budget of a Parliament can begin to address the issues of gender inequality.

The IPU has looked at a range of issues concerned with the electoral rights of disabled people. It has considered the information society and its implications for democracy, and the impact of information technology on people's lives—on their social interaction and their political engagement. It has also considered the health and educational communities and their

economies. The IPU has been a partner in the world summit on the information society, the second meeting of which is to take place in 2005.

The IPU has also been engaged in parliamentary meetings on the fringes of international organisations, including UN bodies such as UNICEF and UNESCO. One of the most powerful organisations in the world—it is not democratic, not accountable and not elected—is the World Trade Organisation. A parliamentary forum now sits alongside the WTO, bringing a parliamentary perspective to its deliberations. I know that my hon. Friends the Members for City of York (Hugh Bayley), for Putney and for Selby (Mr. Grogan) have been intimately engaged in that.

The IPU has been in the vanguard on a number of international issues—for instance, anti-personnel land mines; the International Criminal Court; trying to combat the trafficking of women and children; developing programmes to prevent drug trafficking and money laundering; combating desertification; the management of natural disasters; and getting parliamentarians not Governments to sit and work together on the major problems facing the world today, not least trying to combat the pandemic of HIV/AIDS. I am pleased to say that the IPU has been able to build on the excellent work done by the all-party group on AIDS, chaired by my hon. Friend the Member for Walthamstow (Mr. Gerrard), and the all-party group on Africa, chaired by my hon. Friend the Member for City of York.

There are one or two issues that I would draw to the Minister's attention regarding our relations with the United Nations. Under the auspices of the Secretary-General, the UN set up the Cardoso panel, headed by the former Brazilian President, to consider the relationship between the United Nations and civil society. We welcome that engagement, particularly with regard to non-governmental organisations. We had not anticipated that the Cardoso panel would include Parliaments and parliamentarians in its definition of civil society. Our relationship with the UN is quite different from that of NGOs, especially as we have observer status. The Minister knows the arguments and issues—we have discussed them before—but it would be absolute folly for the United Nations to set up a parallel organisation for consulting Parliaments and parliamentarians outside the IPU framework. It would be costly and less effective.

I shall refer briefly to some of the other issues with which the British group of the IPU has been involved. The House will know that a group of Members is actively dealing with the great lakes region of Africa and the question of genocide. We in the British group have been keen to support the response of Parliaments and parliamentarians in the region to those issues. That is why we are supportive of the Amani forum, which brings together not Governments but Parliaments and parliamentarians of the countries involved in the great lakes region.

The British group has been actively engaged with the British Council in its attempts to create a south-east Balkans forum. We recently hosted a delegation from Serbia and Montenegro, where we talked about the contribution that parliamentarians could make in bringing peace to that troubled region. I am pleased to say that, irrespective of their Governments, the Balkan Parliaments have come together to form the Cetinje forum, which will allow parliamentarians from that region to meet and try to find a peaceful resolution to the conflict in the area. I am pleased that the British group and the Speaker have been invited to appoint representatives to attend the Cetinje forum in September.

Apart from that wider scene, the British group of the IPU is engaged in a range of bilateral exchanges. We have between six and eight incoming delegations a year, and we send out a similar number. Contrary to the belief held by some hon. Members, the chair of the British group of the IPU does not participate in the outgoing delegations, which are extremely useful. Hon. Members present who have participated in some of them may want to say something about how valuable they have been.

As someone who does not go on the outgoing delegations, I should like to say how valuable it is to have delegations coming here, which result in frank, open and honest parliamentary discussions. I am grateful to the Foreign and Commonwealth Office, and particularly to the Minister for his willingness to engage with incoming delegations. On behalf of the IPU, I record our grateful thanks to Mr. Speaker, who has always been willing to receive delegations from overseas in Speaker's House and to engage with them.

May I say a few words about the bilateral visits? We choose which countries to invite, and we are governed a little on where we send people by who invites us, but we are always happy to enter into a dialogue with the Foreign Office about what would be in the interests of Parliament and the country.

At a time when all of us in this Chamber wanted to bring Libya back into the international community, it would not have been appropriate for a Minister to have gone to Libya, or for the Foreign Office formally to have invited Libyans here, but we did invite them here and we did send a delegation there, which was headed by the Father of the House, my hon. Friend the Member for Linlithgow (Mr. Dalyell). That was very productive and oiled the wheels, enabling a transition to a more rational relationship between our countries. I hope that, as well as being interesting to Members and informative, it was helpful to the Government.

Joan Ruddock (Lewisham, Deptford) (Lab): I am grateful for my hon. Friend's comments on Libya. That was an interesting precedent. Afghanistan does not have a Parliament—indeed, parliamentary elections appear to have been postponed. Does the IPU have any plans to engage with those who are politically active and who wish to see democracy in that country?

John Austin: My hon. Friend raises an important point. Afghanistan has been on our agenda. The Loya Jirga is not a Parliament, but it could be considered to be a Parliament in embryo. The IPU internationally has certainly been considering ways in which it might support it and engage in some capacity building. Indeed, we in the British group have discussed whether we might engage in an initial exchange with it, even though Afghanistan is not a member of the IPU.

There are some precedents. Palestine is different, because it has observer status. It is not a member, it does not have a Parliament, but it is an observer member and

[John Austin]

we have had exchanges. When I entered this House, one of my first visits was to Ethiopia, when it had a transitional Government who were not yet a member of the IPU. I believe that the IPU has a particular role to play—not just in defending human rights and democracy in member countries, but in assisting emerging democracies in which there is no Parliament or civil structure, as we did in central and eastern Europe. I know of my hon. Friend's interest in Afghanistan, and I assure her that the British group will do all it can to assist in that process.

I wanted to mention Colombia. At one stage, I wondered whether the Whips would decide who should go there, as more politicians disappear in Colombia than anywhere else in the world and I thought that they might have a short list of people in mind. It is an important country to visit because of key issues such as corruption, international crime and drug trafficking. Perhaps some of the Members present who were on that delegation would like to report on it.

My final point about international exchanges, which I make with some trepidation with my hon. Friend the Member for Tooting (Tom Cox) sitting behind me, is that we are in a strange position because we engage with all the Parliaments in the world in the IPU abroad, but in this House there is a division of labour, and we relate bilaterally only with non-Commonwealth countries, and the Commonwealth Parliamentary Association—of which I am the vice-chairman, I hasten to add—deals with the Commonwealth. Therefore, one thing that we in the IPU have tried to do, because of Africa's importance, is to concentrate more on bilateral exchanges with Francophone Africa than with the non-Commonwealth countries of Africa. We have begun to build up good links there.

We are a founder member of the IPU, along with France. The union was founded by Randal Cremer, whose bust stands by the members' entrance. I should like to thank the Government for their contribution to ensuring that Randal Cremer's memory lives on in the IPU by commissioning the building of the foyer of the IPU's headquarters in Geneva.

I end on a note of sadness. As hon. Members will know, we should have hosted the 110th assembly of the IPU here in London. I believe that it would have been one of the best organised assemblies, because I have absolute confidence in the IPU's staff and I should like to pay tribute to them. We did not host that assembly, because the IPU said that we should allow any person appointed by any Parliament with membership of the IPU to attend. The executive committee of the IPU took the view that we were honour-bound by international obligations that we had signed up to in the Council of Ministers to operate the travel ban against certain members of the Zimbabwe regime. We were pressed by our colleagues in the IPU to seek a derogation from that decision from the Government on the grounds that we were an international organisation.

Not one Member in the British IPU group, from any political party, was willing to go down the road of seeking a derogation of that ban. It would have been absolutely unthinkable for us to invite Emmerson Mnangagwa, the Speaker of the Zimbabwe Parliament and the man responsible for the Matabeleland massacres, who ought to be before the International Criminal Court for war crimes and genocide. It would have been unthinkable to give him a platform, here in Westminster Hall.

We lost the assembly as a result, although we are in ongoing discussions with the IPU about the issues. I believe that we were absolutely right, because we stood by the principles enshrined in the statutes of the IPU. We are there to promote democracy, good governance and regional co-operation on human rights. Allowing Emmerson Mnangagwa or Patrick Chinamasa—the Minister of Injustice in Zimbabwe—to come here would have been a derogation from that constitution and those statutes.

I should like to thank the Foreign Secretary, the Leader of the House and, unusually for me, my right hon. Friend the Member for North-West Durham (Ms Armstrong), my party's Chief Whip, for allowing us to have this debate. This is the first time that we have debated the IPU's work. Perhaps there should be one on the Commonwealth Parliamentary Association's work too. We are appointed to represent this Parliament in the association of all the Parliaments of the world, and as such it is right that we should be accountable to Parliament. I hope that this debate is not a one-off. I hope that we have established a precedent and that every year we can have a debate on the British IPU group's positive work.

I thank hon. Members for their tolerance in allowing me to speak for so long. With that, coupled, I am sure, with the thanks of everyone associated with the British IPU group, I should like to thank Kenneth Courtenay and all the staff of the IPU—they are a small group—who have served us so well over the years.

Mr. Deputy Speaker: Before I call the next speaker, I must tell hon. Members that I am keeping my eye on the monitor, as I understand that there may shortly be a Division in the main Chamber. If there is a Division, I shall suspend this sitting for 15 minutes, and ask Members to be back within that time. In order to maintain calm and equilibrium in the Chamber, I intend to call the officers of the British group of the IPU very early in the debate, so I hope that Members will not panic. I also hope that all Members present will be called this afternoon to make their contribution.

3 pm

Mr. John Wilkinson (Ruislip-Northwood) (Con): It is a great privilege to follow the hon. Member for Erith and Thamesmead (John Austin), whose remarks I endorse wholeheartedly. It has been a great pleasure to serve with him and with other officers and members of the executive committee in a common purpose that unites us across party lines. The United Kingdom can be proud that the hon. Gentleman has been elected to the executive committee of the worldwide Inter-Parliamentary Union.

The timing of the debate is very appropriate. In the centenary year of the entente cordiale, we remember not only Randal Cremer but Frédéric Passy, his French counterpart, who initiated the IPU back in 1889. Some of us will recall the celebration of the 100th anniversary in the Palace of Westminster. I might range less widely than the hon. Gentleman and focus a little closer to

home, but that is only to try to reinforce the importance of our work in the IPU to this Parliament and to Members of Parliament in their personal development.

The IPU is a means of international co-operation between Parliaments and parliamentarians across the globe, whereby Members of Parliament and peers can develop their expertise in foreign affairs, gain greater understanding of some of the principal challenges that face the international community, and bring that understanding to fruition in a more effective contribution in the House of Commons and the House of Lords.

I had, for example, the opportunity to attend a conference in Santiago immediately after the restoration of democracy in—I believe—1990. That historic conference underpinned the approval of the international community of the peaceful transition back to democracy in Chile. I also attended the Chilean conference in 2003, and a conference in Mexico City.

I am also very glad to have had the real pleasure of taking part in conferences in the American hemisphere, because we in the House of Commons do not have enough relations with that hemisphere, apart from north America, of course—although the transition to democracy throughout central and south America has been one of the most exciting features of modern times. The underpinning of democracy in those countries is a really worthwhile enterprise in which the IPU can play its part. I therefore found wholly satisfactory the election of the Christian Democrat MP from Chile, Mr. Páez Verdugo, to the presidency of the IPU.

I had the honour of leading delegations to Estonia, to Finland, to Latvia and to the General Assembly of the United Nations, and many Members will have had similar experiences that will have given them not only an opportunity to exercise personal responsibility but to gain a greater understanding. I also started parliamentary groups again for Chile, Ukraine, Estonia and the Philippines after their return to democracy.

I emphasise that the IPU's role as a custodian body for democracy around the world is the most important aspect of its work, so I share the disappointment of the hon. Member for Erith and Thamesmead that the IPU acted in a somewhat aberrant manner in not allowing the 110th conference to take place here in London. In so doing, it underplayed the importance we attach to ensuring that parliamentarians in Zimbabwe, who have been indicted for serious crimes, cannot take part in an international forum of that magnitude.

The inward-bound delegations are as important as the outward-bound ones. My counterpart, the hon. Member for Erith and Thamesmead, brought that to the attention of the Chamber. I think, for example, of the delegation that has just come from El Salvador. Some would say that it is a shame that priorities have dictated the closure of our embassy in El Salvador. However, we were able to demonstrate to our parliamentary counterparts from that small but significant, country, which has reformed its economy and is making genuine progress, that we still care for their country and that the United Kingdom remains interested in it.

3.6 pm

Sitting suspended for Divisions in the House.

3.36 pm

On resuming—

Mr. Wilkinson: Another inbound delegation that I am sure will be important for the British group is that from Bolivia, which is due in October. As reciprocation is the name of the game, many of us will have had the interesting privilege of going to Bolivia. I went with the hon. Member for Linlithgow (Mr. Dalyell), the Father of the House. As you can imagine, Mr. Deputy Speaker, it was an unforgettable experience and we learned much from it. That will help us to welcome our Bolivian guests, who need every encouragement with the important task of underpinning their democracy even more strongly following the forced resignation after popular pressure of an elected President of Bolivia only too recently.

As the hon. Member for Erith and Thamesmead said, the strength of our work is achieved largely because of the quality of the people involved. My predecessor as vice-chairman of the British group of the IPU, my hon. Friend the Member for Broxbourne (Dame Marion Roe), has championed the issues of female genital mutilation and women's rights generally. Likewise, the hon. Member for Cynon Valley (Ann Clwyd) has championed both those issues and, above all, the human rights of parliamentarians in a most exemplary way. The hon. Member for Putney (Mr. Colman), with whom I have also had the pleasure of attending overseas assemblies, brings great commercial expertise and understanding of overseas development to the work of the IPU and is a distinguished rapporteur.

I pay tribute to Ken Courtenay, our general secretary, and his admirable staff. I also pay tribute to Sue Breeze of the Foreign and Commonwealth Office, because without the information that she is able to supply at our fingertips, members of British delegations would be much less well equipped to make a worthwhile contribution. We work effectively together not only in the British group, but across delegations. In that context, I pay tribute to the chairmanship of the standing committee on peace and international security—with which I am involved—by Senator Menem, the brother of the former Argentine President. I am on the bureau with him, and we work very well together.

The understanding that is achieved in our committee work makes it easier to have fruitful bilaterals at the margins of the assembly. I am thinking of the Argentine one in particular, as well as those with the Russians and with the Belarusians. I hope that the process of constructive engagement at parliamentary level, which the hon. Member for Erith and Thamesmead described in connection with Libya, can over time ensue with Belarus, too. Indeed, I am sure that we can help to ensure the right atmosphere for addressing such vexatious questions as the Arab-Israeli dispute, Kashmir and the future of Taiwan.

However, representation is not always equitable in the IPU. I am thinking of the exclusion of the Republic of China on Taiwan, which is a fully fledged democracy and a prosperous nation that deserves to send a delegation to the IPU. The IPU is an interesting body. Like the United Nations, it is full of rogue states and exemplary democracies. I do not believe that the United

[Mr. Wilkinson]

States is wise in remaining out of it, and I join the hon. Member for Erith and Thamesmead in asking it to come back.

On the subject of collaboration across delegations, one of the most challenging aspects of our work is producing reports with rapporteurs from another part of the world. I am currently engaged in producing a report for the first committee, and my co-rapporteur is from Jordan. She is a fine lady—a senator—but it is difficult at extremities of distance and with different political backgrounds and experiences to come to a consensus. That is different from my experience as a rapporteur in both the Council of Europe and the Western European Union.

The biggest future challenge that faces the IPU and affects the 12-plus group of countries—the Council of Europe countries plus the New Zealanders, Australians and Canadians—is whether the European Parliament should have full membership. I do not believe that it should, because if it did, it would call into question the nature of the representative membership of federal countries such as Australia, Canada and many others. It would also prompt the question whether we could maintain such a strong national delegation. There would be a demand for national delegations to be reduced, and that would not be in the British interest.

My final words relate to the importance of single-country all-party groups at Westminster. They are the bedrock of our day-to-day work, and I wonder whether the House of Commons rule that there should be a minimum membership of 20 is wise. It is easy for Germany, America, France and the other big countries that we all know well and visit often to get 20 members and more, but small countries that perhaps need help more find it difficult to get 20 parliamentarians interested and prepared to become members. That they cannot be registered as qualified groups is a mistake, and I hope that the House will reconsider that rule.

In the meantime, with our work programme ahead, I am sure that we are looking forward more than anything else to the assembly in Manila. As chairman of the all-party group on the Philippines, I am particularly happy about it. It is a Christian archipelago in a challenging part of the world and is facing all sorts of problems, including terrorism and AIDS. However, it has been a good supporter and friend of the United Kingdom, and it will be an admirable host for a successful assembly.

Mr. Deputy Speaker: One vice-chairman follows another. I call Ann Clwyd.

3.43 pm

Ann Clwyd (Cynon Valley) (Lab): I congratulate the present chairman, my hon. Friend the Member for Erith and Thamesmead (John Austin). I had to write down his constituency, as it is rather a mouthful—Cynon Valley is much simpler to say. I thank him for his leadership in the past few years. His knowledge of foreign affairs is equalled by few in the House, and I have had full advantage of that knowledge and his guidance in the several IPU conferences that we have attended together. I thank him warmly for his leadership.

I also thank my co-vice-chair, if I can call him that, my hon. Friend the Member for Ruislip-Northwood (Mr. Wilkinson). He has been extremely helpful and supportive in the conferences that I have attended with him and in the work of the executive committee. I thank all other members of the executive committee as well; it has been a pleasure working with them.

I agree with the sentiment already expressed that it is unfortunate that the United States is not a member of the Inter-Parliamentary Union. That is ridiculous given that, as recently as a year ago, Iraq was a member of the IPU. I remember lobbying once on behalf of Indict at a conference in Brussels. We put out all our leaflets on a table, but within 10 minutes of the start of the conference, they had all been scooped into a bin by the Iraqi delegation. I hope that when the other representatives of Iraq join us at the conference, we can put whatever leaflets we like on the table without them being scooped up and thrown away.

I am a member of the human rights committee of the IPU and I shall highlight the work done by that group. Few people know what we do because we are tucked away in a committee room, usually in the basement—we managed to get a room with windows in Mexico City, for which we were very grateful. The committee meets in parallel with the sessions of the main IPU assembly. Sometimes we are forgotten about and lost from view, although in the past year people have begun to remember that we are also sitting. We like to be kept in the picture and I thank Kenneth Courtenay and his staff for ensuring that that happens.

It is an excellent committee and I am pleased to have been a member of it. It sits in defence of parliamentarians the world over who are or have been subject to arbitrary action such as state harassment, arrest and detention, unfair trial or violation of parliamentary immunity during the exercise of their mandate, whether the Parliament in question is sitting, in recess or has been dissolved by unconstitutional or extraordinary measures. Since 1977, the committee, which consists of five parliamentarians from around the world, has looked into and acted on complaints received concerning the violation of the human rights of parliamentarians—rights which we take for granted in this country.

I have had the privilege of representing this Parliament on the committee for several years and I am proud of its work over the past 27 years. I take this chance to thank MPs who have supported the committee's efforts and co-operated with it during that time. It has a very small but dedicated staff in Geneva. I do not know how they get through all the work, but they do—Ingeborg Schwartz and her staff are excellent and totally dedicated.

The committee has dealt with a large number of cases, from those involving MPs who have been unjustly stripped of their mandate, to those involving MPs who have been threatened, prosecuted, jailed or forced into exile—and ultimately to the most tragic cases of MPs who have been killed or "disappeared" because they exercised their right to freedom of speech. Sadly, although parliamentary democracy has been embraced in theory by an increasing number of countries worldwide, the reality is that many MPs are still not able to speak their mind for fear of losing their mandates, their liberty or their lives.

Over the years, the committee's case load has grown. At its first session in 1977, it investigated the situation of 40 MPs in nine countries. At its session this January, it studied 48 cases of allegations of violations of human rights involving 190 Members of Parliament in 28 countries. They included public cases involving Belarus, Burundi, Cambodia, Colombia, Ecuador, Honduras, Indonesia, Malaysia, Burma, Israel/Palestine, Rwanda, Syria, Turkey and Zimbabwe.

The committee meets four times a year in camera to consider complaints it has received. Essentially, it acts as an intermediary between the complainant and the authorities of the state concerned. Through its intervention, it aims to end any arbitrary measures that are applied against MPs, to ensure their protection, and, where appropriate, to secure compensation for them. Although its procedure is essentially written, it frequently conducts hearings with the representatives of the authorities and the victims, and may also carry out on-site missions. Government delegations are often questioned at IPU assemblies; selected delegations appear before the human rights committee.

This year, in addition, the committee conducted an on-site mission to Zimbabwe, to examine the growing number of complaints about the mistreatment of MPs in that country. In Mexico City, we also met a delegation from Zimbabwe, which included the Minister of Justice, whom the chair of the human rights committee of the IPU described privately as the "Minister of Injustice", as did my hon. Friend the Member for Erith and Thamesmead.

The complaints received by the committee are very varied; they originate from the MPs in question, from regional, parliamentary and human rights bodies, from Amnesty International and other human rights organisations, and sometimes from anonymous sources. The committee then has to establish whether the complaint comes within its remit. When that has been established, the procedure in dealing with a complaint involves two phases.

The first phase is confidential. During that phase the committee can hold hearings and undertake on-site missions. As of June this year, the committee was dealing with 22 complaints out of 47 through the confidential procedure. If it does not prove possible to reach a satisfactory settlement of the case during the first phase of confidential examination and communication with the authorities concerned, reports and recommendations for specific measures are then submitted by the committee to the IPU governing council, the plenary policy making body, and the complaint is then made public. If hon. Members are interested in reading a selection of the complaints made to the committee, they can do so on the internet, which shows a variety of the complaints that have been made public.

The work of the committee can be supported by parliamentarians more widely, on the basis of the information released in those reports. Parliamentarians can make further representations and have informal discussions during bilateral visits. We often bring up with visiting delegations cases that have been made public, to underline ongoing concern. I hope that many MPs, in this Parliament and elsewhere, will familiarise themselves with the workings of the committee, so that they can give their backing to its work, and also demonstrate their solidarity with fellow MPs all over the world who are being unjustly victimised.

The committee also makes more general recommendations to Governments and parliamentary bodies when it believes that a particular situation is a major contributory factor to the danger faced by MPs in a specific country. For instance, in Mexico City this year, we asked the Congress of Colombia to play a much more active part in the peace process. The conflict in Colombia has had a serious impact on the ability of parliamentarians to do their work, with six Colombian MPs continuing to be held by Colombian guerrillas. The committee also called on the Colombian Congress to set up an independent inquiry commission, in view of the magnitude and seriousness of the alleged collusion of officials from the Attorney-General's office and the paramilitary.

The IPU committee and the committee on legal affairs and human rights of the Assembly of the Council of Europe recently issued a joint statement of concern relating to the case of Victor Gonchar, a former Deputy Speaker in Belarus, and a major political opponent of the President of Belarus. Gonchar disappeared from Minsk in 1999, as have others in Belarus, allegedly for political reasons. That is of great concern to all of us. I hope that it will be the first of many joint statements from various parliamentary bodies on such matters. There is great potential for co-operation with regional and multinational bodies, which as yet is largely untapped.

It is hard to say precisely how many cases over the years have been resolved as a direct result of the committee's work. However, I do not doubt that in many instances in which a case remains confidential, the committee's intervention behind the scenes is a crucial determinant in getting a Government to act to remedy the injustices facing the MPs in question. As the procedure is confidential, I cannot go into those details, but I know from first hand that many cases are resolved at that initial stage.

However, there are success stories that I can talk about: for example, the release of parliamentarian Mr. Agboyibo in Togo on the eve of the IPU conference in Marrakesh in March 2002. Megawati Sukarnoputri, the President of Indonesia, came personally when we were in Jakarta to thank the Committee for its work on her behalf. She was unfairly unseated in June 1996 and afterwards effectively prevented from standing as a representative. She is extremely grateful to the IPU, and has stated so publicly.

In some instances, for one reason or another, cases become intractable. Sometimes a case involves political in-fighting, with certain MPs bearing the brunt. The treatment of Anwar Ibrahim, former Deputy Prime Minister and Minister of Finance in Malaysia is a case in point. Sometimes, member states are reluctant to engage in any meaningful dialogue about the fate of particular MPs or the political environment generally, and Burma comes immediately to mind in that respect. There remain very many cases on the committee's books concerning Burmese MPs. Seventeen MPs are reportedly still serving their prison sentence either in prison or under house arrest, six have died in custody,

[Ann Clwyd]

and two were assassinated. In 1999, the committee was dealing with more than 200 cases of MPs-elect, most of whom had been wrongly imprisoned.

There are a number of cases in which MPs have been killed in suspicious circumstances, and the authorities have not conducted the investigation or the prosecution of the murders with due thoroughness and diligence. Those cases, such as that of Zorig Sanjasuuren of Mongolia and Miguel Angel Pavon Salazar of Honduras, have unfortunately dragged on for many years. When such cases have gone public, often the committee's representations bring the matter to the attention of a much wider international audience and can add to the critical mass which may eventually turn the tide in the MPs' favour. Persistence pays off and is a necessary attribute of any organisation working on human rights issues.

In that context, our chairman, my hon. Friend the Member for Erith and Thamesmead, mentioned the case of Leyla Zana and her three colleagues, on whose behalf the IPU has been campaigning for many years. After the case remained unresolved under the confidential procedure, the committee helped to publicise the injustice done to the MPs and was able to put ongoing pressure on successive Turkish Governments to release them. Unfortunately, although they were released, in the last few days a Turkish court has ordered the retrial of those four former MPs, who were freed after nearly 10 years in prison. The European courts had already said that they were mis-tried, and recommended either that they should be freed or retried.

A retrial has already taken place in Turkey, but I am sorry to say that it was a farce. The MPs were released, but another retrial has been ordered. We must make the strongest possible representations to the Turkish authorities, because it is a disgrace that those people, who have spent nearly 10 years in prison and who seem to be regarded as practically nothing, are to be retried again. In the retrial a few months ago, the judge who tried them in the first place retried them, and started by saying, "Nothing that I am going to hear in this retrial is going to change my mind on what I decided in the first place."

Tom Cox (Tooting) (Lab): My hon. Friend has a distinguished record in the campaign for the freedom of politicians in Turkey. Those of us who belong, as I do, to the Council of Europe are continually bringing to the attention of the Turkish delegation there the injustices and the total unacceptability of how their authorities are treating those people. I assure my hon. Friend that that campaign will continue.

Ann Clwyd: I am grateful to my hon. Friend. I know that the Council of Europe has been at the forefront in pursuing the MPs' cases. I notice that earlier this week the police pressed for new charges to be brought against them for making separatist speeches at rallies in south-eastern Turkey last month. They were also accused of speaking Kurdish at the rally, in violation of Turkish law. I thought that most restrictions on the use of the Kurdish language had been lifted in the past 18 months, but speeches in Kurdish are still forbidden under Turkish law governing elections and political parties. That is outrageous, particularly because we are supporting Turkish membership of the European Union. Most people believed that restrictions against people of Kurdish origin were easing, but if that is not so, we must be very vigilant and continue to put pressure on the Turkish authorities.

A new Administration in a country can radically change the political environment for the better, and I had hoped that that would be true of the new Turkish Administration. In some cases, it is true. I note, for example, that the human rights committee has not considered any public cases in connection with Nigeria, after the gradual tailing off of cases in the late 1990s.

At our most recent conference in Mexico City, we discussed the case involving Israel/Palestine—that of Marwan Barghouti, a potent symbol of Palestinian resistance, who is widely seen as a possible successor to Yasser Arafat, and who was given the maximum sentence of five life terms plus 40 years for allegedly organising killings, for a botched suicide bombing and for membership of a terrorist group. The human rights committee of the IPU commissioned a report from an independent legal expert, who made stringent observations on the process of the trial of Marwan Barghouti. In Mexico City in April, the governing council of the IPU unanimously adopted a resolution, recalling

"the concerns that it has expressed at the alleged ill-treatment of Mr. Marwan Barghouti in detention, the interrogation methods used, and his state of health, in addition to its questioning of the competence of the Israeli court to try Mr. Barghouti".

At the back of the report, which is on the internet, there are comments made by the independent legal expert commissioned by the IPU, which are well worth reading.

The committee's work should be further publicised and more MPs should be encouraged to take an interest. The cases in question involve our colleagues. We all have an interest in supporting—a duty to support—our fellow parliamentarians, to ensure that they can enjoy the freedoms that we take for granted, and to assist in putting democracy on a firmer footing. I urge Members of this House and other Parliaments and institutions to bring up those cases in the relevant forums.

4.6 pm

Dame Marion Roe (Broxbourne) (Con): First, I thank the hon. Member for Erith and Thamesmead (John Austin) for his kind comments on my contributions to the deliberations of the IPU. His support is always much appreciated and I want to take this opportunity to congratulate him on his leadership of the British group during his term of office. I add my tribute to all our staff working in the IPU secretariat for the excellent job that they do, as well as to the Foreign and Commonwealth Office for the help that it gives us and the full briefings that are made available to us. Those are very welcome.

I am delighted to be called in this afternoon's debate, because I fear that some of the work of the IPU is frequently underestimated and undervalued, because of a lack of understanding. Although I have been a member of the UK branch of the IPU since 1983, owing to parliamentary duties over the years I could never participate in an IPU visit abroad until I became vice-chairman in 1998. In that year, for the first time, I

attended an IPU conference and spoke in the assembly on an issue that is close to my heart—child labour, which is an aspect of my campaign on child protection. It was the first time that that important matter had been raised in that public forum.

I shall not bore hon. Members with a detailed, blow-by-blow account of my quest to raise child protection issues at all IPU conferences ever since, but I have become known for my views on child labour, child soldiers, child trafficking, child pornography and internet chat rooms, and particularly for my views on female genital mutilation. I want to give an account of the constructive and positive role that the IPU has played and is playing in the elimination, worldwide, of the abhorrent practice of FGM.

During its conference in Burkina Faso in September 2001 the IPU organised a panel discussion on the topic "Violence against women: FGM". Its purpose was to make parliamentarians aware of the importance of eliminating that harmful traditional practice. The session was well attended by men and women MPs who wanted to take the matter further. A further brainstorming session was organised at the next IPU conference, in Morocco in March 2002, which I addressed. A parliamentary think-tank for the eradication of FGM was created. There were six members of the panel, comprising a Member of Parliament each from Kenya, Nigeria, Norway, Uganda, Senegal and the United Kingdom. I was the United Kingdom representative.

We were mandated to study the possibility of working towards an international convention for the eradication of FGM and of organising, if need be, a parliamentary conference on parliamentary action to eradicate FGM; the latter would be convened jointly by the IPU and the African Parliamentary Union and should bring together MPs, Inter-African Committee representatives, religious and traditional leaders, non-governmental organisations and former practitioners of FGM, together with many others involved in the issue.

Another meeting of our parliamentary think-tank was held at the next IPU conference in Chile in April last year. Discussions resulted in the presentation of recommendations to the full international council of the IPU on the future work to be done in this field by the IPU in co-operation with the APU and national Governments.

The IPU has also set up sections on FGM on the IPU website, which includes details of countries throughout the world where this is practised and what action, if any, Governments have taken to eliminate it. The idea of the website is to disseminate information to anybody and everybody who has an interest in eradicating FGM so that the wheel is not reinvented and good practice is spread. Many African countries have found those web pages extremely helpful.

As a representative of the international IPU, together with a parliamentarian from Norway, I attended a conference in Addis Ababa in February 2003 called "Zero tolerance to FGM", organised by a non-governmental organisation, the Inter-African committee on traditional practices affecting the health of women and children. My Norwegian friend and I were the only parliamentarians attending the conference and we were given a warm welcome by all the delegates.

We listened with great interest to the presentations and comments from young and old representing NGOs and voluntary organisations from countries throughout Africa, as well as UNICEF and the World Health Organisation. They described plans for mobilising religious leaders, community leaders and young people, projects for entrepreneurial training for former circumcisers, so that they can find new employment, and awareness programmes. I remind hon. Members that every year 2 million young girls are estimated to be at risk from this harmful practice.

It was a very heartening experience to hear religious leaders explaining that there is no religious base to FGM and also to hear young men condemning this abuse of human rights. There were former circumcisers who had abandoned their practice and were now preaching to the communities the error of their ways. Needless to say my Norwegian friend and I briefed our IPU colleagues on the conclusions of this conference and reported back on how we could assist.

In April this year, in Mexico City, the IPU, in conjunction with UNICEF, launched a handbook for parliamentarians on child protection. I shall refer to its contents in more detail later but FGM is, of course, featured, and recommendations and strategies for parliamentarians to eradicate the practice are outlined. We in the IPU are now beginning to achieve our objectives. First, on 11 July 2003, at the second summit of the African Union in Mozambique, the AU adopted the protocol on the rights of women in Africa, a supplementary protocol to the African charter on human and peoples' rights. It has been seen as a significant step in the effort to promote and ensure respect for the rights of African women.

The protocol requires African Governments to eliminate all forms of discrimination and violence against women in Africa and to promote equality between women and men. It commits Governments, if they have not already done so, to include in their national constitutions and other legislative instruments those fundamental principles and ensure their effective implementation. In addition, it obligates them to integrate a gender perspective in their policy decisions, legislation, development plans, and activities, and to ensure the overall well-being of women. The protocol will enter into force after 15 states have ratified it.

Secondly, I am pleased to say that the IPU, together with UNICEF, is in the process of organising a parliamentary conference to take place next year in Africa, where we can bring together MPs, religious and traditional leaders, NGOs and former practitioners and others. This conference will be a major step forward in persuading national Governments to take action against this abhorrent practice. Other like-minded parliamentarians and I are doing our bit internationally to eradicate FGM, but that will not be achieved without the intervention, co-operation and major support of the IPU.

I have also participated in forums on child labour, child trafficking and the commercial sexual exploitation of children, at which I presented papers on the United Kingdom's policies on combating such abuses. The

[Dame Marion Roe]

response of IPU conference delegates to those special forums was interesting: they developed the dissemination of good practice between all countries, as well as assisting the developing world with new ideas and providing an opportunity to contribute to possible solutions.

The comradeship that I have witnessed between parliamentarians from all over the world, as they tackle the pressing problems of the day together, has convinced me that the IPU has a major role to play in international affairs and matters of concern to us all. Briefing parliamentarians on possible legislative routes to combat a particular problem can create a climate of understanding and co-operation, and thus have a major impact. For example, laws on child pornography on the internet cannot be imposed beyond a country's borders. We therefore all need to work together.

I was heartened that copies of my written presentation and speech on the use of the internet for child abuse were gathered up by other delegates at the last IPU conference. They were aware of the difficulties that their countries face and were keen to learn of new approaches to the problem. In fact, my presentation has now been put on the IPU website so that any country can use the UK experience to help prevent that misuse of modern technology.

I return to the IPU-UNICEF parliamentarians' handbook on child protection, which catalogues all forms of child abuse and what action parliamentarians can take to combat violence, neglect, sexual exploitation and harmful traditional practices as they affect children. It gives guidance on prevention, law reform and methods for developing parliamentary mechanisms for child protection. Such information is helpful to us all. We in the United Kingdom are not immune from the need to keep a watchful eye on child abuse. Child trafficking, for example, is taking place in this country, and it is still possible to practise FGM by sending young girls abroad for the mutilation. The private Member's Bill recently introduced by the hon. Member for Cynon Valley (Ann Clwyd) amends the Prohibition of Female Circumcision Act 1985, which I introduced as a private Member's Bill, and is designed to combat the problem.

As the hon. Member for Erith and Thamesmead said, three major committees have been set up under the new IPU committee structure. One deals with democracy and human rights, and I am pleased to say that I have been appointed the UK branch's titular member. I hope to convince the IPU headquarters in Geneva and the international IPU executive that we need a sub-committee of that committee to deal with all forms of child protection on a continuing basis, rather than through ad hoc forums. The proposal will be discussed at a mini IPU conference in Geneva in September, and I hope that the IPU will display once again its flexibility in dealing constructively and positively with major international issues.

Of course, Governments can always speak to other Governments, but it is equally important that Back-Bench parliamentarians can raise the profile of worthy causes and put pressure on their Ministers to take action. The IPU is in a unique position to avail parliamentarians of a special international platform of influence and action. We should applaud that, and long may it continue.

4.20 pm

Tom Cox (Tooting) (Lab): It is a great pleasure to be called immediately after the previous two speakers. They are Members who are held in the highest possible esteem, and we have today heard from both of them the enormous role that they have played in fighting for the freedom and human rights of people throughout the world. I am sure that we all appreciate their contribution to the overall standing that our Parliament has in organisations such as the IPU.

I suppose like all new Members who come to the House, when I came here some 34 years ago one of the first things that I did was join the IPU. I have been an officer of it and, like many Members present this afternoon, I am now a member of its executive committee. Over the years, there have been some major changes in the membership and role of the IPU, as we have already heard. I can recall when many IPU member countries came from what was then eastern Europe. I remember going to an IPU conference in East Berlin during that period, when, whatever we did and wherever we went, we were watched and followed. Although no one could in any way have called those countries democratic, or said that they had election systems that were free or fair, that allowed us to make contact with people. After a period of time, certain friendships and a certain respect started to be developed. That is, to me, the great strength of the IPU.

I want to refer to two involvements that I have had. One goes back to the period immediately after the 1982 Falkland Islands conflict when, as we know, the Falkland Islands were invaded by the Argentine military forces. I am sure that we can all remember the events of that time. When that conflict was over, there was no contact—no involvement whatever—between the Governments of the United Kingdom and Argentina. That lasted for a long time. At that time, the chairman of the United Kingdom IPU branch was Sir Michael Marshall, a well respected Member of this House. He had been a Minister, and in time he became the president of the IPU, such was his standing and the respect in which he was held. I can recall Michael saying to me, "We have got to try to build up a relationship with Argentina."

That was certainly not easy. We were seen as the spokesmen of the British Government who had defeated the Argentines in the Falklands conflict. It did not matter that we belonged to different political parties. I have to say that the first meetings were extremely difficult. At times, after meetings, we would wonder whether we should continue, and whether it was the right time to be trying to be involved. However, we and the other members of our delegation to the various conferences where the meetings took place held the view that, yes, as long as they were prepared to meet us, we were going to meet them.

We started by saying, "Look, whatever may have happened in the Falklands, the link between our two countries goes back a long way. That means something to us and we believe that it must mean something to you. We will not discuss the Falkland Islands with you, but

we will discuss one of the other issues that you would like to talk about." Contact was made slowly and real friendships were made. That happened with no Government participation, but solely with the involvement of the British IPU group.

My hon. Friend the Minister also speaks on behalf of our relationships with the Falkland Islands and the Argentine. I am the chairman of the all-party group on Argentina and I know about his excellent work and involvement. He will be aware of our excellent relationships with the Argentine: Ministers from both countries visit each other, senior military personnel work together, there are massive business contracts and the Argentine Government play a role in world affairs.

I am sure that hon. Members in the Chamber will be pleased to hear that yesterday Mr. Kenneth Courtenay and I visited the Argentine ambassador in London. During a warm, friendly meeting we discussed a future IPU visit to the Argentine in the coming months. That is an example of what has been achieved solely as a result of the British group at the IPU. I am sure that all hon. Members and the British and Argentine Governments welcome that. When the rebuilding of contacts was starting to take place, no one but the IPU could have done it. I attended all the meetings and, as I have already said, I have great pride in that, because I regarded Sir Michael Marshall as a very dear, personal friend, and none of it would have been possible without his commitment and dedication. Despite all the problems—and with people saying, "Do we go ahead?" and "Is it really worth it?"—Michael insisted that we went ahead. We now see, as a result of that involvement long ago, how the relationships between our two countries have turned out. Although that happened many years ago, the British IPU group, as always, has an ongoing involvement with many countries.

At the moment, we are involved with the Ukraine, where in recent years important developments have taken place. Its economy is strong and growing, large investments are being made and the UK is one of the major investors. Sadly, however, there is another side to that situation. The conduct of elections leaves much to be desired, as does the operation of its ports and legal procedures. The IPU is providing real, positive help and advice to the Ukraine. Next January, we are to host a parliamentary visit from the Ukraine, and we are already working on the programme. I know from a recent trip to the Ukraine that it attaches great importance to the visit.. We are being advised and supported in that visit by the excellent British ambassador to the Ukraine, Mr. Robert Brinkley.

On a recent visit by the delegation, which was fully supported by the British IPU group and led by Lord Geoffrey Howe of Aberavon, along with the hon. Member for West Derbyshire (Mr. McLoughlin) and me, we stressed at all the meetings that we had with the President of the Ukraine, the Speaker of the Ukrainian Rada, and the Prime Minister how crucial the forthcoming presidential election in October this year was to the Ukraine and its image in Europe and the world. The election must be free and fair to all candidates. Again, the British IPU group is playing, and will play, a major role in seeking to help and advise the Ukrainians to ensure that the election is free and fair.

We have a great deal to be proud of as an organisation. As the two previous speakers clearly said, we are respected and listened to wherever we are represented. Other colleagues who have spoken paid the warmest tribute to Kenneth Courtenay and all the secretarial staff of our branch. As you know from your many involvements in organisations, Mr. Deputy Speaker, such staff are vital to a group's role and success. I have a long association with the branch, and I know of their great value. I thank them all very much indeed.

4.32 pm

Mr. Roger Berry (Kingswood) (Lab): It is a pleasure to say a few words in this important debate. I join other speakers in congratulating the chair of the British group of the IPU, my hon. Friend the Member for Erith and Thamesmead (John Austin)—I almost forgot the name of my hon. Friend's constituency then; my hon. Friend the Member for Cynon Valley (Ann Clwyd) is right that one needs to write it down to remember it.

As my hon. Friend the Member for Erith and Thamesmead described, over the years that he has been both acting chair and chair he has had a challenging time on occasions. Difficulties have had to be addressed, and he has done that with great skill. There has also been enormous progress. I echo the remarks of previous speakers in congratulating him on the tremendous work that he has done as chair.

I congratulate also all previous speakers who have made enormous contributions to the group—far larger than mine. This afternoon, we have had the benefit of the wisdom of those who have worked in the IPU both in the UK and internationally. I echo the thanks paid to Kenneth Courtenay and staff, who are always incredibly helpful and manage to smile even when we ask some rather funny questions. I also thank the Foreign Office staff. On IPU delegations, Commonwealth Parliamentary Association delegations and the occasions that my Select Committee on Trade and Industry travels overseas, the Foreign Office staff's support both here and in embassies and high commissions abroad is absolutely exemplary.

Our chair, the hon. Member for Erith and Thamesmead, invited us to refer to bilateral links. Indeed, my hon. Friend the Member for Tooting (Tom Cox) referred to bilateral links that have been particularly productive in recent years. I would like to do the same to illustrate an important point that I know we recognise, but I am not sure that those outside IPU discussions do. The value of inward and outward delegations does not rest only on what happens in those five or six days. The benefits are not transitory; they can be very long term and to the enormous advantage of both sides.

In September 2001, the IPU invited me to lead a delegation to Lithuania. The timing was good, as Lithuania was celebrating 10 years of membership of the United Nations; 10 years had passed since the political upheavals of 1990 and 1991, which had resulted in Lithuania gaining its independence again.

When the IPU delegation visited Vilnius and other parts of Lithuania in September 2001, the parliamentarians we met were not only celebrating 10 years of membership of the United Nations. More

[Mr. Roger Berry]

importantly, they had other clear messages for us. The hon. Member for Ruislip-Northwood (Mr. Wilkinson) might have heard similar messages from our parliamentary colleagues in Latvia and Estonia. The two strongest messages that we received during our visit that week were that Lithuania wants to join NATO and the EU. Five days of meetings on ostensibly different topics all ended up focusing on those same two themes, and they did so for the obvious reasons of security and wishing to be part of a united Europe after the end of the cold war. The Baltic states' requests to join NATO and the EU were the cornerstones of their foreign policy; all parties were united on that, and they still are.

We received a third request from the Lithuanians. It was pointed out to us that we had parliamentary groups for Latvia and Estonia but that there was not a parliamentary group for Lithuania. Our delegation was firmly told that it would be appreciated if we did not forget Lithuania upon our return. So, when we came back, we established an all-party group on Lithuania with Lord Bowness as the Conservative co-chair, the hon. Member for Hereford (Mr. Keetch) as the Liberal Democrat co-chair, and me as the Labour co-chair.

Mr. Deputy Speaker: The hon. Gentleman is waxing lyrical, but I am afraid that there is a Division in the main Chamber. We can return sooner than in 15 minutes if Members wish to do so. [HON. MEMBERS: "Hear, hear."] I suspend the sitting for 10 minutes.

4.38pm

Sitting suspended for a Division in the House.

4.48 pm

On resuming—

Mr. Berry: A number of us on the IPU outward delegation to Lithuania in 2001 came back determined to establish an all-party group. We did so; it has three co-chairmen, one from each party. The group has enabled us not only to gain an enormous insight into the enlargement process from an applicant country's point of view, but to appreciate the implications of that enlargement for the UK and the other member states. It has been incredibly useful. The practicalities are that the all-party group on Lithuania visits that country once a year. We have regular contact with the Lithuanian ambassador in London and our ambassador in Vilnius. We frequently meet Lithuanian parliamentarians who come here for whatever reason, and we are happy to do so. We have entertained the Lithuanian President.

My point is simple: an IPU delegation, whether outward or inward, has enormous spin-off benefits. It is important for us to realise what those benefits are. I am sorry to admit this, but I am conscious of not having followed up on IPU visits as much as I now wish I had. It is important that we try to encourage that as far as humanly possible.

We had the great pleasure last month to visit Lithuania again. It was the first of our annual visits since Lithuania became a member of NATO and the European Union. In fact, we visited the week after the European Parliament elections. I might confide that Lithuania had some surprising results in its elections, just as we did, but I shall not bore hon. Members by discussing them. The visit was an historic occasion and important for the ongoing dialogue between our two countries. Our relations are incredibly warm and friendly.

Obviously, inward and outward delegations are an important way of building relations between parliamentarians and Parliaments, but following them up is terribly important, and there have been countless examples of all-party groups doing that.

The British group also provides assistance to all-party groups for what are, perhaps, less ambitious activities. Since December last year, 14 all-party groups in this place have been assisted by the British group of the IPU through the arranging of meetings, provision of money for lunches or the odd flight and so on. Such assistance enables all-party groups in this House to raise their level of activity—to raise their game—which is very important. It would be wrong to think that only inward and outward delegations matter.

Mr. Wilkinson: May I say on behalf of my Baltic colleague that the Latvian group was immensely grateful for the support of the British group of the IPU in making possible a lunch attended by the President of Latvia? That also was a historic occasion, as were the many events of the hon. Gentleman's group.

Mr. Berry: I know that much assistance of that kind is in the pipeline. As it happens, I am one of the founder members of the all-party group on Vietnam, led incredibly ably by my hon. Friend the Member for Wirral, South (Mr. Chapman). If anyone can raise funding to promote bilateral relations between two countries, he can. I was elected Treasurer with no money—two of my colleagues think that that is the appropriate thing for me—but in fact I will have to open a bank account at the Co-op this weekend, as we are getting some financial support, including generous support from the British group of the IPU, for which I am very grateful, for a visit to Vietnam later this year.

I quickly comment in passing that that visit will be the first-ever delegation of UK parliamentarians to Vietnam, to the best of my knowledge. There was an inward delegation four years ago, but our visit will be the first outward delegation. In essence, it is being organised by the all-party group. It is an example of how a little assistance—or a lot—from the IPU can enable all-party groups to do this kind of work.

I am conscious of the fact that several other Members wish to speak. Let me make two very brief comments. The first echoes remarks of other hon. Members about the importance of relations between parliamentarians, in contrast with relations between Governments. We are all conscious that other Governments in office have different policies, and we all want to be helpful and so on, but the job of parliamentarians is different from that of Governments.

In the meetings in which I have taken part, the frank discussions on various issues about which we were all concerned have been particularly useful. It is a well-known fact that there is a difference of opinion on the European Union within some political parties, as well as

between political parties. It is a well-known fact that there have been differences of opinion about Iraq. There is value in parliamentarians being able to meet and exchange views to determine what is behind the position of their Governments, and the openness and frankness of such dialogue can be and is facilitated by the work of the IPU.

Reference has been made to Randal Cremer, who was the joint founder of the IPU. He was a far-sighted internationalist who had a deep commitment to seeking to resolve conflicts peacefully. The need for internationalism and for seeking to settle conflict peacefully as is great now as it was 100 years ago.

People often talk about globalisation being a problem, but I do not think that it is one. The problem is how, in a globalised world, we can promote political and economic democracy, and how we can develop a real international community where people have respect for each other's views but seek above all to ensure that the majority interest is represented and that it is an international community that represents the interests of the people who live on this planet. The work of the IPU is essential in seeking to achieve that task.

4.56 pm

Hugh Bayley (City of York) (Lab): The things that first drew me into politics were domestic issues such as low wages, unemployment, health care, and the quality and accountability of public services. Nevertheless, I am instinctively an internationalist. I believe that long-lasting, sustainable solutions to domestic problems cannot be found in isolation from the rest of the world. That has always been the case; there is nothing new, or 20th or 21st century about that. It was true in the 19th century. The repeal of the corn laws was a domestic policy that had profound implications for the rest of the world and the abolition of slavery was an international policy that had profound implications for this country and for the national politics of other countries.

Domestic and international politics are hugely intertwined and always will be. That was true in the 19th century, when the IPU was formed. It probably became more so in the 20th century, which was one of two great world wars that led to the creation of intergovernmental bodies that mirrored the IPU—the League of Nations and then the United Nations. It is even truer in the 21st century. Globalisation gathers apace and makes more issues tractable only on a transnational basis.

Some anti-globalisers want to resist the trend and they say that we should opt out, but that simply cannot be done. Some parliamentarians blame globalisation for our failure to tackle current issues such as rights at work, the offshoring of jobs, levels of taxation, developing countries' debt, or the role of a public sector. If we were to tell the public that globalisation undermines our effectiveness as MPs, we would not get sympathy or understanding from our constituents; they would just regard us as irrelevant to their problems and those of a modern world. They would switch off and there would be more abstention from elections and less interest in politics. There would be apathy and cynicism, which we experience during some elections. For instance, although we got an increase in turnout for the European elections in this country—from an extremely low level at the previous European elections—across Europe as a whole there was a huge decline. Depressingly, there was a turnout of less than 25 per cent among the accession members. That apathy and cynicism is sapping the lifeblood of parliamentary democracy.

When it was created more than 100 years ago, the IPU was an enormous innovation. It was created to pursue the principle of international dialogue based on the principle of equality of nations and it predated the other major international institutions, such as the UN, the EU, the African Union and the Organisation of American States. The need for dialogue now is as important as ever.

I do not want to be a party pooper. I am a passionate supporter of the IPU and am fortunate to have been elected for a number of years as a member of its executive, but I believe that it is losing its way, and therefore that it is losing its relevance to international politics. It is illustrated by the growth of other inter-parliamentary bodies, which do good work, such as the Commonwealth Parliamentary Association, the NATO Parliamentary Assembly, the Council of Europe Parliamentary Assembly and more recent innovations such as the Parliamentary Network on the World Bank.

Recently, the Organisation for Economic Co-operation and Development approached me asking for a parliamentary arm so that it could be more accountable to parliamentarians and, through them, the public. I asked why it could not work through existing institutions, as we would end up with so many inter-parliamentary bodies that we would have one parliamentarian attending each and no dialogue at all.

We must take stock of the fact that those new bodies have been created because parliamentarians see them better able to deal with some of the issues than the original body—the IPU. That has been illustrated by the withdrawal of the United States of America from the IPU. I join every Member present in urging the United States to rejoin the fold, but only a fool could ignore the signal that America's decision sends about the relevance—to itat least—of the IPU.

The problem of relevance was illustrated by the IPU's failure to put the principles of parliamentary democracy and human rights first when it decided to withdraw the 110th conference from London. It is also illustrated by its procedures and priorities at its conferences, which put discussion of policy before control by parliamentarians of the executive in national Parliaments and the influence of executive decisions in international bodies, such as the World Bank and UN agencies.

On several occasions, I have argued that IPU conferences should spend at least as much time allowing parliamentarians to report back to the IPU on the action that they have taken in their Parliaments to pursue the policies agreed at previous IPU conferences. Unless one does that work, one does not get any positive outcomes in the way in which the world is governed. If we do not seek such outcomes, I do not know what we seek to do.

I pay tribute to the tremendous work that colleagues who have spoken in this debate do in committees of the IPU and, in particular, to the work that the chair and the

[Hugh Bayley]

vice-chair, the hon. Member for Ruislip-Northwood (Mr. Wilkinson), and others have done to modernise the IPU and its procedures. I say, as a friend of the IPU and as somebody who wants to create a valuable future for it, if it does not change to make itself more relevant it will wither away. It must change, like some of the 19th-century practices in this place, such as having to wear a top hat in the Chamber if one wanted to ask a point of order during a vote. It took our Modernisation Committee and some 100 years to abolish that. Changes must be made.

John Austin: Does my hon. Friend agree that this debate is one of those ways of stepping forward, as what we do in the IPU is debated in the Parliament rather than the chair writing a letter once a year to the Secretary of State? I know that he is passionately concerned about the millennium development goals, and the IPU is convening a conference next year of Speakers of Parliaments of the member countries of the IPU precisely so that member parliamentarians can report back on the action that their Parliaments have taken to achieve those goals.

Hugh Bayley: It is a step forward. If I did not think that change was possible I would not attend this debate, play a part in the IPU or urge that process along.

I congratulate the hon. Member for Ruislip-Northwood, the vice-chair of the UK branch of the IPU on the important part that he has played in driving that agenda forward. I want to encourage that, which is why I have risen to my feet to speak briefly in this debate. I was fortunate enough to represent the UK branch at the IPU meeting at the United Nations Conference on Trade and Development in São Paulo last month. If we had more time, I would report in greater detail on my experiences at the conference. I have produced a written report, which I have sent to the branch, and, because I know that other Members wish to speak, that is probably the best way to report back.

Let me say this: I welcome the work that the IPU is doing to establish a parliamentary wing to the World Trade Organisation. That is important. Parliamentarians represent people in their countries and the views of those people need to be represented in the WTO. However, I am slightly concerned that the international secretariat of the IPU is seeking to establish the parliamentary wing of the WTO on too exclusive a basis. For instance, it seeks to exclude the Parliamentary Network on the World Bank, which wants to play a part in that parliamentary wing.

The IPU needs to be inclusive and not exclusive. It cannot claim to represent individual Parliaments or other interparliamentary bodies and, of course, it does not have a monopoly on wisdom. The NATO Parliamentary Assembly, of which I am a member, recently produced a very interesting report on international trade and development, and the Parliamentary Network on the World Bank has started some work in that field. Parliamentarians who work together internationally on these difficult issues need to pool their knowledge and skills.

The IPU is the parent. It was the first body of its kind. I certainly do not want to be accused of patricide or matricide—I do not want to kill it off. It is not perfect; it is not a stairway to heaven, but it has certainly helped to lift some Parliaments and parliamentarians out of the abyss, as we heard from my hon. Friend the Member for Cynon Valley (Ann Clwyd). If it did not exist, some inspired leader or leaders somewhere in the world, such as Randal Cremer, would seek to create it.

However, if the IPU is to remain relevant in the 21st century, it needs to change in two ways. It needs to learn to live with its children, to give them their head, and to recognise that they have things to say too and that there are some things that they can do better than their parent. It also needs to reform its own procedures so that it spends more time considering the implementation of policy and not just its creation.

Mr. Deputy Speaker: We are due to finish at 11 minutes past 6, although that is dependent on whether there are any more Divisions in the main Chamber. I hope that those who are still to be called to speak will bear that in mind. I want to give the Minister at least 16 or 17 minutes to reply to this important debate.

5.8 pm

Mr. Bill O'Brien (Normanton) (Lab): As Henry VIII said to his wives, "I'll not keep you long."—*[Laughter.]* It is a privilege to take part in this debate, and it is always a pleasure to follow my hon. Friend the Member for City of York (Hugh Bayley). Although some of his remarks might be regarded as controversial, I am sure that we will have another debate in which those issues can be discussed.

The UK branch of the IPU is modernising. We are welcoming and extending services to many other Parliaments and nations who seek support and guidance from people of experience, such as those who have spoken in this debate. It has been very interesting, and I am sure that the Minister has been impressed by our colleagues' reports of their contributions to and their experience of the way in which the IPU has been providing a service and operating over the past few years. Long may that continue. It takes time and effort to ensure that we are fully represented on visits and to receive internal delegations properly, but it is always pleasing to meet people from abroad, to hear their views and to consider some of the problems in their countries.

For the Minister's benefit, I wish to refer to a procedural matter involving our own branch. At the main meeting of the executive, it was agreed that we should establish an audit committee for the IPU to bring it into line with other bodies to which Treasury rules apply and public funding is provided. During discussions in the executive committee, it was decided that the audit committee's purpose would be to advise the executive committee and the responsible officer—the honorary treasurer—on the adequacy of our risk control measures and the need for internal audit of our proceedings. We also had the opportunity to discuss the financial arrangements, the balance sheet and the business of the IPU branch. We agreed at that main meeting that the audit committee would comprise eight members of the executive who did not hold posts as officers in the branch—"Back-Bench" members of the IPU—with representation from both Houses. We also agreed to meet quarterly.

A meeting of the group was held on 5 July. I was appointed chairman of the audit committee and I want to make it clear to the Minister that we are now in line

with all the other organisations that receive public funding. Our audit committee has been encouraged by the Treasury, as documents on best practice in non-departmental bodies and the Treasury principles of the audit committee state that for bodies with management board structures, the audit committee should be a committee of a sub-committee of the executive. That is precisely what has happened. The audit committee has the duty to give advice and assurance to the honorary treasurer, as the accounting officer, and to the executive committee on the adequacy of audit arrangements and control of risk in the organisation. We considered the possibility of internal audit, but we do not have a great deal of funding—it was higher than usual this year because we anticipated having the international conference here, so more money was put into the funding, but the balance sheet is not normally as inflated as it was at the end of March this year.

I wish to put on the record the procedures that have been followed by the IPU branch in the United Kingdom. We are now regulated in line with the Treasury's recommendations and we intend to report to the IPU branch in the United Kingdom. We shall ensure that all the Treasury's requirements are met and that the IPU follows the usual route of ensuring that any risk or risk management measure is reported to the executive, and the executive takes note of the audit committee's report.

5.15 pm

Mr. Tony Colman (Putney) (Lab): It is an honour to follow so many distinguished parliamentarians. I praise as others have the superb leadership of my hon. Friend the Member for Erith and Thamesmead (John Austin), the two vice-chairs and all those who serve on the IPU committee.

When I came into the House, I knew of the work of Select Committees but I did not know about the secret society of behind-the-scenes organisations. I am glad that one secret society that does great good has come out from behind the Speaker's Chair and has been given the opportunity today to speak to a wider public through *Hansard* and, I hope, through "Yesterday in Parliament" and "Today in Parliament" by its members talking about the work that we do outside this Chamber, working with other Chambers throughout the world.

That is clearly done, as my hon. Friend the Member for City of York (Hugh Bayley) said, by the NATO Parliamentary Assembly, the Council of Europe, the Western European Union and the Commonwealth Parliamentary Association, but I see the IPU as the doyenne of such organisations, because it is the one that brings together all the Parliaments of the world. At the last meeting, 122 Parliaments came together in Mexico. Taking on my hon. Friend, let me point out the main reason for the growth of some of the other organisations is the fact that the United States pulled out of the IPU some four years ago. It did so because it did not like the deep questioning it was getting at the meetings that I attended when I first became a member. We should think about whether we play along with the Americans' absence from the IPU as a reason for some of the other organisations developing. I am concerned that some of those organisations operate on a "signing-on" basis. They are not representative of all the parties in a Parliament, but represent people on a partial basis, and the organisations themselves fund some of the events. That does not mean that I am against organisations like the Parliamentary Network on the World Bank. It is simply a matter of fact that the World Bank and the International Monetary Fund fund that organisation. It is important that it has an independence of spirit, instead of being seen as a replacement for the IPU.

Hugh Bayley: I rise to correct my hon. Friend. In fact, a number of developed country Governments—in particular, the Government of the Netherlands—supplied the funding to create the trust that established the network. I am simply suggesting that there are a number of bodies that do particular jobs of work in different ways, and the family of inter-parliamentary bodies must learn to live together and respect the advantages that each body brings to better international understanding.

Mr. Colman: I agree with my hon. Friend on the need for the bodies to work together. I agree, and put it on record, that the Netherlands provided funding initially, but increasingly the funding has come from the World Bank, and I am concerned that the participation of developing countries at the meetings at the Parliamentary Network on the World Bank has been dependent on whether funding has come from sources such as the World Bank. It is important that there is an equality of approach, which is reflected in the IPU's funding base, but not in the approach of the Parliamentary Network on the World Bank.

At the moment the IPU is the only organisation at which issues such as the World Bank can be discussed at some length by representatives of the Parliaments of all the developing countries, rather than only those who are able to make it to meetings that are held in Europe, which is true of the last four I have been able to get to. The Parliamentary Network is not a world organisation as the IPU is. That is not to say that daughter organisations should not be welcomed; however, the IPU remains the one that represents all the Parliaments of the world.

By going to conferences, I have learned a great deal and I have been able to understand the views of fellow parliamentarians, who have stood for election and gone through the same heat of the hustings that I had to. They include not only Government parliamentarians but those from Opposition parties. It is important to me that the IPU constitution requires that the delegation represents the party political mix of the Parliament that is being represented.

I first got involved in the IPU at the 1999 Berlin meeting, at which I was put forward by the then chair, the hon. Member for Glasgow, Shettleston (Mr. Marshall). I was the rapporteur on a committee dealing with global financial architecture following the collapse of the east Asia economy the previous year. To me, that showed that the IPU was the one institution that would grip such an enormous problem and discuss how to attempt to deal with it. The resolutions we produced are still worth reading, because they led to the work on heavily indebted poor countries and are an example of how the godfathers and mothers of the HIPC process came through the IPU.

I was pleased that the branch supported my appointment to the original sustainable development committee in 2000. It was formed after the 1992 Rio

[Mr. Colman]

conference and overviewed the work of the IPU with UN organisations. That link between the IPU and the UN was cemented in the years following the 1992 conference. It was particularly apposite at the Ouagadougou conference in September 2001, because the appalling atrocity of 11 September in New York occurred in the middle of the conference. We decided that we must stay: it was important that democracy was not cowed by a terrorist act. That act occurred on the other side of the world but it was brought to our attention by CNN. To me, that was an important base on which the IPU was founded.

In 2003, following the reform of the IPU, the second committee on sustainable development was established. It became one of the three main committees. I was appointed rapporteur to that committee, together with Madame Tamboura, the deputy speaker of the Malian Parliament. Together we produced a report and draft resolution on the issues of trade in agricultural products and access to basic medicines. That was interesting because it took place eight months after the Cancun ministerial meeting—at which the IPU met the European Parliament, which had shadowed the Cancun ministerial meeting. The latter had broken up in disarray because the developing countries' voice had not been listened to. It was important that we got a resolution that, following long discussions, all sides could agree on.

The drafting committee members were Belgium—which represented the EU—Burkina Faso, Cameroon, Chile, China, Ecuador, Egypt, Japan, Switzerland, Russia, Uganda and the United Kingdom. Through the four days of the committee, we worked on resolutions that will, I think, serve the Doha settlement well. That settlement may be agreed in Geneva in the next seven days. Work is going on there, particularly behind-the-scenes work on cotton subsidies. At this point, I join in the praise given to Sue Breeze from the Foreign Office. She e-mailed London at short notice to get answers to the difficult questions that were asked about cotton and agricultural subsidies and about the nature of the settlement agreed on 30 August 2003 under the trade-related aspects of intellectual property rights agreement. It was important to get those negotiations sorted out. I know that the wires were humming between Mexico and the home Governments of each of the other 11 countries, not necessarily to represent the views of the home Governments, many of which disagreed with each other, but to have that closeness of negotiations. All 122 countries signed up to the final resolutions that were agreed on the two issues. The one caveat against a complicated and difficult resolution was put in by China, which did not like the fact that Burkina Faso was still insisting that the fact that China had given subsidies on cotton should not be recognised, whereas China was saying that they had been phased out.

That is the new process that the hon. Member for Ruislip-Northwood (Mr. Wilkinson) will go through this autumn, when he acts as rapporteur to his committee. One has to stand by one's report and one's resolution. In the past one had what I described in Mexico as 40 or 50 Christmas trees of resolutions that had to be pushed into one. Now there is just one resolution, and one has to add to it. About 95 per cent. of the Mali-UK resolution survived and went through. That was a good example of the reform that is changing the IPU from a cosy talking shop to a hard-edged negotiating chamber. A lot of us welcome that change, given its wide membership of 122—I think that that of the Parliamentary Network on the World Bank is up to about 30.

I should also like to mention an experience that I had that was similar to that of the hon. Member for Kingswood (Mr. Berry). It was my outward mission to Bosnia and Herzegovina last month. I shall not go into great detail because the report of the hon. Member for Castle Point (Bob Spink), who was with me, appears in the *Official Report* of 7 July at columns 247WH onwards. I was not able to attend that debate due to pressing constituency business, but he quoted me at the time.

I pay particular tribute to the protocol officer for the IPU in the Bosnia and Herzegovina Assembly, Samir Corovic, who spent a great deal of time working with us to make that mission work. Also—the *Hansard* writers will be glad to know that I have written these down—the leader of the Bosnia and Herzegovinan IPU delegation, Milos Jovanovic, the Speaker of the House of Representatives, Martin Regusz, and the Speaker of the House of Peoples, Mustafa Pamuk, are leading their country out of the chaos of some 10 years ago. It has only been possible in recent times to stand in Sarajevo and see the Parliament building, directly opposite the Holiday Inn, with shell holes marking it like a Gruyère cheese. That reminds one of the need for parliamentary democracy in a way that no other visual aid can do. In a sense, it needs to remain in order to remind people of what they are moving away from.

I should also mention last week's suspension by the high representative, Lord Ashdown, of the speaker of the Republika Srpska entity Parliament, Dragan Kalinic, and others within the Republika Srpska. It was important for us—having our interchange with the national Government, and being seen as the first ever IPU delegation to go to Bosnia and Herzegovina and to be seen to recognise the role of the national Government and not of the entity Parliaments.

I should like to emphasise the fact that the hon. Member for Castle Point and I will ensure that the all-party group has great support. Ken Livingstone, the Mayor of London, has agreed to link with Mostar and Sarajevo, and it is possible that on 21 July a royal personage will reopen the bridge at Mostar. I am sure that we all support that. However, we also support the idea that the Local Government International Bureau works with Bosnia and Herzegovina to discuss the experience of local government officials after the elections this autumn. There are many other initiatives. The support that the UK branch of the IPU can give to Bosnia and Herzegovina branch of the IPU is a good example of how outward missions can work.

I have also privileged to listen to the views of members of inward missions, including from El Salvador last week. From such visits, I have learned a great deal and acquired a good understanding of what is going on in their countries.

As my hon. Friend the Member for Erith and Thamesmead emphasised at the beginning, and I emphasise now wearing my hat as chairman of the all-

party group on the United Nations, we need to revise the recommendations of Cardoso's panel on civil society and state very clearly that it should be recognised that the IPU represents the Parliaments of the world. Despite what my hon. Friend the Member for City of York said, I do not believe any comparable organisation can fulfil the requirements.

I do not often quote George Monbiot's "The Age of Consent"—he is usually a little too left-wing for me—but interestingly from page 76 onwards, he states very clearly that the only world parliamentary body that can give the consent of the world is the IPU. He prefers a one person, one vote election to a world parliament, but he accepts that that will not happen for several lifetimes. For now, however, he believes that the IPU should be supported. It may surprise *Guardian* readers who believe that he has no faith in Governments or Parliaments that this is George Monbiot's recommendation.

5.32 pm

Sitting suspended for a Division in the House.

5.40 pm

On resuming—

Hugh Bayley: There are important issues of legitimacy affecting international bodies. IPU conferences are not like a Parliament, where each delegate represents an equal number of constituents. My hon. Friend overstates the legitimacy of IPU decisions. Certain common positions are adopted at IPU conferences, and the conferences are valuable for that reason, but because they are common positions, they are sometimes lowest common denominator positions. For instance, at the United Nations Conference on Trade and Development, the initial draft put forward by the IPU secretariat did not mention the private sector at all. Given that it was a trade conference, that was strange. Nor did the IPU mention the need to tackle corruption or the rule of law—

Mr. Deputy Speaker: Order. The hon. Gentleman has made his point.

Mr. Colman: I agree that there could be greater accountability under a world parliament, which could sit alongside the General Assembly. George Monbiot makes the point in his book that such a parliament should have a one person, one vote system across the world. He sees it as a 600-member parliament. One could say that that would be preferable to the IPU, but my point was that that would be impractical. What we have at the moment is the IPU, and although it is not as accountable as Mr. Monbiot's proposed system, it exists and involves all the Parliaments of the world.

I draw the attention of my hon. Friend the Member for City of York to the enormous list of observers to the Mexico conference. It mentions some 40 organisations. I do not imagine that it would be a problem if the Parliamentary Network on the World Bank sent a delegate to go on the great list of organisations with observer status and speak in the general debate if it so wished. I shall not list the daughter organisations, because we are up against time now, but there is a great list of them, including those that I mentioned at the beginning of my speech. They have observer status and are included in the democratic process.

I come back to my point, so that we do not lose sight of it—although the *Hansard* will read smoothly anyway, I hope—which is that the Cardoso report needs to be questioned strongly by the Government, in terms of it excluding the IPU as the legitimate voice of Parliaments across the world. That needs to be corrected.

I am pleased that we have had this debate. My hon. Friend the Member for Selby (Mr. Grogan), who was here earlier but had to go, suggested at an IPU meeting in June last year that a debate about the IPU should be held on the same day in every Parliament around the world. I hope that the absolutely brilliant secretary Ken Courtenay will take back to Geneva the fact that we, the co-founders of the IPU, have started the trend. We hope that it will be adopted by every other parliamentary member of the IPU.

5.44 pm

Mr. Nigel Jones (Cheltenham) (LD): It is a great privilege to take part in a debate in which we have heard so many of Parliament's political heavyweights. I should like to thank the Leader of the House for allowing this innovative debate on the IPU, and the hon. Member for Erith and Thamesmead (John Austin), as a member of the executive, for his leadership as the chair of the British IPU group.

It is worth looking back to those two great men, the French parliamentarian Frédéric Passy and our very own Sir Randal Cremer. Before the IPU, the United Nations or any of the any international organisations that we take for granted had been established, those two advocates of peace had the foresight to acknowledge that only through greater communication and friendship between nations would the world be a safer place for future generations. We are still struggling to come to terms with that reality more than 100 years and many millions of deaths later, but had not that initiative been taken by Cremer and Passy, who can tell how many more battles would have been fought and how less stable our modern world would be?

The visions of 1889, when Cremer and Passy founded the IPU, can be seen to have influenced many other drives for greater international co-operation, running from the international peace conference of 1899 all the way through to the establishment of the UN in 1942 and the recent expansion of the modern EU. It is much better for the leaders of countries to be in constant communication, continually developing mutually beneficial relationships, than for each to close off contact with the outside world, thereby sowing the seeds of distrust and xenophobia. If there is a new Government in the United States in autumn, perhaps the United States will return to the fold.

In my eyes, that role of the IPU must not be undervalued or forgotten. Peace was, perhaps, the primary motivation for the organisation's establishment. The positive effects on peace and the notions of tolerance and co-operation that have resulted cannot be overstressed. Although the ethos may now be focused more on such problems as human rights abuses and world health, we must remember to appreciate discussions with our friends around the world for what

[Mr. Nigel Jones]

they are: the product of many years of hard work by people who shared a common ideal of universal peace and co-operation.

We have heard that the recently reformed IPU, having traditionally served as a forum for general debate, now concentrates on standing committees that debate reports and resolutions drawn up by legislators. I pay tribute to some of the giants of Parliament whom we have heard today who take part in those conferences and are rapporteurs for the resolutions drawn up. I have not yet been to an IPU conference. That is not a hint—well, perhaps it is; I am envious of colleagues who have been. That change in the IPU does not mean that its role as a centre for parliamentary diplomacy has been undermined; rather, as we have heard, it has strengthened the union and given it more relevance and responsiveness to the rapidly changing world around us.

We have heard that the IPU's three main areas of focus are the standing committee on peace and international security, the standing committee on sustainable development, finance and trade, and the standing committee on democracy and human rights. Each committee undertakes investigations in matters within their given sphere of concern. The amalgamation of diverse views agreed upon through majority voting is presented to the assembly, and the resulting reports and publications are an invaluable tool for parliamentarians worldwide, giving us access to information from all corners of the globe that we may find useful in developing domestic policy or helping to resolve conflicts.

Aside from the conferences and committee work, the IPU runs three core programmes in areas in which it holds strong beliefs. That is perhaps where the work of the union can be best observed having a dramatic practical impact on real world scenarios. First, the IPU plays an important role in protecting the human rights of legislators. We have heard from the hon. Member for Cynon Valley (Ann Clwyd) about her work on that committee, to which I pay tribute.

The second core programme focuses on providing guidance to newly established Parliaments, helping them to find their feet and offering solutions to the day-to-day problems that they are encountering for the first time. East Timor is one example of the programme's success story, as the IPU was heavily involved in setting up a Parliament that we hope will continue to bring greater stability to the region.

The third programme relates to the representation of women in Parliament. We in Britain are as guilty as any other country of failing to represent women adequately in our governing Chambers. The IPU runs a dynamic programme of seminars and activities designed to advance the interests of women politicians throughout the world. Not only does the IPU talk the talk, it walks the walk by insisting on a fair gender representation from delegations. Article 15, point 2(c) of the IPU statute states:

"Any delegation that for three consecutive sessions is composed exclusively of parliamentarians of the same sex shall have a minimum of eight votes (instead of the ten for mixed delegations) at the Assembly of the Inter-Parliamentary Union."

I thank the staff of the IPU. We have already had tributes to Kenneth Courtenay and his wonderful staff, but I also pay tribute to Kenneth's predecessor, David Ramsay, and to the Foreign and Commonwealth Office, which is unstinting in its support of the work of the IPU. The FCO is the biggest employer in my constituency, so I always enjoy paying tribute to it.

During the 12 years that I have been in this House, I have been privileged to meet many inward delegations. I remember particularly a delegation from Angola: with pain in his eyes, one of the MPs asked us to help end Angola's civil war. I do not claim that the UK branch of the IPU achieved that aim single-handedly, but I like to think that meeting us and seeing how we do things in our Parliament in a peaceful and tolerant way strengthened the resolve of the Angolan delegates and helped to end that devastating war.

I also accompanied the hon. Member for Tooting (Tom Cox), another giant of our Parliament, and the hon. Members for North Thanet (Mr. Gale) and for Birmingham, Selly Oak (Lynne Jones) on an election monitoring delegation organised by the IPU to a Commonwealth country—another war-torn country—Mozambique. We had the privilege of meeting the former President of the United States, Jimmy Carter, and his wife, Rosalynn, who were heading the Carter Centre group monitoring those elections. On that visit, I formed the opinion that history would be kinder to President Jimmy Carter than the American voters were in 1980. I believe that our branch of the IPU should carry out more election monitoring. It is valuable work that gives credence to elections overseas and encourages new democracies to develop peacefully.

With my final thoughts on the IPU and the praiseworthy role that it plays in the sphere of international politics, I come full circle back to where I began. In the current climate of world politics, it is essential that we encourage as much dialogue as possible between nations to safeguard the fragile peace in many regions. We must seek to maintain communication between factions involved in hostilities so that we can find a resolution to such conflicts. We must also learn that unilateral action cannot be a reasonable way to police the international arena. If we are to encourage communication between opposing factions and support the notion of debate over destruction, we must be careful to heed our own advice. I will be a happy man when delegates from countries such as Iraq, where I worked before I entered this House, can join us around the table at an IPU conference and have a productive discourse with representatives from all over the globe.

5.54 pm

Mr. Gary Streeter (South-West Devon) (Con): It is a pleasure to be able to place on record in this important and interesting debate the full support of Her Majesty's loyal Opposition to the work of the IPU. As we have heard, the IPU has existed for more than 115 years—115 years of building relationships between parliamentarians all around the world. In that time, we have experienced two world wars, the rise and fall of various tyrannical dictators, the division of the world into two hostile blocs during the cold war, and now the confusion and uncertainty of the war on terror and a fast changing world. It is difficult to measure the contribution of the IPU during that period, but I have no doubt that it has played its full part in contributing to global co-operation and security. I pay tribute to all those on the current executive who work so hard, and to

the chairman, the hon. Member for Erith and Thamesmead (John Austin), who is a fine leader as we have heard today.

I also commend the hon. Member for City of York (Hugh Bayley) for having the audacity to sound a slightly brittle note. I have learned that it is always worth listening when we are challenged about whether we got it right or wrong. I have no idea whether the IPU has lost its way, as he asserted, but I am sure that the executive will take on board his challenge and respond to it properly.

Although the organisation is old and revered, I suspect that it has never been more relevant than in today's world. Following the end of the cold war and the break-up of the old blocs, fledgling democracies around the world are feeling their way towards a proper understanding of democratic rule, the rule of law and market-based economies. I imagine that IPU support for them is as necessary now as ever before—perhaps more so.

In my role since November as a shadow Foreign Minister, I have travelled extensively to the middle east, where there are early stirrings of movement towards democracy in many Gulf states. I was in Bahrain in February working with Members of Parliament there who were hungry to learn about our experiences of "doing democracy". I am sure that the IPU has a vital role in helping those countries to move forward.

This morning I met the ambassador of Kazakhstan who told me that they are holding elections in September and intend to form an Executive from their elected house for the first time. That is their choice, but the model will be based on the best bits that they have seen around the world, and I am sure that the IPU can help them. The role of national Parliaments around the world is becoming more important. National Parliaments have existed for a long time in many countries, but perhaps only now are some becoming real for the first time. The work of the IPU is not finished yet.

We live in a world in which soft power is vital—perhaps more important than hard power. In Afghanistan and Iraq we have seen the exercise of hard power by the world's only superpower in coalition with us, but soft power is even more important. The IPU's work in bringing parliamentarians together is part of exercising that soft power: not working on behalf of any country in particular, but working together to build global stability and security. Britain should be at the forefront of the exercise of soft power through our much respected diplomacy, the role of our non-governmental organisations, our aid and humanitarian work, the impressive peacekeeping skills of our armed forces and our historical commitment to democracy and the rule of law. Those assets all equip us to play a significant—perhaps unique—role in exercising soft power and influencing the world for good. We know that we are no longer a superpower or an empire, and we do not want to return to those days, but perhaps the spirit and heart of democratic understanding lives on impressively in this country—as long as we can still persuade people to vote for us at ongoing elections and the next general election. It is no coincidence that one of the two founder members of the IPU was British. We have a crucial role to play.

In our discussions about supporting democracy around the world, it is important to talk not about exporting our style of democracy, but about sharing values and experiences. Local democracy will take different forms where it emerges. Although the principles of free and fair elections and freedom of speech should be universal, we must accept that their implementation will be diverse from place to place. It is also important to understand that these things take time. Our Parliament has been developing since 1295, and less than 100 years ago women did not have the right to vote in this country. We must take care not to lecture other countries about the speed of their progress.

We have heard about the important work of the committee on the human rights of parliamentarians and about the work done by my hon. Friend the Member for Broxbourne (Dame Marion Roe) on championing the rights of children. Those are important issues and that work is greatly admired.

May I make three brief points that I hope will contribute to the debate? My understanding is that the IPU's key role is building relationships between parliamentarians around the world. The hon. Members for Kingswood (Mr. Berry) and for Putney (Mr. Colman) mentioned that in their speeches. The key role of the IPU is to develop bilateral relationships between parliamentarians; that is how it was set up. I believe that that is its core business, and—although I have no knowledge with which to back up the statement—I believe also that sometimes it is wrong to move away from our core business. I have seen some of the excellent work that is being done by the different committees of the IPU, but I still believe that it is right to focus on bringing parliamentarians together so that they can exchange views and strengthen one another in their challenging role.

Secondly, it is crucial—I am sure that it already happens—that the IPU works with the Foreign and Commonwealth Office, the Westminster Foundation for Democracy and other agencies and organisations to avoid duplication. There must be a spirit of co-operation in theory and in practice. I mentioned Bahrain earlier. I know that the Foreign and Commonwealth Office, through its global opportunities fund, is putting together an important programme in that country. I would like to think that the IPU could take part in that, working with those MPs who are hungry to learn.

Thirdly, I have seen in some of the literature—it was also mentioned earlier in several of today's excellent speeches—that there is talk of adding some kind of parliamentary bolt-on to the WTO to provide some kind of accountability. I understand the reasons for that, but I must place on the record my deep belief that democracy will continue to be expressed by a people group electing its own leaders, with the ability to elect them and remove them within a nation. That is the primary form of democracy. *[Interruption.]* Do you want me to stop, Mr. Deputy Speaker?

Mr. Deputy Speaker: I was hoping that you could finish your speech before we suspend for the Division.

Mr. Streeter: I shall make one more point. I welcome the growth of IPU activity in countries such as North

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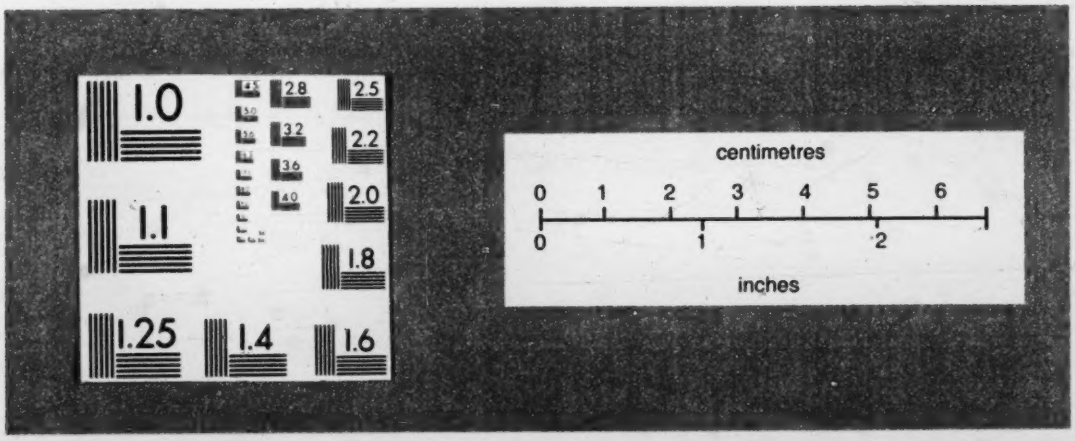

[Mr. Streeter]

Korea, as we saw in last month's edition of the *IPU Review*. I believe that the IPU and parliamentarians can sometimes go where Governments cannot. The IPU should take that kind of risk.

National Parliaments are increasingly important, and developing relationships between them so that they can learn from each other is an essential part of building a better world. I wish the IPU well in the future.

6.2 pm

Sitting suspended for a Division in the House.

6.10 pm

On resuming—

Mr. Deputy Speaker: Hon. Members have made important contributions to the debate, but with the permission of the Minister, the initiator of the debate and the Chair, some have excused themselves. Therefore, using my discretion again, I now call the Minister to wind up this excellent debate, for which I am delighted to say that he has been present throughout.

The Parliamentary Under-Secretary of State for Foreign and Commonwealth Affairs (Mr. Bill Rammell): I shall ignore the comment from the hon. Member for South-West Devon (Mr. Streeter) that I should just write to hon. Members, tempting though that may be.

This has been an exceedingly good debate, which has underlined the intent and purpose of the Inter-Parliamentary Union in bringing a depth of knowledge, understanding and experience to international relations and international affairs, which is of enormous benefit to this country and the wider world.

I start by paying tribute, first, to my hon. Friend the Member for Erith and Thamesmead (John Austin) for his leadership of the UK branch of the Inter-Parliamentary Union over the last four years. He has performed an exceedingly challenging job, and that is a view that is widely held on both sides of the House. I pay tribute, too, to Ken Courtenay and the staff of the Inter-Parliamentary Union and to Sue Breeze and the Foreign Office team, to whom a number of hon. Members have paid tribute. I know how highly hon. Members value their support and assistance in providing briefings. I add my thanks on that score.

As hon. Members have said, this is the first debate of its kind, and I hope that it will be repeated. Given the difficulty of arranging parliamentary debates in the House, I listened with trepidation to the suggestion from my hon. Friend the Member for Selby (Mr. Grogan) that debates should coincide, and be held on the same date at the same time for every member of the Inter-Parliamentary Union.

Several hon. Members commented on the withdrawal of the United States of America from the IPU, which is a matter of regret. It was done not on a government-to-government level, but by senators, who withdrew because they said that they prefer to conduct inter-parliamentary relations bilaterally. Attempts have been made by the IPU and by many parliamentarians to encourage the US to rejoin, but to no avail. We are prepared to lobby, and if the Chair wishes us to do so I will take on that responsibility. However, the best way that the issue can be resolved is at parliamentarian level.

I listened with genuine interest to the opening speech from my hon. Friend the Member for Erith and Thamesmead, who talked about the new structures and the committee-based system in the IPU, which has much to commend it. The system is bedding down, and individual members of the British group—my hon. Friend the Member for Putney (Mr. Colman) and the hon. Member for Ruislip-Northwood (Mr. Wilkinson)—are already taking on key responsibilities, which is welcome. I am particularly interested in the work that the hon. Member for Broxbourne (Dame Marion Roe) and my hon. Friend the Member for Lewisham, East (Ms Prentice) are doing in the women's group to try increase the representation of women parliamentarians from throughout the world. We have made some progress in our own Parliament, albeit that the level is still low. The challenge remains, and we need to take it forward across the world.

The hon. Member for Broxbourne has undertaken an immense amount of work, particularly with regard to female genital mutilation. In mobilising on that issue, the IPU has been absolutely right in seeking to gain media and NGO attention at the grass roots in the fight against that inhumane and dangerous practice. I shall return at a later stage to the work done by my hon. Friend the Member for Cynon Valley (Ann Clwyd) on the human rights of parliamentarians.

I was struck by what my hon. Friend the Member for Erith and Thamesmead said about leading the delegation at the conference in Santiago at a particularly difficult time during the Iraq conflict. He described the 4:4 split in the UK delegation. Given what I know of his views on the conflict in Iraq, it is to his immense credit that he handled the matter with such diplomacy and dignity, and managed to carry it forward. I agreed with his comments about the importance of the IPU playing a role in Iraq as we move toward the critical January elections and the establishment, at long last, of a fledgling democracy there. Any advice and assistance that the IPU can give on that will be enormously helpful.

My hon. Friend talked about the middle east peace process and underlined the fact that there are conflicts throughout the world over which Governments simply do not speak to each other. The IPU can break through that process and begin to build human contact, which is the absolute minimum requirement with which to move forward from an intractable dispute or conflict. That is one of the major benefits of the IPU.

My hon. Friend also spoke about the UN and the special observer status that has been gained. He raised the issue, which he has discussed with me, of whether the papers that have been tabled should become official papers of the UN. From our discussions, and from what I know, that seems to be a bureaucratic issue to which there must be a solution. The Government certainly seek to offer support.

Several Members mentioned the WTO and the desire for a parliamentary forum. I understand that desire, as I believe that we need parliamentary engagement on such issues, but I am not sure whether we should go forward with a multiplicity of parliamentary forums in

a way that might be seen as being in competition with the work of the IPU. Perhaps that issue should be further debated.

My hon. Friend the Member for Erith and Thamesmead spoke about the Cardoso report—another issue that we have discussed privately. I was concerned to hear about the work of the UN Secretary-General's Cardoso panel, as it appeared to be likely to recommend the setting up of a network of parliamentarians that would duplicate the work of the IPU. That is the fundamental concern—the work of the IPU. Now that the report is out, it is clear that its drafters have made several efforts to reflect the IPU's concerns, but the proposals are still not satisfactory. I agree that there could still be a high level of duplication with the work and structures of the IPU, and I assure my hon. Friend that officials are in touch with the UK mission to the UN about how best to influence the next steps in that process.

My hon. Friend also talked about the importance of outgoing and incoming IPU delegations. I was unaware that one of the sacrifices that the chairman makes on attaining that office is to absolve himself from taking part in outward delegations, which are of enormous benefit. Having been a Foreign Office Minister for the past 19 months, I know that however many briefings and books one reads about a country, nothing enhances one's understanding of a country, region or conflict better than visiting the area, talking to people and debating the relevant issues. That gives a real sense of what is going on there. The reciprocal, incoming visits are also of enormous benefit to us, and I do my best to meet incoming delegations, and to host lunches for them.

I very much took my hon. Friend's point about liaising to agree our priorities regarding which countries that we should visit. The Foreign Office is prepared to do that, but that must not undermine the independence of the IPU, which has to be seen as being separate from the Government.

I listened to my hon. Friend's comments about the situation in Colombia. One of the IPU visits that I found to be the most constructive in my work as a Foreign Office Minister was the IPU delegation to Colombia some six to nine months ago. The Government are right to take the approach that they do to the appalling conflict in Colombia, but I am conscious that that issue is controversial, which is why I believe that the engagement of parliamentarians in that process through the IPU is of enormous benefit.

My hon. Friend also mentioned the cancellation of the London assembly, on which many hon. Members have commented. It was a real cause for concern that we were asked—and most importantly that he was asked—to tear up the international commitments that we had made in order to host that conference. I was certainly grateful for the significant efforts that were undertaken by the chairman of the British IPU branch and other members to seek a resolution to the issue. From a Government level, we tried our best to find a resolution. Ultimately, in the circumstances of being forced to take someone on the banned list, we and members of the group were absolutely right to stick to our guns and ensure that the issue was resolved in that way. I hope that the election of my hon. Friend the Member for Erith and Thamesmead to the executive committee of the international IPU will ensure that such issues can be considered on an international basis.

The hon. Member for Ruislip-Northwood made an important point when he referred to the personal development of Members of Parliament and peers through the IPU process. The fashionable view of the press is that MPs who undertake foreign travel are engaged in something that is not quite proper and which comes close to junketing. That is not the case. The need in the world for travel and engagement between parliamentarians has never been greater. It is in the public interest and to the public benefit that such work is undertaken.

My hon. Friend the Member for Cynon Valley highlighted the work of the all-party group on human rights, which has made significant progress in championing the causes of Members of Parliament who are under repression throughout the world. Such work should be taken forward. The hon. Member for Broxbourne highlighted that work that she has done in connection with female genital mutilation. Her work to raise consciousness about the issue is to be applauded tremendously. As she said, each year 2 million young girls are at risk of genital mutilation. That figure is shocking and we all need to be doing more on that front.

My hon. Friend the Member for Tooting (Tom Cox) referred to the situation in Argentina and the need to maintain dialogue. We certainly do not resile from our view on sovereignty in respect of the Falklands about which we are in no doubt. Outside of that, we want a constructive relationship with Argentine and the efforts that hon. Members have made through the IPU are of benefit to that process. My hon. Friend the Member for Kingswood (Mr. Berry) spoke about the way in which his IPU visit to Lithuania had brought an all-party group to life. That is much to be welcomed. He also talked about the importance of Parliament-to-Parliament links outside of the Government. In terms of enhancing international understanding, that is particularly significant. Otherwise, other parliamentarians and other Governments simply receive a single-facet view of the politics within a country. Such enhancement is to be welcomed.

My hon. Friend the Member for City of York (Hugh Bayley) referred to globalisation and the need for an international response. I wholly agree with him. He then bravely challenged the conventional wisdom. Such issues need to be debated. That was difficult action to take and I am sure that the members of the IPU will take his comments on board. Any organisation needs to reflect on matters and consider how to go forward. Whatever people felt about those comments, they were a constructive contribution to our debate.

My hon. Friend the Member for Normanton (Mr. O'Brien) talked about the role of the audit committee, and I take the view that when we are talking about a significant commitment of public funds, it is right that such arrangements are in place.

My hon. Friend the Member for Putney spoke about his role on the sustainable development committee. I know that it has an exceedingly challenging task, and

[Mr. Bill Rammell]

I pay tribute the work that he does on it. Sustainable development presents an important challenge, and the Government are reviewing our strategy on it. We need to move forward in international forums, as we are doing, and the support that can be provided and work that can be done at a parliamentary level to back that up should be welcomed.

We have had an exceedingly good debate. If anyone was in any doubt, the breadth of understanding demonstrated this afternoon has amply justified the existence of the Inter-Parliamentary Union. I genuinely believe that it brings a level of dedication and understanding that enhances international relations. It has been going for 115 years, and I hope that it will continue for many years more. I congratulate everybody involved in the process, and I hope that the branch will continue its good work.

Mr. Deputy Speaker: I thank the Minister for his detailed reply on all the matters that were raised by hon. Members. Using my authority from the Chair, I say to all those who have participated that they have made a good contribution on an important subject. Parliament believes that the Inter-Parliamentary Union is extremely important in the work that it does, and its role is greatly valued.

Question put and agreed to.

Adjourned accordingly at twenty-six minutes past Six o'clock.